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NEW AUDITS BY THE EXTERNAL AUDITOR

PART I – SHORT-FORM REPORT

AUDIT REPORT ON THE UNESCO OFFICE IN HANOI

SUMMARY

This document is the short-form report of the External Auditor's audit of the UNESCO Office for Viet Nam in Hanoi as presented in document 199 EX/15.INF pursuant to Article 12.4 of the Financial Regulations.

Action expected of the Executive Board: Proposed decision in paragraph 44.

EXECUTIVE SUMMARY

AUDIT REPORT ON THE UNESCO OFFICE IN HANOI (VIET NAM)

Disclaimer: This executive summary was drawn up by the External Auditor at the Secretariat's request in order to optimize translation costs and facilitate discussion by the governing bodies. Only the long-form report is authoritative in terms of exact content and the nature and scope of the External Auditor's findings and recommendations.

1. The Office in Hanoi was established by UNESCO in 1999. The Office carries out activities and projects in almost every sector of the Organization: communication and information, culture, education and sciences. It had never previously been the subject of an external audit. It was audited by the Internal Oversight Service (IOS) in October 2008, however, and all eight recommendations put forward by the resulting report have been implemented.

1. SCOPE OF ACTION OF THE OFFICE

1.1 Geographic framework of intervention of the Office

2. The National Office in Hanoi is one of UNESCO's 21 national offices, seven of which are located in the Asia and the Pacific region. Despite UNESCO's intensive work in the country, Viet Nam does not appear to correspond to any of the situations mentioned in the Administrative Manual (1.7 UNESCO Field Offices).

3. Under those conditions and in the context of the strategies adopted by the United Nations agencies present in the country, it might be useful to question the need for a permanent UNESCO presence in Viet Nam. A plan to evolve towards a real cluster office for the countries of the Association of South-East Asian Nations (ASEAN) could be one possible development route in this respect.

Recommendation No. 1. Verify the medium-term need for a permanent presence of the Organization in Viet Nam in the form of a national office.

1.2 Strategic framework for the Office

4. The Office relies on three main guiding documents: the common United Nations plan in Viet Nam (One Plan) for 2012-2016; the UNESCO Country Programming Document (UCPD) 2013-2016; and the agreement with the Vietnamese Government for the 2010-2015 period, signed in October 2010. The documents are properly articulated with each other.

5. Changes to the three documents are expected over the coming months, given their imminent expiry. Impetus should be given during the work on the new One Plan, which is due to begin in the coming weeks and to continue into 2016.

1.3 Coordination with the national partners

6. UNESCO's activities in Viet Nam are framed by the bilateral agreement concluded with the Vietnamese Government in September 1999 for the establishment of a UNESCO office in Hanoi. That agreement, which has not been amended since then, establishes fairly standard general provisions for UNESCO's work in the country and its cooperation with the national authorities, and specifies the rights and obligations of the Organization and its staff in the country.

7. The Organization's activities are correctly covered by the memorandum of understanding entered into by the Vietnamese Government and UNESCO in October 2010 for the period 2010-2015, which is the third such agreement concluded since the Office in Hanoi was established. The Office's activity is only specified contractually with one ministry: the Ministry of Education and Training (MOET).

8. In practice, the Director maintains very close and positive relations with the Office's institutional partners, particularly the heads of the Viet Nam National Commission for UNESCO and the main ministries concerned.

1.4 Consistency of action with United Nations agencies

9. UNESCO's activities are firmly embedded in inter-agency governance. The United Nations country team is a platform for inter-agency coordination. The Office's participation in country team meetings is irregular but the United Nations representative in the country considers that UNESCO contributes actively and supports the United Nations system integrated approach in Viet Nam. The Office's involvement in meetings of the Operations Management Team (OMT) is decreasing because of the importance attached to the subject of shared premises, which does not concern UNESCO.

10. The activities of the agencies are coordinated through joint programming groups and, in particular, the One Plan for 2012-2016. This initiative gives rise to an annual joint programming exercise (Delivering as One). The coordination process also relies on a joint funding tool (One Plan Fund), which has its own decision-making procedure. Fundraising by UNESCO was limited in 2012-2013 and more effective in 2014-2015, but the outlook for 2016 is more modest owing to the withdrawal of several donors as a result of both the end of one stage of the One UN process and Viet Nam's change of status to a middle-income country.

2. MANAGEMENT OF THE OFFICE

2.1 Management under the responsibility of the Director of the Office

11. The Office has been managed since her appointment in 2009 by a category P-5 officer whose contract with the Organization has just been extended to September 2017. Her term of office, which amounted to nearly six years at the time of the audit, is therefore slightly longer than the term provided for by the Organization for Viet Nam, that is five years for a category B country.

12. According to the Human Resources Manual, holding a post for longer than five years requires a decision of the Director-General, taken via the Director of Human Resources Management (DIR/HRM), which must be explicitly reasoned and may not exceed an additional duration of two years. No such decision has been sought in the present case.¹

Recommendation No. 2. Provide, if necessary, in accordance with the requirements of the Human Resources Manual, a decision from the Director-General to extend of the current Director of the Office.

2.1 Management of the Office

13. The Director of the Office, who does not have a deputy under an international contract, handles the day-to-day management of the activities of the Office herself and is involved in both the administrative activities that she supervises and in managing programmes, some of which she runs herself as project manager.

¹ Nevertheless, the Director has since been appointed to another post.

14. The general running of the Office can be considered to be of exceptional quality.
15. Coordination of the Office, however, remains largely informal and is based on ongoing exchanges on particular subjects. There is no formal management team and no management meetings for which minutes are drawn up.

Recommendation No. 3. Encourage, as best practice, the holding of formal meetings between management and staff.

16. A practice of monthly reporting and personal activity files has been introduced. This highly positive initiative, which has been effectively implemented, could be even further enhanced.

Recommendation No. 4. Promote the best practice of monthly reporting by staff members, with the reports being cleared by the supervisor and incorporated into the annual report.

2.2 Delegations of authority

17. Delegations of responsibility are duly recorded in the centralized application. Banking powers are correctly applied and updated and are checked annually by the Bureau of Financial Management (BFM).

3. OFFICE RESOURCES

3.1 Moving the Office to UN House

18. Inter-agency cooperation includes a shared premises project, which is supported by the Vietnamese Government. UNESCO indicated on two occasions that it did not wish to join the project. Led by the United Nations Development Programme (UNDP) on behalf of the United Nations agencies, it encountered various difficulties. The building in question has now been built and is operational.

19. Uncertainties surround the cost of both keeping UNESCO in separate premises and moving to the shared building. Those uncertainties are compounded by Viet Nam's change of status to a middle-income country and the continuing discussion on the general guidelines for the action and presence of United Nations agencies in Viet Nam.

Recommendation No. 5. Reconsider the benefits of moving into the shared United Nations building in 2016, once the general guidelines for the action and presence in Viet Nam of United Nations system agencies and particularly of UNESCO for the coming years have been specified.

3.2 Overall management

20. The total financial resources budgeted for the Hanoi Office, covering all staff categories, stood at \$1.8 million for the 2014-2015 biennium, 46% lower than for the 2012-2013 biennium.

21. The regular budget provided 25% of total resources between 2012 and 2015. Between the current and previous biennia, those resources fell by 35%.

22. The cost borne by the Headquarters for the permanent staff assigned to the Office has increased. This indirect resource, which represented the equivalent of \$749,000 during the previous biennium, stands at \$976,000 for the current biennium, particularly as a result of the addition to the Office team of a category P-4 staff member in 2014, in the Natural Sciences Sector.

23. The United Nations system joint fund constitutes an important resource for the Office. Resources of \$311,000 have been budgeted for the current biennium from this source, accounting for more than 17% of the total resources budgeted. However, that amount has decreased considerably in comparison with the previous biennium.

24. Extrabudgetary resources account for the largest part of the Office's funding (58% of budgeted resources and 53% of resources consumed). To ensure the continuity of its activity, the Office therefore needs \$1 million or more of this type of funding per year, which makes it necessary for it to propose and obtain projects for significant amounts that are in line with the donors' action strategies.

Recommendation No. 6. Draft and propose to Headquarters a communication and marketing strategy for the Office, particularly aimed at new donors (national and international companies).

25. Office expenditure falls into four main categories: operating costs (administration and security), education sector, culture sector and intersectoral activities. The activities of the natural sciences, social and human sciences and communication and information sectors only account for marginal funding in the current and previous biennia.

26. The audit did not reveal any non-standard practices in terms of financial management at the level of either the cash fund or the bank accounts.

27. A physical audit of the security of the Office premises was carried out in August 2015 by the United Nations Department of Safety and Security (UNDSS). The audit concluded that the security of the premises was in conformity with requirements but it made seven recommendations to be implemented by January 2016 at the latest.

28. The staff know and understand the procurement procedures. The files on the Office's suppliers are properly maintained. The management of assets, office equipment and computer hardware is satisfactory.

3.3 Staff

29. The Office staff at the date of the audit numbered 35 persons, which marks a substantial rise (+35%) between January 2013 and the present time, mainly due to the increase in service contracts and the arrival of interns. It currently consists of three international staff members and one national staff member (one P-5, one P-4, one P-3 and one NO-D) and four local staff members (one L-7, two L-4 and one L-3), making eight persons paid from the regular budget. Staff turnover is high. Overall, the staffing level appears to be in line with the volume of activity, apart from the case of the programme coordinator for natural sciences (P-4).

Recommendation No. 7. Transfer the P-4 post assigned to the Office to a more appropriate entity.

30. The local payroll of the Office accounts for almost 20% of its direct expenses. When the salaries of staff members paid by Headquarters are included, total payroll costs represent 47.9% of the entire budget that the Organization allocates to its activities in Viet Nam. Remuneration paid to staff members appears to be in proportion with local standards and with the practice in the other international organizations represented. The personnel files were entirely updated by the Office at the time of the audit. They are very well kept. The contracts entered into locally, which are for the most part service contracts, comply with the requirements as to form and procedure.

31. Management of leave and mission planning are conducted in line with the procedures. The Office pays overtime only to its driver.

Recommendation No. 8. Keep track of hours of overtime worked by the Office staff in a special register and, where the driver is concerned, limit the number of hours of overtime he works each month.

32. The use of consultants is properly managed. An effort could be considered to update and share the register of consultations with the other United Nations agencies.

Recommendation No. 9. Update the register of consultants and assess the potential for cooperation in this area with other United Nations system agencies present in Hanoi.

3.4 Contracts

33. Activity financing contracts satisfy the allocation conditions. The payments and commitments under contract made by the Office since January 2013 have amounted to \$2.2 million. They have complied with the rules.

34. The commitments can be broken down according to four types of beneficiary: individual consultants, commercial suppliers, Vietnamese public bodies and organizations not related to the government. Suppliers account for 18% of the commitments, one third of which is for office rent. Consultants account for 23%, which illustrates the importance of expertise work. Transfers to organizations not related to the government, including some international and national non-governmental organizations, therefore remain marginal (5%).

35. Transfers to official Vietnamese partners thus represent the majority (54%) of the Office's contractual commitments. This proportion illustrates the operating method of the Office, which is analysed in the section on projects, below. The Ministry of Education and its various departments, such as directorates and research centres, are the main beneficiaries of UNESCO's intervention.

4. MANAGEMENT OF PROJECTS BY THE BUREAU

4.1 Overview of the Office's project portfolio

36. The Office undertakes activity projects (or contributes to designing projects undertaken by partners) and submits requests for funding. Since 2013, it has designed 29 projects and contributed to 16 projects developed by its partners.

37. Eleven of the projects initiated and in the pipeline obtained funding, accounting for 38% of projects launched but only 9% of the corresponding budget. The projects that have gone ahead divide into two categories. On the one hand are small exploratory projects, which obtained financing mainly from the United Nations system; five out of seven projects costing under \$100,000 were funded in that way, with one more currently in the application process. On the other hand, major activity projects have been submitted but have only rarely been granted funding.

38. The Office's project management activity focuses on two sectors, namely education and culture. At the same time, the Office has been developing a portfolio of intersectoral projects, most of them under the direct supervision of the Director. Such an intersectoral approach offers undisputed advantages. Having said that, it also has disadvantages that could be kept in check if there were specific internal guidelines available for the handling of such projects.

Recommendation No. 10. Put in place written guidelines for the local handling of intersectoral projects by the Office so as to set out the respective responsibilities of the intersectoral team, the programme officers and the administrative team.

39. The total number of projects managed by the Office since the start of 2013 comes to 35, 22 of which had ended by the date of the audit. Of that total, 15 projects were funded with modest amounts from the regular budget and 20 received earmarked extrabudgetary funding.

40. The total value of projects managed by the Office since January 2013 amounted to \$6,417,419 with expenditure of \$5,651,304 and an average rate of completion of 88.4%. At the date of the audit, the value of ongoing projects came to only \$2,151,201, with expenditure of \$1,387,984 (65.3%).

41. The projects led by the Office are relatively modest in size. Only two of them, both closed, involved an amount in excess of \$1 million: 536VIE4001 – Preservation of the cultural heritage complex of Thang Long Ha Noi, for \$1,1124,721; and 570VIE1000 – Samsung-UNESCO Education for Sustainable Development Project in Viet Nam, for \$1,000,003.

42. As laid down in the instructions, the Office imputes Headquarters management charges, or programme support costs, which are levied directly on the projects, applying a rate of 7% for joint United Nations projects (other UNESCO Proprietary Funds) and 13% for Funds-in-Trust projects. For the portfolio of projects ongoing at the time of the audit, those charges amounted to \$515,998. The Office also imputes to projects financed from extrabudgetary funding some of its permanent operating costs, amounting to \$185,246; the rate applied here is less than 5%. If those two levies are added, the rate of management charges applied to an extrabudgetary project can be up to 15% of the amount allocated, which might discourage certain donors notwithstanding the fact that transparency is best practice.

43. None of the projects closed since 2013 has been the subject of a specific after-the-fact external evaluation. All the projects being carried out mention the expected outcomes, outputs and results. Based on the documents, the outputs appear to have been achieved, sometimes at the cost of some delay.

Proposed decision

The Executive Board may wish to adopt the following draft decision:

The Executive Board,

1. Having examined documents 199 EX/15 Part I and 199 EX/15.INF,
2. Expresses its satisfaction to the External Auditor for the high quality of his report;
3. Invites the Director-General to report on progress achieved in the implementation of recommendations in her report on the follow-up to all recommendations made by the External Auditor.

Director-General's comments

The Director-General thanks the External Auditor for his report on the Office in Hanoi. She accepts all of the recommendations made and will report on the progress of their implementation in accordance with the usual practice

Details in the annex.

ANNEX

PRELIMINARY IMPLEMENTATION PLAN BY RECOMMENDATION

Audit recommendation	The recommendation is feasible to implement (YES/NO) IF NO, EXPLAIN	The recommendation will require additional resources for implementation (YES/NO) IF YES, EXPLAIN	Estimated date for the implementation of the recommendation
<p>Recommendation No. 1. The External Auditor recommends verifying the medium-term need for a permanent presence of the Organization in Viet Nam in the form of a country office.</p>	<p>YES</p> <p>Consideration of the medium-term need of the office could only be considered in the broad framework of the analysis of the relevance and performance of the field network and more specifically in the context of the UNESCO presence in the Asia and the Pacific region. Such an analysis, if agreed by the Executive Board, would be undertaken in the framework of the preparation of 39 C/5 and the role played by field offices in the implementation of the SDGs.</p>	<p>YES</p> <p>The overall review of the sustainability of the field network would require resources to carry out the in-depth analysis. Any change in the structure carries additional costs.</p>	<p>To be determined</p> <p>While the analysis could be undertaken concomitantly with the preparation of 39 C/5 i.e. by spring 2017, implementation of any structural changes would require longer timeframe.</p>
<p>Recommendation No. 2. The External Auditor recommends, if found necessary, providing a decision from the Director-General, in accordance with the requirements of the Human Resources Manual, regarding the deferment of assignment of the Head of Office.</p>	<p>YES</p> <p>Resolved</p> <p>There was no need to prepare a deferment of assignment of the Head of Office as the decision to</p>	<p>NO</p> <p>Resolved by new appointment of Head of Office as Director of Regional Bureau for Culture in Latin</p>	<p>N/A</p> <p>Completed. Nothing pending.</p>

	transfer her to another office came soon after the audit report.	America and the Caribbean based in Havana, effective as of 1 March 2016 (Ref. DG/Note/16/01).	
Recommendation No. 3. The External Auditor recommends encouraging office management team meetings and staff meetings to be held and duly reported as a matter of good practice.	YES	NO No costs are required for the meetings to be carried out.	01/06/2016
Recommendation No. 4. The External Auditor recommends increasing the value of the good practice of officers' monthly reports by ensuring that they are checked by their supervisors and by including them in the annual report.	YES	NO	Completed. Should continue to be implemented.
Recommendation No. 5. The External Auditor recommends reconsidering whether it is worthwhile or not to move into Green One UN House in 2016, after the general objectives and guidelines for operating in Viet Nam and the presence of United Nations agencies, especially UNESCO, for forthcoming years will have been defined.	YES The reconsideration of whether to move or not into the GOUNH is feasible. Actual moving into the House needs very careful consideration and availability of funds.	To be determined Depending on assessment and final decision of Headquarters	To be determined Requires longer period for implementation or additional resources unless a decision is made within 2016.
Recommendation No. 6. The External Auditor recommends drafting and proposing an office communication and marketing strategy to Headquarters, particularly in regard to new donors (national and international companies).	YES Feasible to develop a proposal in writing. Implementation of the strategy may depend on availability of funds.	NO No additional cost for the development of the strategy paper. Implementation of the strategy may require additional funds.	31/03/2016

<p>Recommendation No. 7. The External Auditor recommends transferring the P4 position assigned to the office to an entity more appropriate.</p>	<p>YES Feasible. Auditors were informed that this transfer had already been requested before they completed their audit report.</p>	<p>NO Resolved by the appointment of the incumbent in CI Headquarters</p>	<p>01/01/2016</p>
<p>Recommendation No. 8. The External Auditor recommends tracking the overtime worked by office staff in an overtime registry and, in respect of the chauffeur, ensure that his monthly amount of overtime worked is kept within limits.</p>	<p>YES</p>	<p>NO</p>	<p>Completed. Should continue to be implemented.</p>
<p>Recommendation No. 9. The External Auditor recommends updating the roster of consultants and assess opportunities for cooperation with other United Nations agencies present in Hanoi in this field.</p>	<p>YES Feasible with some considerations.</p>	<p>YES To be determined depending on what will be required of the office. The update of the roster will require additional staff time to be dedicated to this task.</p>	<p>30/06/2017 Requires longer period for implementation or additional resources. Could be implemented within 2016 if the Office continues with the announcements to update CVs and does not have to ensure availability of all candidates in the roster. Support from Headquarters on management of the roster will determine timing for implementation.</p>

Recommendation No. 10. The External Auditor recommends instituting a written procedure for intersectoral projects conducted locally by the office to clarify the respective responsibilities of the intersectoral team, programme coordinators and the administrative team.	YES	NO	31/03/2016
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Part II

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NEW AUDITS BY THE EXTERNAL AUDITOR

PART II – SHORT-FORM REPORT

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

SUMMARY

This document is the short-form report of the External Auditor's audit report on the management of the Regional Bureau for Culture in Latin America and the Caribbean, Havana (Cuba) as presented in document 199 EX/15.INF.2 pursuant to Article 12.4 of the Financial Regulations.

Action expected of the Executive Board: Proposed decision in paragraph 24.

EXECUTIVE SUMMARY

AUDIT REPORT ON THE MANAGEMENT OF THE REGIONAL BUREAU FOR CULTURE IN LATIN AMERICA AND THE CARIBBEAN, HAVANA (CUBA)

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I. CONTEXT

1. 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.

2. 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.

3. 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. 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.

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.

II. SCOPE OF ACTION OF THE OFFICE

1. Office missions

4. The Office's missions are outlined in the UNESCO Country Programme Documents UCPD¹ and in a draft work plan for culture in Latin America and the Caribbean for 2016-2021 prepared with the States in the region.

5. 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. 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.

¹ UCPD.

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

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

6. 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 has been partly taken over by these units. The post of the Finance and Administration Officer remained vacant for two years and the two administrative officers who managed the unit, directly under the auspices of the Director, left the Office. 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 example, it was very difficult for the auditors to find out the level of extrabudgetary expenditure and funds for 2014-2015.

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.

3. Relations between the Office and the national authorities

7. The relations with the National Commission and with the Cuban Ministry of Foreign Affairs are excellent.

8. Contacts were more difficult in the Dominican Republic between 2012 and 2014 as the country's National Commission had no Secretary-General, but the situation improved considerably in 2015, particularly following the Director-General's visit to the country.

9. The Office regularly attends the monthly United Nations interagency meetings held in Cuba. The Office representative's attendance of the interagency meetings held in the Dominican Republic is irregular, however.

10. Contacts with the National Commission for UNESCO and the United Nations Resident Coordinator in Cuba give the impression that the Office has a very positive image.

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

III. OFFICE RESOURCES

11. 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.

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.

IV. MANAGEMENT OF THE OFFICE

1. Management of the staff

12. The files of the three individual consultants actively employed 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. The Office does not have a training plan for all of its staff members.

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.

2. Management of contracts

13. The auditors examined in detail a sample of 14 contracts for the supply of goods and services. They noted that, for several contracts, there were no elements in the files demonstrating a call for competition. According to the information gathered in Havana, this situation is owing to the absence of a competitive market and the existence of de facto monopolies; however, it is necessary to specify reasons for the choices.

14. In one particular case, the Office had to pay for the storage charges in the customs' bonded warehouses, totalling 6,973.87 convertible pesos,² while it was not responsible for the duration of the storage, which was owing to a delay in the issuance of the import licence by the local authorities. The Office considered that it could not afford to continue the dispute with the agency with a monopoly over airfreight entering Cuba and 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 travel expenses

15. 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.

16. 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. 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

² One convertible peso is worth around one United States dollar.

do not, however, bear the reproduction of the handwritten signature of the parties concerned. The mission reports are not all included in the files.

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.

V. MANAGEMENT OF PROJECTS

1. The documentation centre

17. The UNESCO documentation centre has several important advantages, including the wealth of its collections, Internet connection, which is rare in Cuba, and a team of staff members on secondment who are very motivated, but its advantages are tempered by the poor maintenance of the premises and conditions of conservation of the documents 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.

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

2. Restoration of the Segundo Cabo Palace

18. 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 mainly provided for (€1.1 million out of €1.265 million) by the European Union (EU).

19. The duration of the project was much longer than expected (five years instead of three), particularly owing to difficulties encountered in the consolidation of the building's structure, but it stayed almost within budget, thanks to the postponement of some of the initially planned results: the renovation of the building was completed but its transformation into a cultural centre was deferred.

20. The technical and aesthetic success of the restoration of the Segundo Cabo Palace has given significant visibility to UNESCO in Cuba. 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), and in its future functioning. It is nonetheless possible that the European Union may sign a contract with the competent Cuban agency alone, in the amount of around €700,000, to complete the abovementioned second stage.

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.

21. The UNESCO Office in Havana encountered financing difficulties during the project, for a total amount of around \$60,000 because 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 and the amount of the 7% levies taken by the Organization on the successive payments of EU contributions (in the framework of its cost-recovery mechanism regarding the management of extrabudgetary contributions) was higher than the Office expected.

22. 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.

23. 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.

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.

Proposed decision

24. The Executive Board may wish to adopt a decision along the following lines:

The Executive Board,

1. Having examined documents 199 EX/15 Part II and 199 EX/15.INF.2,
2. Expresses its satisfaction to the External Auditor for the high quality of his report;
3. Invites the Director-General to report on progress achieved in the implementation of recommendations in her report on the follow-up to all recommendations made by the External Auditor.

Director-General's comments

The Director-General thanks the External Auditor for his report on the Office in Havana. She accepts all of the recommendations made and will report on the progress of their implementation in accordance with the usual practice.

Details in Annex.

ANNEX

PRELIMINARY IMPLEMENTATION PLAN BY RECOMMENDATION

Audit recommendations	The recommendation is feasible to implement (YES/NO)	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
Recommendation No. 1. Take into account the cluster as a whole in subsequent self-assessments.	YES, the self-assessment already refers to the Dominican Republic, Cuba and Aruba, but will provide more details in the future.	NO	31/12/2016
Recommendation No. 2. Clarify accordingly UNESCO's regional role in Latin America and the Caribbean.	YES, the strategic and coordinated regional orientation of the Regional Bureau for Culture will be defined as the new Director of Havana Office, takes up her functions shortly	NO	31/12/2016
Recommendation No. 3. Prepare a country programme for the Office in Aruba.	YES, consideration of the development of UCPD for Aruba will be given in the framework of the review of the objectives, content, geographical scope and format of the UCPDs (also taking into account 2030 Agenda context)	NO	To be determined
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.	YES	NO	31/12/2016
Recommendation No. 5. Strengthen the Office's participation in interagency meetings	YES, the Office, together with Headquarters will review the objectives,	NO	31/12/2016

held in the Dominican Republic.	tasks and activities of the Antenna in 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.	YES	YES	31/12/2017
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.	YES Whilst the recommendation is particularly valid for Director and Professional posts requiring longer recruitment timelines, for local posts the recruitment timeline is – in principle – shorter. Therefore, special attention will be put on the anticipation of recruitment of Professional and Director posts as well as on those posts that are harder to fill.	NO	31/12/2016
Recommendation No. 8. The conclusion of individual consultant contracts must be preceded by a competitive process.	YES	NO	31/12/2016 (already implemented)
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.	YES	NO	31/12/2016

Recommendation No. 10. Make the selection criteria for co-contractors as objective as possible.	YES	NO	31/12/2016 (Already being implemented)
Recommendation No. 11. Anticipate and monitor closely customs clearance procedures.	YES	NO	31/12/2015 (Already being implemented)
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.	YES	NO	31/12/2016
Recommendation No. 13. Reflection should be initiated on the future of the documentation centre.	YES, the Office, together with Headquarters (KMI/ALR), will discuss how the documentation centre can best position itself for the future information needs of the community it serves. KMI/ALR can provide input and guidelines.	YES The organization and acquisitions policy of the Centre need to be reviewed with a view to modernise it's functioning and possibly extending the scope to include other UN agencies. Implementation may require additional staffing resources.	31/12/2017
Recommendation No. 14. UNESCO should be involved in the second stage of the plan to restore the Segundo Cabo Palace, focused on	NO UNESCO is already associated to it, but	YES If extrabudgetary	31/12/2015 (already being

converting the building into a cultural centre.	not necessarily from a financial point of view	activities are funded	implemented)
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.	YES	NO	31/12/2016



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Part II Corr.

PARIS, 5 April 2016
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Item 15 of the provisional agenda

NEW AUDITS BY THE EXTERNAL AUDITOR

PART II – SHORT-FORM REPORT

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

CORRIGENDUM

In the ANNEX: PRELIMINARY IMPLEMENTATION PLAN BY RECOMMENDATION, Recommendation No. 14 should read as follows:

Audit recommendations	The recommendation is feasible to implement (YES/NO)	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
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.	UNDER CONSIDERATION UNESCO is already associated with the planning of the second stage, but not necessarily from a financial point of view		

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NEW AUDITS BY THE EXTERNAL AUDITOR

PART III – SHORT-FORM REPORT

AUDIT REPORT ON THE UNESCO LIAISON OFFICES WITH THE UNITED NATIONS IN NEW YORK AND GENEVA

SUMMARY

This document is the short-form report of the External Auditor's audit report on the UNESCO Liaison Offices in Geneva and New York as submitted in documents 199 EX/15.INF.3 and 199 EX/15.INF.4 pursuant to Article 12.4 of the Financial Regulations.

Action expected of the Executive Board: proposed decision in paragraph 23.

EXECUTIVE SUMMARY

AUDIT REPORT ON THE UNESCO LIAISON OFFICES IN NEW YORK AND GENEVA

Disclaimer: This executive summary was drawn up by the External Auditor at the Secretariat's request in order to optimize translation costs and facilitate discussion by the governing bodies. Only the long-form report is authoritative in terms of exact content and the nature and scope of the External Auditor's findings and recommendations.

1. Two teams of auditors conducted audits of the accounts and management of the UNESCO Liaison Offices to the United Nations in New York, from 29 June to 3 July 2015, and in Geneva, from 5 to 9 October 2015.
2. These two audits, annexed to this document, were conducted in accordance with the International Standards of Supreme Audit Institutions¹ laid down by the International Organization of Supreme Audit Institutions.² Samples of the accounts and documentation of both of the Offices and of Headquarters were examined and open interviews were conducted with the main staff members. Interviews were also carried out with several of the Offices' usual contacts, representatives of either Member States or United Nations institutions.
3. Both audits were conducted in implementation of DG/Note/11/39 of 7 December 2011³ on "enhancing the contribution of UNESCO's liaison offices".
4. The draft reports on the two Offices were submitted to their Directors for prior discussion; their comments and proposed corrections were taken into account. The External Auditor thanks the staff members in New York and Geneva for their hospitality and availability during the audits.
5. Many common points appear in both reports, with regard to the organization, remit and activities of the two Offices.

Status and position of the two Offices

6. The conditions governing the establishment and operation of the two Offices – particularly the privileges and immunities attached to their status – are not sufficiently documented locally. The Offices should have all the documentation necessary to justify their presence and their diplomatic status in their countries of accreditation.
7. While the Office in New York seems to be in direct and constant contact with Headquarters, owing to the policy dimension of the United Nations agenda, the Office in Geneva does not seem to be, perhaps because the sense of urgency is not there. It would nevertheless be a mistake for the Organization not to give sufficient attention to what is prepared, negotiated and even decided in Geneva. Several organizations present in Geneva have a skills base and concerns that match those of UNESCO. Themes such as human rights and the coordination of humanitarian action have obvious connections with the Organization's remit. The Science Sector, in particular, has many correlations, mainly with the European Organization for Nuclear Research (CERN) and the World Meteorological Organization (WMO). The visit of the Director-General to Geneva when the auditors were auditing the Office is a welcome signal upon which UNESCO should capitalize.

¹ ISSAI
² INTOSAI
³ Ivory Note

Human resources

8. The targets assigned to the Directors of the two Offices in their engagement letters should be aligned with the functions defined in the Ivory Note, and for their annual evaluation the targets should be complemented by measurable and precise performance indicators.

9. It is important to ensure the high calibre, knowledge and suitability of the staff assigned to the representation, advocacy and information-brokering roles at both the Office in Geneva and the Office in New York, which uphold the image and credibility of the Organization in a highly competitive context. The Geneva Office should definitely be considered as a strategic assignment and not, as has been the case in the past, an end-of-career posting.⁴

10. The responsibilities of staff serving in the two Offices must be better defined in their contract or staff assignment decision and in a note signed by the Office Director, as well as a precise organizational chart of the sectors and functions of the Office, completed by a description of each post in these Offices.

11. It is highly desirable to organize a regular and orderly rotation of the Professional staff of the two Offices. It does not seem desirable – given the high stakes and the risk of losing sight of the Organization's mandate – to keep staff members posted there for more than five years. The evaluation of managers and other staff members should be streamlined and systematic. Staff contracts should be amended in order to include measurable performance targets and highlight the importance of the role of liaison officer.

Organization of work

12. The operating methods of the two Offices are not sufficiently precise. The Directors should produce one or more formal instructions that define: the operating methods and work rules (e.g. working hours, punctuality, absenteeism, security, confidentiality and administrative support); the remit of the section managers and coordination procedures for cross-cutting projects; the delegation of signing authority for correspondence with local contacts, depending on the type of correspondence and level of its recipient, and with Headquarters; matters reserved for the Office Director; etc.

13. The work of both Offices should be more traceable. During staff meetings, it could be useful to provide updates on the situation, reports of the meetings and records of decisions, which should be followed up from one meeting to the next. A centralized agenda would help to set the priorities and action of each staff member and keep a chronological record of the work accomplished. It would be helpful to create a shared and thematic thesaurus of the main documents and contributions produced by the Offices under the various parts of their remit and in relation to the four missions entrusted to them in the Ivory Note.

14. It would be interesting to create a standardized, obligatory format for reports about events, activities, partnerships and information for Headquarters, in keeping with the Ivory Note; formalize, use and archive standard records, drawn up according to the hierarchical level of the recipient and the nature of the message transmitted; centralize the shared information base; organize the data so that quarterly activity reports may be drawn up as described in the Ivory Note; and use these standardized data to assess the performance of staff members on a yearly basis.

Missions of the two Offices

15. It would be worth officially publishing the annexes to the Ivory Note concerning the Liaison Offices in Geneva and New York and regularly updating the content of such publications. It would be useful to allocate to the two Offices, for each biennium, clear and measurable priorities based

⁴ This is not currently the case.

on the Organization's objectives and the agenda of the United Nations agencies in New York and Geneva.

16. Each Liaison Office would do well to submit to Headquarters an action plan for each upcoming biennium. The strategic plan submitted to Headquarters by the Geneva Office on 10 February 2015 should be validated, with amendments if necessary.

17. Both Offices should prioritize aspects concerning analysis, intermediation and strategy-setting in the conception of the role of the Offices, which should not become a local extension of the sectors at Headquarters.

18. The designation of a focal point at Headquarters, officially in charge of following up correspondence, activities and requests from both Liaison Offices would help to increase their efficiency and that of the Organization in its partnership with the United Nations agencies in Geneva and New York.

Activities of the two offices

19. In New York and Geneva, priority should be given to issues surrounding the adoption of the post-2015 development agenda, which could have a lasting impact on public development aid, including policies of donor and recipient countries, and on the respective roles of the United Nations agencies and, therefore, of UNESCO.

20. It would be useful to reopen discussion in the New York Office, in view of the practice and results obtained in the Geneva Office in consultation with Headquarters, to find new ways and means of creating partnerships in North America.

21. In order to improve the visibility and influence of the two Offices, they should regularly distribute in Geneva and New York brief explanatory notes on UNESCO's issues, positions, activities and achievements. The intergovernmental aspect of the work, mainly in New York, should be taken into account. It would be useful, in that respect, to increase support and advice initiatives aimed at the least well-informed Member States.

22. It is essential to share information regularly and fully on the issues, projects and contacts between Headquarters and the two Offices. Both Offices would benefit from a direct exchange of information between them, while informing Headquarters.

Proposed decision

23. The Executive Board may wish to adopt the following draft decision:

The Executive Board,

1. Having examined documents 199 EX/15 Part III, 199 EX/15.INF.3 and 199 EX/15.INF.4,
2. Expresses its satisfaction to the External Auditor for the high quality of his report;
3. Invites the Director-General to report on progress achieved in the implementation of recommendations in her report on the follow-up to all recommendations made by the External Auditor.

Director-General's comments

The Director-General thanks the External Auditor for his reports on the UNESCO Liaison Offices in Geneva and New York. While the Director-General endorses the majority of the recommendations and will report on the progress of their implementation in accordance with the usual practice, she would like to make the following comments and clarifications:

The primary role of the Liaison Offices is to enhance inter-institutional cooperation between UNESCO and the United Nations-related institutions and not between UNESCO and the host countries in which the Liaison Offices are based.

With regard to the audit of the UNESCO Liaison Office in New York, the Director-General takes note of the appreciation expressed by a number of United Nations Permanent Missions of Member States vis-à-vis UNESCO's work, outreach and visibility, notably in terms of responsiveness, regular interaction with Member States and in promoting better understanding of UNESCO's priorities in the United Nations context. This has resulted in the enhanced positioning of the Organization on key priorities such as advancing Sustainable Development Goal (SDG) 4 on education, promoting the security of journalists and the implementation of its related United Nations Action Plan; raising awareness of the protection of cultural heritage in conflict countries; and championing UNESCO's role in the prevention of violent extremism through education.

It is also recognized that not only does the active participation of the New York and Geneva Offices convey messages on the objectives and priorities of the Organization with key partners, it also strengthens UNESCO's strategic capacity of analysis of United Nations resolutions and trends from a broader perspective.

Security Council resolutions on the protection of cultural heritage, the security of journalists, the protection of schools in armed conflict are a few examples of UNESCO's enhanced positioning in the United Nations context and also of greater alignment of UNESCO and the United Nations in areas of growing relevance in the United Nations context. Equally, recent debates in the context of the United Nations Human Rights Council in Geneva have also shown greater awareness of UNESCO's work in the areas of the protection of cultural heritage and in protecting cultural diversity in conflict affected countries.

These comments by external partners as reflected in the External Auditor's report highlight the importance and relevance of Liaison Offices to UNESCO's visibility and Member States' increased engagement in UNESCO, illustrating how their interaction and collaboration contribute to the strengthening of UNESCO's positioning and participation in the United Nations wide policies and activities. The Liaison Offices will continue to advocate and promote UNESCO's mandate and contribute to the strategic reflection on the Organization's priorities in terms of deliverables in selected programme-relevant initiatives, UNESCO/United Nations enhanced interaction, inter-governmental and inter-agency consultation processes and meetings within the United Nations system in New York and Geneva, as well as with the civil society, providing critical information and enhanced opportunities on strategic cooperation.

The External Auditor has suggested, under Recommendation 14 of the Audit Report of the New York Office, to publish "Annex A" to Ivory Note DG11/39 of 7 December 2011 for the New York Office, and publish annexes for the other Liaison Offices. The Annex referred to in the recommendation was a draft document and was never published. An Ivory Note by the Director-General is currently being finalized and will be published in March 2016 focusing on the enhanced role of the Liaison Offices in the context of delivering on the Sustainable Development Goals (SDGs) following the adoption of the 2030 Agenda.

Follow-up action to certain recommendations in the Audit Reports has already been implemented, including the issuing of revised and aligned job descriptions for the posts of Director of the New York and Geneva Offices in conformity with Ivory Note DG11/39 of 7 December 2011 with regard

to their specific roles and functions. Further collaboration will be carried out with the Bureau of Human Resources Management (HRM) concerning staffing of the Liaison Offices, including reviewing specific training needs to strengthen further the capacities of the Offices to carry out their specific mandate.

A budget has been allocated to the Liaison Offices for the new biennium to support the activities of the Offices in the context of the implementation of the 38 C/5 and to help scale up the effectiveness and efficiency of the Offices in the critical and enhanced role they will play in strengthening the Organization's strategic positioning in delivering on the 2030 Agenda for Sustainable Development. Greater synergies will also be forged between the Liaison Offices as well as between Liaison Offices and Headquarters. With this in mind, the Director-General would like to point out that coordination has been strengthened between the Liaison Offices and the Bureau for Strategic Planning (BSP) in Headquarters, where: (i) a dedicated section for cooperation with the United Nations system has been established; (ii) a programme specialist for United Nations reform and inter-agency coordination has been recruited; and (iii) specific focal points have been designated to serve as UNESCO representatives on thematic inter-agency coordination mechanisms to better structure UNESCO's engagement with the United Nations system.

As concerns some of the specific recommendations on the UNESCO Liaison Office in Geneva, implementation has already started. Some recommendations will require further consultations. The Director-General will report back on their follow-up in due course as per usual practice.

With a view to ensuring greater transparency on and monitoring of the Liaison Offices' engagement in advancing UNESCO's positioning in the United Nations context, New York and Geneva Liaison Offices were integrated for the very first time in SISTER so as to provide closer monitoring and assessing impact from the programmatic and strategic perspective.

Moreover, Liaison Offices also have an established reporting mechanism through quarterly activity reports submitted to the Office of the Director-General.

Communication tools are also being finalized to allow Liaison Offices to share a common platform thereby enhancing collaboration and synergies. This tool will allow for more regular interaction between Headquarters and the Liaison Offices as well as between Liaison Offices themselves. Lastly, it should also be noted that the Liaison Offices have access to the integrated House-wide Correspondence Management System (CM), which is centralized at Headquarters.

More details on the recommendations can be found in Annex II.

ANNEX I

LIST OF RECOMMENDATIONS

UNESCO LIAISON OFFICE IN NEW YORK

Recommendation No. 1. Clarify the context of the Office's establishment and the conditions of its existence, which should be set out firstly in a headquarters agreement with the United States and secondly in a bilateral agreement with the United Nations.

Recommendation No. 2. Issue an accurate organizational chart, signed by the Office Director, showing the different sections and functions of the Office.

Recommendation No. 3. Replace the Office's managerial staff every five years, since New York is a category H duty station, in view of the importance of the issues dealt with by the Office and the risk of losing sight of the Organization's mandate.

Recommendation No. 4. Produce and keep up-to-date job descriptions for each of the Office's sections and staff members, including the Director.

Recommendation No. 5. Make staff evaluation a streamlined, systematic process. Amend staff contracts in order to include measurable performance targets and highlight the importance of the role of liaison officer.

Recommendation No. 6. Headquarters to formally ask the support services department (DMS/UN) for clarifications concerning the sum invoiced for the work carried out to renovate the premises.

Recommendation No. 7. At staff meetings, include regular updates on one or more fundamental issues dealt with by the Office and keep a record of them.

Recommendation No. 8. Add a list of decisions to staff meeting minutes for follow-up purposes at subsequent meetings.

Recommendation No. 9. Create a centralized agenda in order to set priorities, coordinate contributions from all members of staff and keep a chronological record of the work carried out.

Recommendation No. 10. Issue one or more formal instructions from the Office Director that define:

- the Office's operating methods and work (e.g. working hours, punctuality, absenteeism, security, confidentiality and administrative support);
- the remit of the section managers and coordination procedures for cross-cutting projects;
- the delegation of signing authority for correspondence with local contacts, depending on the type of correspondence and the hierarchical level of its recipient, and with Headquarters;
- matters reserved for the Office Director;
- etc.

Recommendation No. 11. Create a shared thematic thesaurus of the main documents and contributions produced by the Office under the various parts of its remit and in relation to the four missions entrusted to it in the Ivory Note.

Recommendation No. 12. Create a standardized, obligatory format for reports about events, actions, partnerships and information for Headquarters, in keeping with the Ivory Note.

Recommendation No. 13. Formalize, use and archive standard reports in a format dependent on the hierarchical level of the recipient and the nature of their content. Centralize these reports in the information base recommended above. Organize the data so that quarterly reports may be drawn up as described in the Ivory Note. Use these standardized data to assess the performance of staff members on a yearly basis.

Recommendation No. 14. Officially publish Annex A of the Ivory Note concerning the Liaison Office in New York and, if appropriate, publish an equivalent document for each UNESCO liaison office.

Recommendation No. 15. Prioritize aspects concerning analysis, intermediation and strategy-setting in the conception of the role of the Office, which should not become a local extension of the sectors at Headquarters.

Recommendation No. 16. Align the objectives assigned to the Office Director in his mission letter with the functions of the Office in New York set out in the Ivory Note. Establish precise and measurable performance indicators for these objectives to be used for the Office Director's annual evaluation.

Recommendation No. 17. At the Director's initiative and in consultation with the liaison staff, restructure the Office's work on the basis of a clear definition of each person's responsibilities and remit, methods of intersectoral coordination, matters to be dealt with directly by the Director, reporting methods, information channels, and internal and external communication.

Recommendation No. 18. Continue to pay close attention to issues surrounding the adoption of the post-2015 development agenda, which could have a lasting impact on public development aid, including policies of donor and recipient countries, and on the respective roles of the United Nations agencies and, therefore, of UNESCO.

Recommendation No. 19. Formalize, use and archive standard reports in a format dependent on the level of their recipients and the nature of their content.

Recommendation No. 20. Reopen a discussion in the Office and in consultation with Headquarters aimed at creating partnerships in New York and North America.

Recommendation No. 21. In New York, periodically distribute brief explanatory notes on the UNESCO Liaison Office's issues, positions, activities and achievements.

Recommendation No. 22. Ensure the high calibre, knowledge and suitability of the staff assigned to the representation, advocacy and information-brokering roles at the Office.

Recommendation No. 23. Take into better account the intergovernmental aspect of the work and launch support and advice initiatives aimed at the least well-informed Member States.

Recommendation No. 24. Ensure project and contact information is regularly and fully shared between Headquarters and the Office.

Recommendation No. 25. Ensure regular, appropriate strategic monitoring of the important negotiations currently under way through frequent, formal exchanges of reports, information and instructions between Headquarters and the Office.

UNESCO LIAISON OFFICE IN GENEVA

Recommendation No. 1. Update a permanent file that chronicles the history of the Office and brings together the documents establishing its creation and activities in Geneva.

Recommendation No. 2. Issue a precise description, signed by the Office Director, of the respective functions and responsibilities in the Liaison Office in Geneva. Consider specializations for each of the two Professional category staff members at the Office, on specific major themes (e.g. human rights, humanitarian action, development) or major organizations in Geneva (e.g. UNCTAD, CERN, WHO).

Recommendation No. 3. Agree jointly on a clear division of the respective responsibilities of the Liaison Office in Geneva and the IBE as regards administrative and financial support.

Recommendation No. 4. Re-evaluate the Liaison Office in Geneva's missions and resources with respect to the specific missions and responsibilities that the organization wishes to entrust to it, factoring in the importance of activities and negotiations taking place in Geneva.

Recommendation No. 5. Target individuals who are dynamic, adaptable and motivated for assignment to Professional posts at the Liaison Office in Geneva.

Recommendation No. 6. Update the job descriptions for Liaison Office in Geneva posts to include the objectives outlined in the Ivory Note. For the Office Director, establish a performance agreement with measurable targets and performance indicators.

Recommendation No. 7. After establishing an exhaustive inventory of the Liaison Office's fixed assets, incorporate all of them into the SAP system.

Recommendation No. 8. Without delay, and under the Office Director's direct control, formalize the oversight of telephone use and the charging to staff members of for their private communications.

Recommendation No. 9. Activate the shared centralized database so that the Office's consolidated agenda and important documentation may be recorded therein.

Recommendation No. 10. Issue a formal instruction from the Office Director that defines:

- the Office's operating methods and work (e.g. working hours, punctuality, absenteeism, security, confidentiality, telephone calls and administrative support)
- delegated authority and matters reserved for the Office Director,
- etc.

Recommendation No. 11. Validate, with amendments if necessary, the strategic plan submitted to Headquarters by the Office on 10 February 2015. For every biennium, assign priorities to the GLO that are in line with UNESCO's objectives and the agenda of the United Nations agencies in Geneva. This recommendation also holds true for the other liaison offices.

Recommendation No. 12. In the shared information base, create a shared thematic database of what the Office produces relating to the four functions set out in the Ivory Note.

Adopt a standardized format for reports about events, activities, partnerships and information for Headquarters, in keeping with the Ivory Note.

Centralize the information base recommended above. Organize the data so that activity reports may be drawn up as described in the Ivory Note.

Use these standardized data to assess the performance of staff members on a yearly basis.

Recommendation No. 13. Designate a focal point at Headquarters responsible for following up on the correspondence and sectoral and programme activities of the Office in Geneva Office, and possibly of the Office in New York as well.

Recommendation No. 14. Align the objectives assigned to the Office Director in his mission letter with the functions of the Office in Geneva set out in the Ivory Note. Establish precise and measurable performance indicators for these objectives to be used for the Office Director's annual evaluation.

Recommendation No. 15. Formalize, in the form of a tripartite document, potential collaboration between the IBE and the Liaison Office in Geneva, in coordination with the Education Sector (ED), for each of the functions identified in the Ivory Note.

Recommendation No. 16. Designate the IBE as the first-line point of contact in the area of education, in coordination with the Liaison Office in Geneva and the Education Sector (ED), for all United Nations agencies in Geneva.

Recommendation No. 17. Systematically inform the Liaison Office in Geneva of expert missions from Headquarters or other UNESCO entities. Communicate to the Office all reports and follow-up action resulting from such missions.

Recommendation No. 18. Consider the possible creation of a second Professional post – by reducing the number of missions from Headquarters – in order to establish a division of tasks at the Liaison Office in Geneva based on sectors, issues and UNESCO's partners in Geneva.

Recommendation No. 19. Transmit to the Liaison Office in Geneva, for its information, all invitations received by Headquarters to sessions or international conferences held in Geneva. Invite the Office to represent UNESCO when no participation from Paris is planned.

Recommendation No. 20. In Geneva, periodically distribute brief explanatory notes on the UNESCO Liaison Office's issues, positions, activities and achievements.

Recommendation No. 21. Ensure the high calibre, knowledge and suitability of the staff assigned to the representation, advocacy and information-brokering roles at the Office.

Recommendation No. 22. Take into better account the intergovernmental aspect of the work and launch support and advice initiatives aimed at the least well-informed Member States.

Recommendation No. 23. Conduct an in-depth strategic and organizational evaluation of the current and desired relationship between Headquarters and the Liaison Office in Geneva.

ANNEX II

PRELIMINARY IMPLEMENTATION PLAN BY RECOMMENDATION

Audit recommendations for <u>New York</u>	The recommendation is feasible to implement (yes/no)	The recommendation will require additional resources for implementation (yes/no)	Estimated date for the implementation of the recommendation
Recommendation No. 1. Clarify the context of the Office's establishment and the conditions of its existence, which should be set out firstly in a headquarters agreement with the United States and secondly in a bilateral agreement with the United Nations.	YES	NO	30/06/2017
Recommendation No. 2. Issue an accurate organizational chart, signed by the Office Director, showing the different sections and functions of the Office.	YES	NO	30/06/2016
Recommendation No. 3. Replace the Office's managerial staff every five years, since New York is a category H duty station, in view of the importance of the issues dealt with by the Office and the risk of losing sight of the Organization's mandate.	YES	YES. The recommendation nonetheless requires close cooperation with HRM in the matter. Three programme specialists out of four took up duties between May 2011 and January 2012. It would be difficult if the Office had to lose that expertise all at once. Note that under Recommendation No. 21, the auditor said that "these requirements therefore preclude all long-term assignments in New York as well as high turnover of Professional staff	

		members at the Office”.	
Recommendation No. 4. Produce and keep up-to-date job descriptions for each of the Office’s sections and staff members, including the Director.	YES	NO	30/06/2016
Recommendation No. 5. Make staff evaluation a streamlined, systematic process. Amend staff contracts in order to include measurable performance targets and highlight the importance of the role of liaison officer.	YES	NO	30/06/2016
Recommendation No. 6. Headquarters to formally ask the support services department (DMS/UN) for clarifications concerning the sum invoiced for the work carried out to renovate the premises.	YES	NO	30/05/2016
Recommendation No. 7. At staff meetings, include regular updates on one or more fundamental issues dealt with by the Office and keep a record of them.	YES	NO	ongoing
Recommendation No. 8. Add a list of decisions to staff meeting minutes for follow-up purposes at subsequent meetings.	YES	NO	ongoing
Recommendation No. 9. Create a centralized agenda in order to set priorities, coordinate contributions from all members of staff and keep a chronological record of the work carried out.	YES	NO	ongoing
Recommendation No. 10. Issue one or more formal instructions from the Office Director that define: – the Office’s operating methods and work(e.g. working hours, punctuality, absenteeism, security, confidentiality and	YES	NO	30/06/2016

<p>administrative support);</p> <ul style="list-style-type: none"> – the remit of the section managers and coordination procedures for cross-cutting projects; – the delegation of signing authority for correspondence with local contacts, depending on the type of correspondence and the hierarchical level of its recipient, and with Headquarters; – matters reserved for the Office Director; – etc. 			
<p>Recommendation No. 11. Create a shared thematic thesaurus of the main documents and contributions produced by the Office under the various parts of its remit and in relation to the four missions entrusted to it in the Ivory Note.</p>	<p>YES</p>	<p>NO</p>	<p>30/11/2016</p>
<p>Recommendation No. 12. Create a standardized, obligatory format for reports about events, actions, partnerships and information for Headquarters, in keeping with the Ivory Note.</p>	<p>YES</p>	<p>NO</p>	<p>30/11/2016</p>
<p>Recommendation No. 13. Formalize, use and archive standard reports in a format dependent on the hierarchical level of the recipient and the nature of their content. Centralize these reports in the information base recommended above. Organize the data so that quarterly reports may be drawn up as described in the Ivory Note. Use these standardized data to assess the performance of staff members on a yearly basis.</p>	<p>YES</p>	<p>NO</p>	<p>31/12/2016</p>
<p>Recommendation No. 14. Officially publish Annex A of the Ivory Note concerning the Liaison Office in New York and, if appropriate, publish an</p>	<p>YES</p>	<p>NO</p>	<p>30/06/2016</p>

equivalent document for each UNESCO liaison office.			
Recommendation No. 15. Prioritize aspects concerning analysis, intermediation and strategy-setting in the conception of the role of the Office, which should not become a local extension of the sectors at Headquarters.	YES	NO	31/12/2016
Recommendation No. 16. Align the objectives assigned to the Office Director in his mission letter with the functions of the Office in New York set out in the Ivory Note. Establish precise and measurable performance indicators for these objectives to be used for the Office Director's annual evaluation.	YES	NO	
Recommendation No. 17. At the Director's initiative and in consultation with the liaison staff, restructure the Office's work on the basis of a clear definition of each person's responsibilities and remit, methods of intersectoral coordination, matters to be dealt with directly by the Director, reporting methods, information channels, and internal and external communication.	YES	NO	
Recommendation No. 18. Continue to pay close attention to issues surrounding the adoption of the post-2015 development agenda, which could have a lasting impact on public development aid, including policies of donor and recipient countries, and on the respective roles of the United Nations agencies and, therefore, of UNESCO.	YES	NO	ongoing
Recommendation No. 19. Formalize, use and archive standard reports in a format	YES	NO	30/11/2016

dependent on the level of their recipients and the nature of their content.			
Recommendation No. 20. Reopen a discussion in the Office and in consultation with Headquarters aimed at creating partnerships in New York and North America.	YES	NO	30/11/2016
Recommendation No. 21. In New York, periodically distribute brief explanatory notes on the UNESCO Liaison Office's issues, positions, activities and achievements.	YES	NO	30/10/2016
Recommendation No. 22. Ensure the high calibre, knowledge and suitability of the staff assigned to the representation, advocacy and information-brokering roles at the Office.	YES	NO	ongoing
Recommendation No. 23. Take into better account the intergovernmental aspect of the work and launch support and advice initiatives aimed at the least well-informed Member States.	YES	NO	ongoing
Recommendation No. 24. Ensure project and contact information is regularly and fully shared between Headquarters and the Office.	YES	NO	ongoing
Recommendation No. 25. Ensure regular, appropriate strategic monitoring of the important negotiations currently under way through frequent, formal exchanges of reports, information and instructions between Headquarters and the Office.	YES	NO	ongoing

Audit recommendations for Geneva	The recommendation is feasible to implement (YES/NO)	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
Recommendation No. 1. Update a permanent file that chronicles the history of the Office and brings together the documents establishing its creation and activities in Geneva.	YES	NO	The process has already started and will be finished by 1 May 2016
Recommendation No. 2. Issue a precise description, signed by the Office Director, of the respective functions and responsibilities in the Liaison Office in Geneva. Consider specializations for each of the two Professional category staff members at the Office, on specific major themes (e.g. human rights, humanitarian action, development) or major organizations in Geneva (e.g. UNCTAD, CERN, WHO).	YES	NO	By 31 May 2016
Recommendation No. 3. Agree jointly on a clear division of the respective responsibilities of the Liaison Office in Geneva and the IBE as regards administrative and financial support.	YES	NO	By 30 June 2016
Recommendation No. 4. Re-evaluate the Liaison Office in Geneva's missions and resources with respect to the specific missions and responsibilities that the organization wishes to entrust to it, factoring in the importance of activities and negotiations taking place in Geneva.	YES	NO	By 31 December 2016
Recommendation No. 5. Target individuals who are	YES	NO	Immediately

dynamic, adaptable and motivated for assignment to Professional posts at the Liaison Office in Geneva.			
Recommendation No. 6. Update the job descriptions for Liaison Office in Geneva posts to include the objectives outlined in the Ivory Note. For the Office Director, establish a performance agreement with measurable targets and performance indicators.	YES	NO	By 31 December 2016
Recommendation No. 7. After establishing an exhaustive inventory of the Liaison Office's fixed assets, incorporate all of them into the SAP system.	YES	NO	By 30 June 2016
Recommendation No. 8. Without delay, and under the Office Director's direct control, formalize the oversight of telephone use and the charging to staff members of for their private communications.	YES	NO	Implemented
Recommendation No. 9. Activate the shared centralized database so that the Office's consolidated agenda and important documentation may be recorded therein.	YES	NO	Implemented
Recommendation No. 10. Issue a formal instruction from the Office Director that defines: <ul style="list-style-type: none"> – the Office's operating methods and work (e.g. working hours, punctuality, absenteeism, security, confidentiality, telephone calls and administrative support) – delegated authority and matters reserved for the Office Director, – etc. 	YES	NO	By 31 April 2016

<p>Recommendation No. 11. Validate, with amendments if necessary, the strategic plan submitted to Headquarters by the Office on 10 February 2015. For every biennium, assign priorities to the GLO that are in line with UNESCO's objectives and the agenda of the United Nations agencies in Geneva. This recommendation also holds true for the other liaison offices.</p>	<p>YES</p>	<p>NO</p>	<p>By 31 April 2016</p>
<p>Recommendation No. 12. In the shared information base, create a shared thematic database of what the Office produces relating to the four functions set out in the Ivory Note.</p> <p>Adopt a standardized format for reports about events, activities, partnerships and information for Headquarters, in keeping with the Ivory Note.</p> <p>Centralize the information base recommended above. Organize the data so that activity reports may be drawn up as described in the Ivory Note.</p> <p>Use these standardized data to assess the performance of staff members on a yearly basis.</p>	<p>YES</p>	<p>NO</p>	<p>By 30 June 2016</p>
<p>Recommendation No. 13. Designate a focal point at Headquarters responsible for following up on the correspondence and sectoral and programme activities of the Office in Geneva Office, and possibly of the Office in New York as well.</p>	<p>YES</p>	<p>NO</p>	
<p>Recommendation No. 14. Align the objectives assigned to the Office Director in his mission letter with the functions of the Office in Geneva set out in the Ivory Note. Establish precise and measurable</p>	<p>YES</p>	<p>NO</p>	<p>Implemented</p>

performance indicators for these objectives to be used for the Office Director's annual evaluation.			
Recommendation No. 15. Formalize, in the form of a tripartite document, potential collaboration between the IBE and the Liaison Office in Geneva, in coordination with the Education Sector (ED), for each of the functions identified in the Ivory Note.	YES	NO	Deadline to be determined further to consultations between the Education Sector, Geneva Liaison Office, BSP and HRM And at the latest 31 December 2016
Recommendation No. 16. Designate the IBE as the first-line point of contact in the area of education, in coordination with the Liaison Office in Geneva and the Education Sector (ED), for all United Nations agencies in Geneva.	YES	NO	Deadline to be determined further to consultations between the Education Sector, Geneva Liaison Office, BSP and HRM And at the latest 31 December 2016
Recommendation No. 17. Systematically inform the Liaison Office in Geneva of expert missions from Headquarters or other UNESCO entities. Communicate to the Office all reports and follow-up action resulting from such missions.	YES	NO	Immediately
Recommendation No. 18. Consider the possible creation of a second Professional post – by reducing the number of missions from Headquarters – in order to establish a division of tasks at the Liaison Office in Geneva based on sectors, issues and UNESCO's partners in Geneva.	Yes as per details outlined under the Director-General's comments	NO	Not applicable
Recommendation No. 19. Transmit to the Liaison Office in Geneva, for its information, all invitations received by Headquarters to sessions or	YES	NO	Immediately

international conferences held in Geneva. Invite the Office to represent UNESCO when no participation from Paris is planned.			
Recommendation No. 20. In Geneva, periodically distribute brief explanatory notes on the UNESCO Liaison Office's issues, positions, activities and achievements.	YES	NO	30 September 2016
Recommendation No. 21. Ensure the high calibre, knowledge and suitability of the staff assigned to the representation, advocacy and information-brokering roles at the Office.	YES	NO	Immediately
Recommendation No. 22. Take into better account the intergovernmental aspect of the work and launch support and advice initiatives aimed at the least well-informed Member States.	YES	NO	Immediately
Recommendation No. 23. Conduct an in-depth strategic and organizational evaluation of the current and desired relationship between Headquarters and the Liaison Office in Geneva.	Yes	NO	See Director-General's comments



United Nations
Educational, Scientific and
Cultural Organization

Executive Board

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NEW AUDITS BY THE EXTERNAL AUDITOR

PART V – SHORT-FORM

AUDIT REPORT ON THE UNESCO FIELD NETWORK REFORM

SUMMARY

This document is the short-form report of the External Auditor's audit report on the UNESCO field network reform as submitted in document 199 EX/15.INF.5 in compliance with Article 12.4 of the Financial Regulations.

Action expected of the Executive Board: decision in paragraph 12.

EXECUTIVE SUMMARY

AUDIT REPORT ON THE UNESCO FIELD NETWORK REFORM

Disclaimer: This executive summary was drawn up by the External Auditor at the Secretariat's request in order to optimize translation costs and facilitate discussion by the governing bodies. Only the long-form report is authoritative in terms of exact content and the nature and scope of the External Auditor's findings and recommendations.

1. The Audit was conducted in accordance with the International Standards of Supreme Audit Institutions,¹ established by the International Organization of Supreme Audit Institutions² 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.

2. Each comment or recommendation was discussed with the senior officials concerned. Following the first part of the audit, a meeting on the auditors' initial findings was held at Headquarters on Tuesday, 28 July 2015, with the units concerned. During the second part of the audit, debriefing meetings were held with the directors of the offices in all of the countries visited (Cameroon, Côte d'Ivoire, Ghana, Nigeria, Senegal, Tanzania and Zimbabwe). The draft audit report was then discussed formally with Headquarters units. The remarks and comments of the Organization's senior management have been taken into account, as appropriate and as warranted by supplementary probative documents.

I. Guidance for the audit

3. During 2015, the Organization's Internal Oversight Service (IOS) conducted an evaluation of the results of the field network report. The External Auditors chose to approach the topic from a different angle from the one adopted by IOS, concentrating not so much on evaluating the results of the reform or the choices now to be made, as on the manner in which the new field organization has been designed, implemented and evaluated in the past few years, essentially 2010-2015. The main purpose of this exercise is therefore not essentially to judge the results achieved, but to analyse and evaluate the way in which the Organization has set about reaching them, in order to learn lessons on the room for improvement in its change management methods, which, in the view of the external auditors, will be of undoubted use in the current period of sweeping reforms and budgetary pressures.

Design of the reform

4. The reform of the field network, carefully drawn up by the Secretariat on the basis of a detailed diagnosis of the strengths and weaknesses of the Organization against the background of the United Nations reform, however suffered from a number of problems in its design. The building of the two options that were put to the Member States was in fact based on very ambitious budgetary hypotheses that proved to be greatly overstated. The refinement of the final option, based on a much-reduced budget, was still tailored to the principal choices made in the preliminary work, while those were never properly re-examined in the light of the new financial circumstances. Because of that, especially, there appears to have been no real consistency between the goals themselves.

5. The Secretariat did not put any specific, defined arrangements in place based on a definition of responsibilities, a detailed plan and timetable, a monitoring committee and progress indicators for the implementation of this important reform. The allocation of tasks that was adopted in practice, based on existing roles and responsibilities, did not allow for a proper overview; in

¹ ISSAI

² IOSAI

addition, it proved very vulnerable to internal reforms within the Secretariat. The funding of the recurrent costs of the reform was not assured from entirely sustainable resources.

Recommendation No. 1. The Secretariat should, when undertaking complex reforms to be implemented over several years, take decisions in an explicit and traceable manner on the arrangements it is adopting to bring them to completion, clearly and unequivocally stating how responsibilities are to be shared, starting with the appointment of a project leader, and setting up a steering committee of the managers concerned, that meets at regular intervals.

Recommendation No. 2. A detailed overall implementation plan, with a timetable and monitoring indicators, should be adopted. If necessary, it should be broken down by field office.

Recommendation No. 3. More frequent communication should be put in place, primarily with the staff concerned but also with the outside world.

Recommendation No. 4. Where funding is concerned, the Organization should avoid financing recurring expenditures from non-recurring resources.

6. Though the Secretariat has given regular reports to the Executive Board on the progress of the operations, no clear, centralized system for steering the reform was ever set up within the Secretariat that would have allowed slippage from the implementation plan to be monitored. In fact, because of the budgetary difficulties encountered by the Organization after the end of 2011, and also because of the steering method adopted for certain aspects of the rollout of the reform, scarcely any of the objectives originally set have been achieved. The budget forecasts have not been respected, the geographical scope has been consistently reduced, the staffing provided for has not been put in place, either in terms of numbers or qualification, the coming onstream of the main elements of the new system has been affected by major delays, and the goal of decentralization of responsibilities has been given a restricted definition.

7. This gradual and generalized shrinkage in both the budgets and the scope of the changes was taking place while at the same time the highly ambitious organizational scheme for a network of multisectoral regional offices and 12 other offices was never called into question, which further aggravated the tensions between goals that remained unchanged and means that were being downsized.

8. That path has led today, five years after the reform was launched, to a state of affairs far removed from the original goals: one that is in many respects unsatisfactory, as can be seen from the work of the Internal Oversight Service (IOS) and the findings of the External Auditor. It bears witness to a strategic direction with room for improvement. Though major events occurred, like the budgetary crisis, though difficulties were encountered during the implementation of the reform and delays built up in its roll-out, the External Auditor has been unable to find any trace in the Secretariat archives that consideration was given to the possibility of revising some of the objectives, such as the formula for structuring the network. Admittedly, the Secretariat has kept the Member States periodically informed of the progress of the implementation, but it has not offered the in-depth review, or the resulting options for changes to the application of the reform and the adaptation of its goals, that the situation appears to have demanded.

Recommendation No. 5. The Organization should distinguish more clearly, when undertaking reforms, between the underlying orientation, the setting of objectives and the monitoring of results, on which the Member States should be in a position to take decisions based on detailed information from the Secretariat, and the implementation of the orientation, which should be a matter for the Secretariat. UNESCO should seek to avoid situations in which, where implementation is concerned, the different responsibilities overlap.

9. The strengthened cooperation between the new regional bureaux, on the one hand, and the national offices and dependent desks, on the other, include frequent contact between their managers in order to develop joint and coherent policies within the area.

Recommendation No. 6. The Organization should encourage the regional offices to build dialogue at regular intervals with the offices and antennas attached to them, by joint meetings and, more frequently, by remote meetings.

10. The evaluation of the outcomes of the reform, mainly carried out by IOS, may have suffered from inadequate dedicated follow-up.

Recommendation No. 7. The Organization should, when carrying out a major, long-term reform, put monitoring tools in place to facilitate its later evaluation.

11. The Organization should put such a system in place when carrying out its future reforms, and straight away in pursuing its field network reform, as the current state of affairs, characterized by a system that varies from one continent to another, and which is far from meeting its original objectives, even in Africa, does not appear sustainable. This new phase in the field office reform should proceed from an updated analysis of the strategic objectives and a more realistic appraisal of the means it is possible to devote to them, bearing in mind the provisional result of the efforts undertaken in Africa, which resembles a network of multisectoral and national offices rather than one of regional offices on a level with the other United Nations organizations in Africa.

Recommendation No. 8. The Organization should put in place, when undertaking reforms over an extended period, a strategic guidance system for their implementation based on the review of their operational goals in the light of analysis of the changing environment. The Secretariat should present the results of such reviews to the Member States in the form of credible alternative options. That system should, in particular, be made mandatory in proceeding with the field network reform.

Proposed decision

12. The Executive Board may wish to adopt a decision along the following lines:

The Executive Board,

1. Having examined documents 199 EX/15 Part IV and 199 EX/15.INF.5,
2. Expresses its satisfaction to the External Auditor for the high quality of his report;
3. Invites the Director-General to report on progress achieved in the implementation of recommendations in her report on the follow-up to all recommendations made by the External Auditor.

Director-General's comments

The Director-General thanks the External Auditor for his report on the UNESCO field network reform. She accepts all recommendations made as detailed in Annex II, recognizes their strategic nature and will endeavour to ensure that they will be taken into account in future reform initiatives.

In general, this will include ensuring that for each major reform initiative, a comprehensive intervention logic with objectives, outputs, outcomes benchmarks and indicators be prepared, a plan of action with responsibilities, time bound targets and a communication strategy be established and the decisions making processes by the governing boards be identified.

In the particular case of the review of the field network reform, the Director-General will suggest to the Executive Board a process that takes into account the recommendation of the audit and is linked to the preparation of the Draft Programme and Budget for 2018-2021 (39 C/5) and UNESCO's contribution to the implementation of the 2030 Agenda for Sustainable Development and the role to be played by UNESCO's field network in this regard.

Subject to the decision of the Executive Board, the Director-General envisages to establish a phased process, including analytical work, a participatory consultation process and the provision of tools with a special focus on improving programme delivery in countries in crisis and transition.

Such a process would include the definition of a common understanding of basic principles of sustainable decentralization, criteria for defining UNESCO's field presence and mechanisms for its monitoring. It would also identify programme and coordination related adjustments to the functions, responsibilities and accountabilities of the field network in Africa. More generally, it would analyse the relevance and performance of the field network as a whole, particularly taking into account programmatic relevance of field offices in the implementation of the 2030 Agenda.

The conclusions of this analysis will be submitted to the Executive Board for discussion along with the Draft Programme and Budget for 2018-2021 (Draft 39 C/5).

Representatives of Member States would be invited to actively contribute to the review, which would also involve field office managers and representatives of programme sectors and central services.

In parallel, work is being undertaken to review the usefulness, objectives, content, geographical scope, formats and process of preparation of UNESCO Country Programming Documents (UCPD) *inter alia* as a tool to plan and reflect UNESCO' contribution to the implementation of the 2030 Agenda.

Details in Annex II.

ANNEX I

LIST OF RECOMMENDATIONS

Recommendation No. 1. The Secretariat should, when undertaking complex reforms to be implemented over several years, take decisions in an explicit and traceable manner on the arrangements it is adopting to bring them to completion, clearly and unequivocally stating how responsibilities are to be shared, starting with the appointment of a project leader, and setting up a steering committee of the managers concerned, that meets at regular intervals.

Recommendation No. 2. A detailed overall implementation plan, with a timetable and monitoring indicators, should be adopted. If necessary, it should be broken down by field office.

Recommendation No. 3. More frequent communication should be put in place, primarily with the staff concerned but also with the outside world.

Recommendation No. 4. Where funding is concerned, the Organization should avoid financing recurring expenditures from non-recurring resources.

Recommendation No. 5. The Organization should distinguish more clearly, when undertaking reforms, between the underlying orientation, the setting of objectives and the monitoring of results, on which the Member States should be in a position to take decisions based on detailed information from the Secretariat, and the implementation of the orientation, which should be a matter for the Secretariat. UNESCO should seek to avoid situations in which, where implementation is concerned, the different responsibilities overlap.

Recommendation No. 6. The Organization should encourage the regional offices to build dialogue at regular intervals with the offices and antennas attached to them, by joint meetings and, more frequently, by remote meetings.

Recommendation No. 7. The Organization should, when carrying out a major, long-term reform, put monitoring tools in place to facilitate its later evaluation.

Recommendation No. 8. The Organization should put in place, when undertaking reforms over an extended period, a strategic guidance system for their implementation based on the review of their operational goals in the light of analysis of the changing environment. The Secretariat should present the results of such reviews to the Member States in the form of credible alternative options. That system should, in particular, be made mandatory in proceeding with the field network reform.

ANNEX II

PRELIMINARY IMPLEMENTATION PLAN BY RECOMMENDATION

Sustainability of the current field network under the \$507 million expenditure plan

Audit recommendations	The recommendation is feasible to implement (YES/NO)	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
<p>Recommendation No. 1. The Secretariat should, when undertaking complex reforms to be implemented over several years, take decisions in an explicit and traceable manner on the arrangements it is adopting to bring them to completion, clearly and unequivocally stating how responsibilities are to be shared, starting with the appointment of a project leader, and setting up a steering committee of the managers concerned, that meets at regular intervals.</p>	<p>YES</p> <p>The recommendation will be implemented in any ongoing and new reform efforts.</p>	<p>NO</p>	<p>To be determined subject to the decision to be taken by the Executive Board at the 199th session related to the document 199 EX/5 Part II on “Sustainability of the current field network under the \$507 million expenditure plan”, and in particular on the proposed phased process for the review of the field network</p>
<p>Recommendation No. 2. A detailed overall implementation plan, with a timetable and monitoring indicators, should be adopted. If necessary, it should be broken down by field office.</p>	<p>YES</p> <p>The recommendation will be implemented in any ongoing and new reform efforts.</p>	<p>NO</p>	<p>To be determined subject to the decision to be taken by the Executive Board at the 199th session related to the document 199 EX/5 Part II on “Sustainability of the current field network under the \$507 million expenditure plan”, and in particular on the proposed phased process for the review of the field network</p>
<p>Recommendation No. 3. More frequent communication should be put in place, primarily with the staff concerned but also with the outside world.</p>	<p>YES</p> <p>The recommendation will be implemented in any ongoing and new reform efforts.</p>	<p>NO</p>	<p>To be determined subject to the decision to be taken by the Executive Board at the 199th session related to the document 199 EX/5 Part II on “Sustainability of the current field network under the \$507 million expenditure plan”, and in particular on the proposed</p>

Audit recommendations	The recommendation is feasible to implement (YES/NO)	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
			phased process for the review of the field network which also foresees internal and external (with Member States) consultations.
<p>Recommendation No. 4. Where funding is concerned, the Organization should avoid financing recurring expenditures from non-recurring resources.</p>	<p>NO</p> <p>The Organization should explore funding and budgeting models that take into account that growth and reform has been mainly through voluntary contributions. However, future reform initiatives should distinguish between time bound and recurrent costs and should specify how recurrent costs will be managed after the funding expires.</p>	<p>NO</p>	
<p>Recommendation No. 5. The Organization should distinguish more clearly, when undertaking reforms, between the underlying orientation, the setting of objectives and the monitoring of results, on which the Member States should be in a position to take decisions based on detailed information from the Secretariat, and the implementation of the orientation, which should be a matter for the Secretariat. UNESCO should seek to avoid situations in which, where implementation is concerned, the different responsibilities overlap.</p>	<p>YES</p> <p>The recommendation will be implemented in any ongoing and new reform efforts.</p>	<p>NO</p>	<p>To be determined subject to the decision to be taken by the Executive Board at the 199th session related to the document 199 EX/5 Part II on “Sustainability of the current field network under the \$507 million expenditure plan”, and in particular on the proposed phased process for the review of the field network.</p>

Audit recommendations	The recommendation is feasible to implement (YES/NO)	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
<p>Recommendation No. 6. The Organization should encourage the regional offices to build dialogue at regular intervals with the offices and antennas attached to them, by joint meetings and, more frequently, by remote meetings.</p>	<p>YES</p> <p>Already under way for the African region; it was agreed, at the last meeting of directors/heads of offices in Africa (November 2015) to establish a communication platform (virtual forum under construction) involving all field offices in Africa during which all issues relating to the reform and implementation of the operational strategy would be discussed. Regional consultation meetings and exchanges between all offices have already been organized (in Dakar, Abuja, Yaoundé and Nairobi).</p>	<p>NO</p>	<p>Ongoing</p>
<p>Recommendation No. 7. The Organization should, when carrying out a major, long-term reform, put monitoring tools in place to facilitate its later evaluation.</p>	<p>YES</p> <p>For each major new reform initiative, a comprehensive intervention logic with objectives, outputs, outcomes benchmarks and indicators, will be prepared, a plan of action with responsibilities, time bound targets and a communication strategy will be established and the decisions making processes by the governing boards be identified.</p>	<p>NO</p>	<p>To be determined subject to the decision to be taken by the Executive Board at the 199th session related to the document 199 EX/5 Part II on “Sustainability of the current field network under the \$507 million expenditure plan”, and in particular on the proposed phased process for the review of the field network.</p>
<p>Recommendation No. 8. The Organization should put in place, when undertaking reforms over an extended period, a strategic guidance system for their implementation based on the review of their operational goals</p>	<p>YES</p> <p>For each major new reform initiative, a comprehensive intervention logic with objectives, outputs, outcomes</p>	<p>NO</p>	<p>To be determined subject to the decision to be taken by the Executive Board at the 199th session related to the document 199 EX/5 Part II on “Sustainability of the current field network under the \$507 million expenditure</p>

Audit recommendations	The recommendation is feasible to implement (YES/NO)	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
<p>in the light of analysis of the changing environment. The Secretariat should present the results of such reviews to the Member States in the form of credible alternative options. That system should, in particular, be made mandatory in proceeding with the field network reform.</p>	<p>benchmarks and indicators, will be prepared, a plan of action with responsibilities, time bound targets and a communication strategy will be established and the decisions making processes by the governing boards be identified.</p>		<p>plan”, and in particular on the proposed phased process for the review of the field network.</p>



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NEW AUDITS BY THE EXTERNAL AUDITOR

PART V – SHORT-FORM

AUDIT REPORT ON THE UNESCO REGIONAL BUREAU FOR EDUCATION IN LATIN AMERICA AND THE CARIBBEAN; NATIONAL OFFICE IN CHILE

SUMMARY

This document is the short-form report on the External Auditor's audit of the UNESCO Regional Bureau for Education in Latin America and the Caribbean; National Office in Chile as submitted in document 199 EX/15.INF.6 in compliance with Article 12.4 of the Financial Regulations.

Action expected of the Executive Board: decision in paragraph 16.

EXECUTIVE SUMMARY

AUDIT REPORT ON THE UNESCO REGIONAL BUREAU FOR EDUCATION IN LATIN AMERICA AND THE CARIBBEAN; NATIONAL OFFICE IN CHILE

Disclaimer: This executive summary was drawn up by the External Auditor at the Secretariat's request in order to optimize translation costs and facilitate discussion by the governing bodies. Only the long-form report is authoritative in terms of exact content and the nature and scope of the External Auditor's findings and recommendations.

1. The Regional Bureau for Education in Latin America and the Caribbean (OREALC), which also became the National Office in Chile in 2009, ensures **regional coordination** in the field of education with the national and cluster offices. In a region where important programmes are conducted by some offices with high extrabudgetary funds, the capacity of the Santiago Office to coordinate projects and provide expertise can be improved, in order to strengthen the coherence of UNESCO's regional strategy for education. To that end, several paths could be explored: for example, the Santiago Office could be made a cluster office, or the professionals in charge of education policy in the region's offices could be attached to the Office; the Office could be given the means to strengthen its expertise, for the benefit of the countries in the region that receive less resources, by allocating a portion of the FITOCA¹ resources from offices that receive the greatest extrabudgetary funding; good coordination with the country offices could be ensured during the negotiation of projects financed from extrabudgetary sources; and an efficient distribution of responsibilities could be provided between country office and regional bureau.

2. **The Chilean Government provides the Regional Bureau** with spacious, though old, premises and pays an annual contribution of \$55,000. These contributions should be formalized by provision in the Headquarters Agreement and, where required, be more closely linked to operating and maintaining the premises (\$230,000) as well as the necessary renovations for the building's safety. The Headquarters Agreement should also formalize the Regional Bureau's role as National Office in Chile, which it has been exercising since 2009.

3. Inconsistent with the strict mobility requirements of the Organization, the Director of the Office has been posted in Santiago de Chile for seven years. The launch of the new regional strategy for education would be a timely opportunity for a new director to take over. It was found that the Director had not formally received annual objectives and performance targets and that, until very recently, his appraisals had had been carried out concomitantly with the departure of his supervisors at Headquarters, and had not been conducted on a regular basis. Since 2011, the administrative and financial management team had been increased, although it could be further strengthened by an extra permanent staff member in order to meet with the Organization's standards.

4. **The permanent budget of the current biennium** allocated to the Santiago Office (\$528,000) has declined dramatically (-64%) with respect to the 2010-2011 biennium. This decline, linked to the financial crisis, has been attenuated (-35%) since the funds that used to go to the Regional Bureau are now allocated directly to the national offices. The permanent budget now only represents 10% of the resources managed by the Office, owing to the considerable increase in extrabudgetary resources over recent years. Contributions from the Chilean Government account for \$4.6 million of that growth, reflecting a fruitful partnership with the UNESCO Office in Santiago de Chile.

5. In the context of this cooperation, the Office receives an allocation for 8% of overhead costs. This overhead-sharing mechanism – which should be maintained – has enabled the Office to limit the impact of the Headquarters' budgetary restrictions and to fund the posts necessary for its

¹ Funds-in-Trust Overhead Costs Account.

activities. The utilization potential of these funds should be extended in order to enable the Regional Bureau to recruit staff under project appointments. The Office is in talks with the Chilean Government and businesses for the creation of an endowment fund in order to increase and sustain the funds allocated to UNESCO projects. This is an interesting initiative.

6. When reviewing the administrative management of the Regional Bureau, various studies were conducted that confirm a careful and professional management with some room for improvement.

7. **Tenders:** a sample of **contracts** was examined during the audit. It was found that the Office is careful with respect to the Organization's rules concerning contracting. Record keeping and monitoring are satisfactory, although original documents must be more systematically retained in physical files grouped by tender.

8. For the contracts concluded under additional appropriations contributed by the Government, the Regional Bureau works closely and constructively with its ministerial partners. Information on UNESCO's rules governing competitive bidding was provided in order to raise awareness in that respect. Areas for improvement were discussed with the Office such as to avoid providing the budget of the service in the specification of the invitation to tender; to include a clause enabling the negotiation of prices before the finalization of the tender; and to better differentiate the selection responsibilities between the Regional Bureau and the donor country. Consideration could be given on raising the thresholds for tenders requiring consultation with the Contracts Committee at Headquarters in order to facilitate rapid implementation of the increasing number of projects with the Government.

9. **Human resources:** The Office had 40 staff members in 2015, including 14 statutory members of the Organization, 22 temporary staff at Santiago de Chile (five project appointment or temporary staff, 12 consultant or service contracts and five interns), three temporary staff outside Santiago de Chile (in national offices) and one person seconded by the Government of Flanders. The total amount of the staff payroll of the Office over the 2014-2015 biennium was approximately \$5.3 million. However, the pay gap between staff paid with funds from Headquarters (84% of the payroll for less than half of the staff) and temporary staff mainly paid with additional budgets (around 16% of the payroll for more than half of the staff) is patent. This gap sometimes results in inequalities for staff who perform similar or related tasks.

10. Given the limited number of statutory staff posts, temporary staff cover a growing number of the Office's permanent needs. The reduction in the number of permanent posts (halved since 2012) has thus been compensated by recruitment under temporary posts. This leads to situations that should be corrected: at least two Professional posts, whose service contracts were renewed owing to the lack of permanent posts, may be considered as precarious; in contrast, some permanent posts, such as driver, could be easily delegated, at a lower cost, to external service providers. Lastly, the administrative and financial unit of the Regional Bureau is relatively weak. In the future, the Regional Bureau should be restructured so as to ensure that permanent posts are occupied by Professionals whose skills and expertise are essential both to implementing projects of the Office and to providing an administrative support corresponding to its responsibilities. The renewal of service contracts should be avoided when not intended for temporary assistance.

11. **Consultants' contracts.** Accounting for a budget of \$1.7 million between January 2014 and September 2015 (for more than 100 consultants). There are prospects for improvement, such as greater formalization of a centralized roster, including the references and appraisals of consultants employed by UNESCO and better matching of remuneration to the nature of the tasks by negotiating fees on an objective basis using precise skills and remuneration charts.

12. During the last biennium, on the grounds of an emergency relating to a post-disaster situation (earthquake), explicitly covered by the regulations of the Organization, a number of consultant contracts were concluded without applying the usual principles of selection and

increased monitoring of remuneration. This was the case for five consultants paid between 2014 and 2015 at levels above the \$20,000 threshold (one consultant was paid more than \$100,000). While the formal conditions of the waiver regarding emergencies were met, nothing proves that observance of the statutory procedure would have hampered the action taken. It would have helped to control the remuneration rates, which were much higher than the maximum rates set by UNESCO regulations.

13. **Travel expenses** over the last two biennia (\$807,000) amounted to between 6% and 9% of the expenditure of the Office. Examination of a sample of travel expenses files showed that they were kept in satisfactory fashion and that mission expenses were calculated in a satisfactory fashion in conformity with UNESCO regulations. Travel management could be improved by examining more systematically the possibility of alternative means of communication when the length of the mission is extended for logistical reasons of preparations for the meetings with partners. Increased price competitiveness could be achieved by completing the competitive selection process between travel agencies and by authorizing the Office to use a professional card allowing online ticket purchases.

14. **Other aspects of the day-to-day management** of the Office, such as the management of bank accounts, petty cash and assets appear to have been conducted in a satisfactory fashion.

15. **Management of projects:** projects under the Education Sector represent 98.5% of funds managed by the Office (including a minor share implemented by the country offices). The main action areas of projects in the region are quality of education and the regional strategy for teachers. The small amounts allocated to projects directly funded from the regular programme (around \$1.1 million of \$11.1 million) reflects the increasing focus of the Office's action on activities conducted with additional appropriations from the governments of the region wishing to act in the framework of UNESCO's strategic orientations, and growing South-South cooperation. The management of projects through work plans drawn up in the SISTER application is efficient, although the management do not have, at any given moment, a consolidated overview of the practical implementation by sector, geographical distribution or type of expense. The dematerialized (electronic) project files reflected rigorous programming and the teams systematically provided the expected results and performance indicators. This exercise is nonetheless heavy and not very operational. Simplification of the future work programme should be sought in synergy with the priorities of the next Regional Education Project for Latin America and the Caribbean (PRELAC). The architecture of SISTER has a blind spot with respect to projects funded from additional appropriations and regular programme projects conducted by national offices in the field of education, while this monitoring is particularly critical for the Regional Bureau.

Proposed decision

16. The Executive Board may wish to adopt a decision along the following lines:

The Executive Board,

1. Having examined documents 199 EX/15 Part V and 199 EX/15.INF.6,
2. Expresses its satisfaction to the External Auditor for the high quality of his report,
3. Invites the Director-General to report on progress achieved in the implementation of recommendations in her report on the follow-up to all recommendations made by the External Auditor.

Director-General's comments

The Director-General thanks the External Auditor for his report on the Santiago Office. She accepts the majority of recommendations made and will report on the progress of their implementation in

accordance with the usual practice.

In the opinion of the Director-General recommendations number 2, 8, 9, 16 and 27 are not feasible for implementation for the reasons provided in the Annex attached.

Details in Annex II

ANNEX I

LIST OF RECOMMENDATIONS

Recommendation No. 1 (Headquarters). Effectively strengthen the coordination role of the Regional Bureau in the field of education, particularly for the most significant projects. Consider either expanding the Santiago Office to make it a cluster office, in order to strengthen its steering and coordination of countries undertaking large-scale education projects (Peru, Brazil), or attach the professionals in charge of education policy in the region's offices to the Santiago Office.

Recommendation No. 2. In order to increase its capacity to provide expertise, particularly to countries in the region that do not have extrabudgetary resources, the Regional Bureau could receive a portion of the FITOCA resources resulting from extrabudgetary education projects carried out within its region.

Recommendation No. 3 (Headquarters). Ensure that agreements concerning the allocation of extrabudgetary funds to education projects in the region are negotiated in coordination with the Regional Bureau and that the distribution of responsibilities in the management of projects is defined in advance.

Recommendation No. 4. Renegotiate the Headquarters Agreement in order to increase the resources and capacity of the Office. This renegotiation should include:

- a particular point about the safety of the premises, which should be renovated, unless the Office is moved to new premises;
- an annex explicitly stipulating the contributions that the Chilean Government will make to the Organization, to establish a long-term legal basis for their payment;
- a rider formalizing the integration into the Headquarters Agreement of the National Office in Chile, which was established in 2009.

Recommendation No. 5 (Headquarters). Prepare the reassignment of the Director, who has held the position for seven years, to coincide with the launch of the new strategy for education 2015-2030.

Recommendation No. 6 (Headquarters). Ensure that appraisals of regional bureau directors are systematically undertaken, establishing in advance the results and performance targets on which they will be evaluated, after discussion with the Bureau of Strategic Planning (BSP).

Recommendation No. 7 (Headquarters). Strengthen the financial and administrative team by providing the number of permanent administrative posts prescribed by the Organization.

Recommendation No. 8 (Headquarters). Redirect to the Regional Bureau the financial allocations of country offices that have very large extrabudgetary funds at their disposal.

Recommendation No. 9 (Headquarters). Reflect on a revision of the mechanism of additional appropriations so as to enable greater flexibility in their use (consider allowing the carry-over of funds not used and the funding of project appointments).

Recommendation No. 10. In the context of the launching of the new strategic framework for education (2015-2030), pursue and conclude discussions with the Chilean Government and Chilean businesses for the establishment of an endowment fund in order to increase the extrabudgetary resources of UNESCO programmes in Latin America and to ensure their visibility and the viability of their funding.

Recommendation No. 11. Ensure that the physical files of tenders held by the administrative and financial service are complete; these should include all original supporting documentation of the tender (specification of needs, bidding procedure and evaluation of bids, contracts and additional clauses, payment documents and receipts for expenses).

Recommendation No. 12. Make greater efforts to expand competitive bidding on tenders relating to additional appropriations from the Chilean Government, in particular by systematically requesting a minimum of three bids and by ensuring that funds are made available in such a way as to be compatible with genuine competitive bidding.

Recommendation No. 13. Systematically apply the rules enabling the broadest possible competition, in particular by:

- refraining from using waivers, except in cases explicitly provided for by the Administrative Manual;
- refraining from indicating maximum prices in invitations to tender or requests for proposals, in order to ensure and optimize competition on prices.
- ensure greater vigilance in the examination of financial proposals and defects in competition, in particular by strengthening the procedure already put in place by the Director, namely an internal tenders committee.

Recommendation No. 14. Indicate in the invitations to tender and the requests for proposals that the Organization retains the right to negotiate prices with the top candidate before the contract is signed, and to implement such negotiation effectively.

Recommendation No. 15. Any changes to contracts after they have been concluded should take the form of amendments.

Recommendation No. 16 (Headquarters). Consider raising the thresholds for tenders in cases where the Office manages large-scale projects and financial envelopes.

Recommendation No. 17. Remind partners of the Organization's rules regarding tenders, in particular by means of training courses for partners on UNESCO rules and regulations, such as the Office has already planned to hold in December 2015.

Recommendation No. 18. Endeavour to optimize the funds provided by the Chilean Government by adopting the systematic use of accounting standards and verification of costs prior to concluding contracts and by transmitting audited financial reports on the largest projects.

Recommendation No. 19 (Headquarters). Assess the relevance of the staffing structure of the Regional Bureau with respect to its responsibilities in the region and staff available at Headquarters.

Recommendation No. 20 (Headquarters). Restructure the Regional Bureau so as to ensure that permanent posts are occupied by Professionals whose skills and expertise are essential both to implementing projects of the Office and to supporting other offices in the region in their respective fields. Conversely, outsource to external service providers activities which may be performed by them in less costly fashion.

Recommendation No. 21 (Headquarters). Deal with the above-mentioned cases as part of the restructuring of the Office – stabilization of the post of Chief of the Planning, Management, Monitoring and Evaluation Section; clarify under what conditions the project financed by the Flemish Government may continue.

Recommendation No. 22. Improve the maintenance of staff files.

Recommendation No. 23 (Headquarters). Seek to reduce the proportion of temporary employment among the staff of the Office, by creating established posts for staff who have had more than five service contracts wherever that demonstrates a permanent need. Appoint to such established posts the most deserving staff wherever possible; at the same time, relaunch invitations to apply for posts that remain in the form of service contracts.

Recommendation No. 24 (Office and Headquarters). Make the recruitment procedure for consultants more professional by:

- improving the existing roster by pooling data and using the roster;
- excluding service providers, who come under procedures for competitive bidding;
- using skills and remuneration charts for establishing the fees to be paid;
- (Headquarters) improving the full evaluation of consultants by means of enhanced input of evaluation information in DUO.

Recommendation No. 25. Grant waivers concerning the rules and regulations of the Organization governing the selection of candidates and the setting of fees only in circumstances that are truly exceptional, where the emergency is patent, and where the exceptional level of remuneration is established objectively.

Recommendation No. 26 (Headquarters). Improve the System Applications and Products (SAP) system so that it may function as a forward-looking management tool for field office assets.

Recommendation No. 27 (Headquarters and Office). Authorize the Regional Bureau, which is called upon to make numerous business trips, to use a professional card allowing online ticket purchases to be made. At the same time, finalize the procedure for competitive bidding for the provision of travel tickets (without exclusivity).

Recommendation No. 28. For the forthcoming biennium, draw up a work plan for the Office focusing on a reduced number of projects, expected results, outputs and performance indicators, including realistic targets that are easy to pursue and are refocused on the regional impact of UNESCO's actions.

Recommendation No. 29 (Headquarters). Enable monitoring of projects funded from the additional appropriation, of their performance and of their outcomes in SISTER.

Recommendation No. 30. Build greater awareness, possibly by means of workshops or training courses in the Office, among programme specialists and assistants, as well as government partners within the framework of projects funded from additional appropriations, of the rules and regulations and of good practices regarding calls for applications, the selection of candidates, and the setting of consultants' fees.

ANNEX II

PRELIMINARY IMPLEMENTATION PLAN BY RECOMMENDATION

Audit recommendations	The recommendation is feasible to implement (YES/NO)	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
<p>Recommendation No. 1 (Headquarters). Effectively strengthen the coordination role of the Regional Bureau in the field of education, particularly for the most significant projects.</p> <p>Consider either expanding the Santiago Office to make it a cluster office, in order to strengthen its steering and coordination of countries undertaking large-scale education projects (Peru, Brazil), or attach the professionals in charge of education policy in the region's offices to the Santiago Office.</p>	<p>YES</p> <p>As far as the extending the scope of the Santiago Office to “cluster office” is concerned it is noted that while the cluster office is designed as delivery platform at country level vis-à-vis Member States of the cluster, it does not exercise authority over existing national offices in the cluster. The added value of attributing to the Santiago office larger “cluster” functions or attributing to it other than national responsibilities, in addition to its regional education function could only be considered in the broad framework of the reform the field structure and more specifically in the context of the UNESCO presence in the Latin America and Caribbean region.</p> <p>As immediate measure steps will be undertaken, under HQ coordination, to improve the exchange of information and communication between national offices, regional bureaux and cluster offices.</p>	<p>YES</p> <p>The overall review of the sustainability of the field network, including structure of the field network in the Latin America and Caribbean region would require resources to carry out the in-depth analysis. Any change in the structure carries additional costs.</p>	<p>To be determined</p> <p>While the analysis could be undertaken concomitantly with the preparation of 39 C/5 i.e. by spring 2017, implementation of any structural changes would require longer timeframe.</p>
<p>Recommendation No. 2. In order to increase its capacity to provide expertise, particularly to countries in the region that do not have extrabudgetary resources, the Regional Bureau could receive a portion of the FITOCA resources resulting from extrabudgetary education projects carried</p>	<p>NO</p> <p>As per UNESCO's Cost Recovery Policy, 40% of the amounts generated through FITOCA are distributed to the executing field unit. This applies to</p>	<p>NO</p>	<p>N/A</p>

Audit recommendations	The recommendation is feasible to implement (YES/NO)	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
out within its region.	projects executed by Santiago Office, if any. As such, if the regional office is not implementing the projects, the FITOCA generated is not applied to those regional offices. Regional Offices were conceived as sources of sectoral programme expertise and support and have conceptual and monitoring responsibilities for programmes of regional scope carried out by cluster offices.		
<p>Recommendation No. 3 (Headquarters). Ensure that agreements concerning the allocation of extrabudgetary funds to education projects in the region are negotiated in coordination with the Regional Bureau and that the distribution of responsibilities in the management of projects is defined in advance.</p>	<p>YES</p> <p>Communication and coordination will continue to be strengthened and coordinated.</p>	<p>NO</p>	<p>30/06/2017</p>
<p>Recommendation No. 4. Renegotiate the Headquarters Agreement in order to increase the resources and capacity of the Office. This renegotiation should include:</p> <ul style="list-style-type: none"> – a particular point about the safety of the premises, which should be renovated, unless the Office is moved to new premises; – an annex explicitly stipulating the contributions that the Chilean Government will make to the Organization, to establish a long-term legal basis for their payment; – a rider formalizing the integration into the Headquarters Agreement of the National Office in Chile, which was established in 2009. 	<p>YES</p> <p>This is being initiated with successful achievement expected by October 2016 (Annual parliamentary session to approve budgets in Chile for officially increased allocation of resources and facilities to UNESCO).</p>	<p>YES</p> <p>At least two support missions from Headquarters, one week each e.g. LA, BFM, FSC; ERI may be necessary to support negotiations.</p>	<p>30/10/2016</p>

Audit recommendations	The recommendation is feasible to implement (YES/NO)	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
<p>Recommendation No. 5 (Headquarters). Prepare the reassignment of the Director, who has held the position for seven years, to coincide with the launch of the new strategy for education 2015-2030.</p>	<p>YES</p> <p>It is noted that the current Director is due to retire at the end of November 2016. The selection of the successor will undoubtedly take into account the mandate of the Office in the regional implementation of the 2030 Agenda.</p>	<p>NO</p>	<p>Post will be advertised by latest May 2016 and Director will be separated upon retirement by 30/11/2016.</p>
<p>Recommendation No. 6 (Headquarters). Ensure that appraisals of regional bureau directors are systematically undertaken, establishing in advance the results and performance targets on which they will be evaluated, after discussion with the Bureau of Strategic Planning (BSP).</p>	<p>YES</p> <p>The performance assessment process initiated in 2014 (MyTalent) was specifically redesigned for the Directors/Heads of field offices. As requested by the Executive Board, standard performance agreements have been developed in 2014 for all Directors/Heads of field offices, with clear performance objectives and targets, and accompanied by consistent performance indicators. Specific performance indicators have been designed for regional coordination functions of Directors of Multisectoral Regional Offices or Regional Bureaux. Comprehensive consultation with FO Directors/Heads was undertaken on the definition of these objectives and indicators before they were widely endorsed and integrated into MyTalent. Directors/Heads of field offices, including Director of Santiago Office, selected objectives relevant to them and the type of the office they supervise and these</p>	<p>NO</p>	<p>31/03/2016</p>

Audit recommendations	The recommendation is feasible to implement (YES/NO)	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
	<p>were validated by the end of 2014. Currently the process reached a stage of self-evaluation to be followed by the coordinated performance assessments. These assessments are carried out vis-à-vis these common objectives, in close coordination with all relevant Sectors and Services.</p>		
<p>Recommendation No. 7 (Headquarters). Strengthen the financial and administrative team by providing the number of permanent administrative posts prescribed by the Organization.</p>	<p>YES</p> <p>The administrative unit of Santiago Office is allocated with the adequate fixed term positions for regional offices. The structure does not foresee a G7. For this reason the structure will be adjusted at the retirement of the G7 staff whereby the two G4 position need to be reviewed at G5.</p>	<p>YES</p>	<p>30/09/2016</p> <p>(Retirement date of the G7 Senior Administrative Assistant)</p>
<p>Recommendation No. 8 (Headquarters). Redirect to the Regional Bureau the financial allocations of country offices that have very large extrabudgetary funds at their disposal.</p>	<p>NO</p> <p>The allocation of extrabudgetary resources is determined under individual contracts with donors. In line with response to recommendation 3 communication and coordination will be strengthened for ED projects.</p>	<p>NO</p>	<p>N/A</p>
<p>Recommendation No. 9 (Headquarters). Reflect on a revision of the mechanism of additional appropriations so as to enable greater flexibility in their use (consider allowing the carry-over of funds not used and the funding of project appointments).</p>	<p>NO</p> <p>Additional Appropriations are voluntary contributions to the Regular Programme (RP) and their budget , expenditure and reporting are under the financial rules</p>	<p>NO</p>	<p>N/A</p>

Audit recommendations	The recommendation is feasible to implement (YES/NO)	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
	and regulations of the RP. The requested flexibility can be achieved by using existing contract modalities such as Funds in Trust or Special accounts.		
Recommendation No. 10. In the context of the launching of the new strategic framework for education (2015-2030), pursue and conclude discussions with the Chilean Government and Chilean businesses for the establishment of an endowment fund in order to increase the extrabudgetary resources of UNESCO programmes in Latin America and to ensure their visibility and the viability of their funding.	YES Work could be progressively concluded bearing in mind the annual session of parliament to approve budgets in October 2016.	NO, but at least two support missions from Headquarters one week each may be necessary to support negotiations.	30/10/2016
Recommendation No. 11. Ensure that the physical files of tenders held by the administrative and financial service are complete; these should include all original supporting documentation of the tender (specification of needs, bidding procedure and evaluation of bids, contracts and additional clauses, payment documents and receipts for expenses).	YES	NO	30/05/2016
Recommendation No. 12. Make greater efforts to expand competitive bidding on tenders relating to additional appropriations from the Chilean Government, in particular by systematically requesting a minimum of three bids and by ensuring that funds are made available in such a way as to be compatible with genuine competitive bidding.	YES	NO	30/05/2016
Recommendation No. 13. Systematically apply the rules enabling the broadest possible competition, in particular by: <ul style="list-style-type: none">– refraining from using waivers, except in cases explicitly provided for by the Administrative Manual;	YES	NO	This recommendation has already been implemented. In addition a database of suppliers is being set

Audit recommendations	The recommendation is feasible to implement (YES/NO)	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
<ul style="list-style-type: none"> – refraining from indicating maximum prices in invitations to tender or requests for proposals, in order to ensure and optimize competition on prices. – ensure greater vigilance in the examination of financial proposals and defects in competition, in particular by strengthening the procedure already put in place by the Director, namely an internal tenders committee. 			up to be completed by 30 May 2016
<p>Recommendation No. 14. Indicate in the invitations to tender and the requests for proposals that the Organization retains the right to negotiate prices with the top candidate before the contract is signed, and to implement such negotiation effectively.</p>	YES	NO	30/06/2016
<p>Recommendation No. 15. Any changes to contracts after they have been concluded should take the form of amendments.</p>	YES	NO	Already implement as of 31 January 2016
<p>Recommendation No. 16 (Headquarters). Consider raising the thresholds for tenders in cases where the Office manages large-scale projects and financial envelopes.</p>	<p>NO</p> <p>UNESCO's procurement thresholds were increased in 2012 and aligned with best UN practices, common to all offices and projects regardless of size of budget or source of funding. The UN considers that the competitive bidding process strengthens value for money and therefore a further increase in the UNESCO ceiling would not be advisable and is seen as contradicting the UN common procurement reform initiatives. Instead, UNESCO is working with offices to strengthen capacity and to support UN collaboration in procurement including</p>	NO	31/12/2016

Audit recommendations	The recommendation is feasible to implement (YES/NO)	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
	Joint Procurement Review Committees with increased delegation of authority.		
Recommendation No. 17. Remind partners of the Organization's rules regarding tenders, in particular by means of training courses for partners on UNESCO rules and regulations, such as the Office has already planned to hold in December 2015.	YES	NO	30/07/2016 Before the Audit mission UNESCO Santiago Office had already started a training programme for counterparts and Ministerial personnel to be completed by 30 July 2016
Recommendation No. 18. Endeavour to optimize the funds provided by the Chilean Government by adopting the systematic use of accounting standards and verification of costs prior to concluding contracts and by transmitting audited financial reports on the largest projects.	YES	NO	31/03/2016
Recommendation No. 19 (Headquarters). Assess the relevance of the staffing structure of the Regional Bureau with respect to its responsibilities in the region and staff available at Headquarters.	YES	YES; additional staff resources are needed along with relevant financial resources for their work	30/05/2016
Recommendation No. 20 (Headquarters). Restructure the Regional Bureau so as to ensure that permanent posts are occupied by Professionals whose skills and expertise are essential both to implementing projects of the Office and to supporting other offices in the region in their respective fields. Conversely, outsource to external service providers activities which may be performed by them in less costly fashion.	YES The office will have 3 regular ED professional posts for recruitment this year (50% of the ED regular posts) which will be advertised internally and externally. The office will be able to determine the required profiles and competencies for these posts in order to	YES; additional staff resources are needed along with relevant financial resources for their work	30/12/2016

Audit recommendations	The recommendation is feasible to implement (YES/NO)	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
	complement the existing capacities of the office and to ensure overall delivery capacity for the office and the region.		
Recommendation No. 21 (Headquarters). Deal with the above-mentioned cases as part of the restructuring of the Office – stabilization of the post of Chief of the Planning, Management, Monitoring and Evaluation Section; clarify under what conditions the project financed by the Flemish Government may continue.	YES It has been agreed with DIR/Santiago and ADG/ED to re-design a P4 post for Education Planning, Management and Sector Analysis in Santiago. The post will be advertised shortly.	YES; additional staff resources are needed along with relevant financial resources for their work	30/03/2016
Recommendation No. 22. Improve the maintenance of staff files.	YES	NO	30/04/2016 Action has already been taken on this recommendation.
Recommendation No. 23 (Headquarters). Seek to reduce the proportion of temporary employment among the staff of the Office, by creating established posts for staff who have had more than five service contracts wherever that demonstrates a permanent need. Appoint to such established posts the most deserving staff wherever possible; at the same time, relaunch invitations to apply for posts that remain in the form of service contracts.	YES	YES; additional staff resources will be required.	30/08/2016
Recommendation No. 24 (Office and Headquarters). Make the recruitment procedure for consultants more professional by: <ul style="list-style-type: none"> – improving the existing roster by pooling data and using the roster; – excluding service providers, who come under procedures for competitive bidding; – using skills and remuneration charts for establishing 	YES	NO	30/06/2016

Audit recommendations	The recommendation is feasible to implement (YES/NO)	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
<p>the fees to be paid;</p> <ul style="list-style-type: none"> – (Headquarters) improving the full evaluation of consultants by means of enhanced input of evaluation information in DUO. 			
<p>Recommendation No. 25. Grant waivers concerning the rules and regulations of the Organization governing the selection of candidates and the setting of fees only in circumstances that are truly exceptional, where the emergency is patent, and where the exceptional level of remuneration is established objectively.</p>	YES	NO	<p>30/01/2016</p> <p>Already implemented: all rates are determined following local UN scales and following the maximum rates established in HR Appendix 13 F-1 (updated on March 18, 2013)</p>
<p>Recommendation No. 26 (Headquarters). Improve the System Applications and Products (SAP) system so that it may function as a forward-looking management tool for field office assets.</p>	YES	NO	31/12/2016
<p>Recommendation No. 27 (Headquarters and Office). Authorize the Regional Bureau, which is called upon to make numerous business trips, to use a professional card allowing online ticket purchases to be made. At the same time, finalize the procedure for competitive bidding for the provision of travel tickets (without exclusivity).</p>	<p>NO</p> <p>The first part of the recommendation should not be implemented as for the following reasons:</p> <p>Administrative Manual (15.2.5.5 Purchase of Tickets) allows the traveler to purchase tickets directly via internet with his/her own credit card (against reimbursement by UNESCO) when less expensive than those proposed by the travel agency.</p> <p>A review determined that it was not</p>	NO	<p>The second part of the recommendation is already implemented: Santiago ran a local tender for travel services. It starts to run on 1 March 2016.</p>

Audit recommendations	The recommendation is feasible to implement (YES/NO)	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
	feasible to extend the use of corporate credit cards as there are capacity issues related to putting in place appropriate controls and monitoring mechanisms. The second part of the recommendation is feasible to implement		
Recommendation No. 28. For the forthcoming biennium, draw up a work plan for the Office focusing on a reduced number of projects, expected results, outputs and performance indicators, including realistic targets that are easy to pursue and are refocused on the regional impact of UNESCO's actions.	YES	YES; short-term consultants services needed	30/08/2016
Recommendation No. 29 (Headquarters). Enable monitoring of projects funded from the additional appropriation, of their performance and of their outcomes in SISTER.	YES	NO	30 /06/2016
Recommendation No. 30. Build greater awareness, possibly by means of workshops or training courses in the Office, among programme specialists and assistants, as well as government partners within the framework of projects funded from additional appropriations, of the rules and regulations and of good practices regarding calls for applications, the selection of candidates, and the setting of consultants' fees.	YES	NO	30/12/2016 A cycle of training and information sessions is being carried out in the Office from March 2016.



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Educational, Scientific and
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NEW AUDITS BY THE EXTERNAL AUDITOR

PART V – SHORT-FORM

AUDIT REPORT ON THE UNESCO REGIONAL BUREAU FOR EDUCATION IN LATIN AMERICA AND THE CARIBBEAN; NATIONAL OFFICE IN CHILE

CORRIGENDUM 2

The Director-General's comments should read as follows: *“The Director-General thanks the External Auditor for his report on the Santiago Office. She accepts the majority of recommendations made and will report on the progress of their implementation in accordance with the usual practice.*

In the opinion of the Director-General Recommendations No. 2, 9, 16 and 27 are not feasible for implementation for the reasons provided in the Annex attached.

Details in Annex II.”

In ANNEX II: PRELIMINARY IMPLEMENTATION PLAN BY RECOMMENDATION, Recommendation No. 8 should read as follows:

Audit recommendations	The recommendation is feasible to implement (YES/NO)	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
<p>Recommendation No. 8 (Headquarters). Redirect to the Regional Bureau the financial allocations of country offices that have very large extrabudgetary funds at their disposal.</p>	<p>UNDER CONSIDERATION</p> <p>The allocation of extrabudgetary resources is determined by individual contracts with donors. In line with response to recommendation 3 communication and coordination will be strengthened for ED projects.</p>		





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Educational, Scientific and
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NEW AUDITS BY THE EXTERNAL AUDITOR

PART VI – SHORT-FORM REPORT

CONSOLIDATED REPORT ON FIELD OFFICE AUDITS (2011-2015)

SUMMARY

This document is the short-form report of the External Auditor's consolidated report on field office audits (2011-2015) as submitted in document 199 EX/15.INF.7 in compliance with Article 12.4 of the Financial Regulations.

Action expected of the Executive Board: proposed decision in paragraph 17.

EXECUTIVE SUMMARY

CONSOLIDATED REPORT ON FIELD OFFICE AUDITS

Disclaimer: This executive summary was drawn up by the External Auditor at the Secretariat's request in order to optimize translation costs and facilitate discussion by the governing bodies. Only the long-form report is authoritative in terms of exact content and the nature and scope of the External Auditor's findings and recommendations.

1. The Audit was conducted in accordance with the International Standards of Supreme Audit Institutions,¹ established by the International Organization of Supreme Audit Institutions,² 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.
2. Each comment or recommendation was discussed with the senior officials concerned. The remarks and comments of the Organization's senior management have been taken into account, as appropriate and as warranted by supplementary probative documents.
3. Between 2011 and 2015, the External Auditor audited 12 field offices.³
4. The period was particularly marked by the Organization's budget crisis, with its consequences on operations, and by the reform of the field network in Africa.
5. The 2015 report by the Director-General on the implementation of the 171 recommendations produced in the audits, 114 of which were conducted before 2015, shows that some 61% of the recommendations have been implemented but that a number are still entirely or partly relevant today.

The key lessons learned are the following:

6. The relationship with the host country is, with very few exceptions, good or very good and the Organization's image in the eyes of the national commissions and governments is very positive. On the other hand, several establishment agreements have not been updated.
7. There have been repeated requests to strengthen the clarity of instructions from Headquarters: the recent appointment of a coordinator for relations with the field offices should help considerably.
8. A number of field office directors did not have a clear performance agreement with targets and expected results. In addition, it would be good practice for some offices to formalize their strategy in a short document and communicate it internally as well as externally.
9. The day-to-day operations of many of the offices could gain from the following:
 - (a) externally, clarifying the division of responsibilities between the regional bureaux and other offices and antennas that depend on them, as implemented in Africa during the reform, but not elsewhere; developing the practice of holding meetings, particularly between regional bureaux and their national offices and antennas via videoconferencing or teleconferencing.
 - (b) internally, developing regular staff meetings, with widely distributed reporting; implementing the good practice of the Hanoi Office, where section managers provide

¹ ISSAI
² INTOSAI
³ Excluding the Liaison Offices.

monthly activity reports; formalizing the division of tasks at the offices for project management; producing a set of rules governing daily operations – working hours, leave, including sick leave, clocking in and out, etc.

10. With regard to human resources management, the most frequent remarks concern:
 - (a) the abnormally long duration of many post vacancies, including for directors, following insufficient anticipation of departures, most of which are predictable (retirement);
 - (b) breaches of the Organization's mobility rules;
 - (c) the ambiguous status of many staff members who are temporary in principle but whose contracts are regularly renewed over several years;
 - (d) the ratio between support posts and programme specialists;
 - (e) for some offices, monitoring of working hours and absences.
11. It should be noted that the reports almost never mention the subject of training or the existence of a training plan for staff members.
12. In the area of financing, few remarks were made on accounting. The main findings concern:
 - (a) the rising share of extrabudgetary funding and the efforts made by the offices to raise such funds, whether through partnerships with other United Nations agencies or seeking other contributors in private and public sectors;
 - (b) the desire not to use the regular budget for expenses relating to operating costs of extrabudgetary activities;
 - (c) the scarcity of formalized procurement plans;
 - (d) the variability in the use of joint procurement with other agencies, with the exception of travel and, when premises are shared, the security and functioning of those premises.
13. The communication policy varies greatly between offices, ranging from informal and sparse action to the regular publication of activity reports and a newsletter, neither of which require paper versions. It is clear that the pursuit of partnerships and funding requires strong communication aiming to establish the reputation of the office and the interest of potential partners.
14. The rate and duration of travel vary greatly between offices. The reports point to an excessive amount of travel in some offices – not all offices, far from it – and the lack of justification for the duration of some trips. There is strong emphasis on the under-use of alternatives such as videoconferencing or teleconferencing.
15. With regard to the management of sectoral activities, several cases were highlighted concerning little or no tendering, based on justifications that were not always convincing. Monitoring of project implementation, at least in terms of input indicators, is considered very good in Santiago, whereas in Montevideo and New Delhi it is much more opaque.
16. Many reports recommended more rigorous management with a centralization of original documents – such as staff files, travel documents, various contracts, partnership agreements, expenses and budgets – to be kept under the responsibility of the Administrative Officer (AO). The AO should have a comprehensive view, including of extrabudgetary resources monitored by the sector managers, the financial and human resources of the office. Instructions recalling this should be issued.

Proposed decision

17. The Executive Board may wish to adopt a decision along the following lines:

The Executive Board,

1. Having examined documents 199 EX/15 Part VI and 199 EX/15.INF.7,
2. Expresses its satisfaction to the External Auditor for the high quality of his report;
3. Invites the Director-General to report on progress achieved in the implementation of recommendations in her report on the follow-up to all recommendations made by the External Auditor.

Director-General's comments

The Director-General thanks the External Auditor for his summary report on the field audits (2011-2015). She accepts all of the recommendations made, will implement them in the spirit in which they were made and discussed with the External Auditor. Their implementation will be reported in accordance with the usual practice.

Details in Annex II.

ANNEX I

LIST OF RECOMMENDATIONS

Recommendation No. 1. The External Auditor recommends that the necessary arrangements be made with the national authorities to bring the establishment agreements into compliance with the current mandate of the offices. The agreement should, among other things, stipulate the schedule of payment of the Government's contribution, how it is to be updated and the conditions for its use. The updating must nonetheless take into account the local context and not call into question the balances favourable to the Organization and the host country.

Recommendation No. 2. The External Auditor recommends that relations between the Organization's field offices and the national authorities be subject to an annual consultation or even a contracting procedure that could specify the common objectives for the year in question.

Recommendation No. 3. The External Auditor recommends clarifying, by means of guidelines, the respective responsibilities of the different levels of offices for the continents other than Africa.

Recommendation No. 4. The External Auditor recommends that the number of objectives listed in the performance agreement of the field office directors be targeted in order to permit a more appropriate evaluation; that, as far as possible, results benchmarks rather than resource benchmarks be used together with consistent associated indicators.

Recommendation No. 5. The External Auditor recommends that decisions concerning the organization, operation and security of each office, or concerning the employees' conditions of service, should be recorded in formal numbered service notes signed by the Director of the office concerned and distributed in the Organization's working languages.

Recommendation No. 6. The External Auditor recommends convening regular meetings of the senior staff in each field office and of the directors of offices under the jurisdiction of the same regional bureau or cluster office.

Recommendation No. 7. The External Auditor recommends imposing greater respect for deadlines in the staff recruitment process and, in compliance with Article 6.4 of the Constitution relating to geographical balance, putting greater emphasis on competency rather than seniority alone.

Recommendation No. 8. The External Auditor recommends that, unless a post is permanently abolished or temporarily frozen, the procedure for replacing staff whose date of departure is known in advance and with certainty should be organized, as far as possible, at least one year before that date, particularly for posts of professionals (P) and directors (D), as well as those that are considered difficult posts to fill.

Recommendation No. 9. The External Auditor recommends ensuring that mobility rules set by the Organization are applied rigorously, in the spirit in which they were introduced and consistent with the interests of the Organization and the decentralized structures concerned.

Recommendation No. 10. The External Auditor recommends the careful review by Headquarters and field offices of the relationship between the support posts and sector specialists, even if the same conclusions are not drawn in each office regarding their respective costs.

Recommendation No. 11. The External Auditor recommends enforcing more rigorously the competition rules in relation to individual consultants.

Recommendation No. 12. The External Auditor recommends that checks on staff attendance, made possibly by the introduction of the requirement to clock-in, be more formalized and that

repeated lateness give rise to reminder notes signed by the Director and entered in the files of the staff members concerned.

Recommendation No. 13. The External Auditor recommends that monitoring of sick leave be strengthened and that there be an exact match between the information in the leave management system and the records that should be filed for each staff member.

Recommendation No. 14. The External Auditor recommends that efforts should be made to reflect on identifying the needs of ongoing training, then to plan and implement measures, internal ones if necessary, to meet those needs.

Recommendation No. 15. The External Auditor recommends that the monitoring of staff contracts be rendered more reliable by having the Administrative Officer (AO) hold a single file per staff member at the field office. Care should be taken to ensure that in the case of temporary staff, only one version of the contract (original and copies), bearing all of the requisite signatures, is used.

Recommendation No. 16. The External Auditor recommends defining local fundraising strategies in close and coordinated cooperation with Headquarters, based on an analysis of the costs and potential advantages of the various courses of action and initiatives that might serve the strategy. It is important that the notable efforts already undertaken locally to attract partnerships and external funding be formalized, following a team exercise, in an action plan established by the office, along with a dynamic information and communication strategy.

Recommendation No. 17. The External Auditor recommends that those field offices that have not yet done so make a greater effort to cooperate with other United Nations offices once the purchasing volume reaches a significant level.

Recommendation No. 18. The External Auditor recommends increasing office directors' control over duty travel in order to have a better idea of its frequency and duration and to develop alternatives (audio and/or video communication).

Recommendation No. 19. The External Auditor recommends that each office have a clear strategic plan consistent with the UNESCO Country Programming Document (UCPD) for the country concerned.

Recommendation No. 20. The External Auditor recommends that the field offices' Administrative Officers centralize the originals for each sectoral project file and ensure that documents are scrupulously filed. More generally, he recommends that Administrative Officers centralize the originals relating to all matters – project contracts, consultant recruitment, leases, Headquarters Agreements, sundry contract files, staff records and travel records, among others – that commit UNESCO through the field offices. He recommends that a briefing be sent out to this effect.

Recommendation No. 21. The External Auditor recommends the general production and dissemination of regular information letters and annual activity reports as an initiative permitting both internal stocktaking and communication to the public of a summary on action taken and results obtained. He recommends dissemination through various channels, including email and social networks.

ANNEX II

PRELIMINARY IMPLEMENTATION PLAN BY RECOMMENDATION

<p align="center">Audit recommendations</p>	<p align="center">The recommendation is feasible to implement (YES/NO) IF NO, EXPLAIN</p>	<p align="center">The recommendation will require additional resources for implementation (YES/NO) IF YES, EXPLAIN</p>	<p align="center">Estimated date for the implementation of the recommendation</p>
<p>Recommendation No. 1. The External Auditor recommends that the necessary arrangements be made with the national authorities to bring the establishment agreements into compliance with the current mandate of the offices. The agreement should, among other things, stipulate the schedule of payment of the Government’s contribution, how it is to be updated and the conditions for its use. The updating must nonetheless take into account the local context and not call into question the balances favourable to the Organization and the host country.</p>	<p>YES Recommendation is accepted and the opportunity of the review of existing host country agreements with a view to aligning them with the current functions of the office, practices and financial arrangements, will be reviewed by Directors/Heads of Field Offices on a case by case basis</p>	<p align="center">NO</p>	<p>To be initiated on a case by case basis/ represents a continuous process</p>
<p>Recommendation No. 2. The External Auditor recommends that relations between the Organization’s field offices and the national authorities be subject to an annual consultation or even a contracting procedure that could specify the common objectives for the year in question.</p>	<p>Does not apply Although relatively logical in an ideal world, the recommendation could be applied only in a very limited number of countries. In addition, it might be counter-productive in some cases and undermine some acquired rights – such as diplomatic privileges and immunities.</p>	<p align="center">NO</p>	<p>Not applicable</p>

<p>Recommendation No. 3. The External Auditor recommends clarifying, by means of guidelines, the respective responsibilities of the different levels of offices for the continents other than Africa.</p>	<p>YES The accountability framework and reporting lines for the field network as a whole will be redefined and presented in a comprehensive manner.</p>	<p>NO</p>	<p>31/12/2016</p>
<p>Recommendation No. 4. The External Auditor recommends that the number of objectives listed in the performance agreement of the field office directors be targeted in order to permit a more appropriate evaluation; that, as far as possible, results benchmarks rather than resource benchmarks be used together with consistent associated indicators.</p>	<p>YES Coordinated performance assessments is being carried out vis-à-vis common objectives in the first months of 2016, in close coordination with all relevant Sectors and Services. This system was developed in response to the 194 EX Decision and followed on the EXB discussions which requested that the objectives and indicators be consistent and measurable. The functionality, relevance, and the adequacy of this first cycle of performance assessment would be reviewed with a view to its possible improvement and streamlining.</p>	<p>NO</p>	<p>31/12/2016</p>
<p>Recommendation No. 5. The External Auditor recommends that decisions concerning the organization, operation and security of each office, or concerning the employees' conditions of service, should be recorded in formal numbered service notes signed by the Director of the office concerned and distributed in the Organization's working languages.</p>	<p>YES Instructions will be issued by FSC to Field Office Directors/Heads concerning these managerial responsibilities.</p>	<p>NO</p>	<p>30/04/2016</p>
<p>Recommendation No. 6. The External Auditor recommends convening regular meetings of the senior staff in each field office and of the directors of offices under the</p>	<p>YES Instructions will be issued by FSC to Field Office Directors/Heads regarding convening regular staff meetings within</p>	<p>To be determined While there are no additional costs involved in organization of staff</p>	<p>30/04/2016</p>

<p>jurisdiction of the same regional bureau or cluster office.</p>	<p>each field office. Directors of Regional Bureaux, Multisectoral Regional Offices and Cluster Offices will be reminded to organize meetings/consultations with FO Directors/Heads under their respective coverage (when not already the case).</p>	<p>meetings within the field office, costs of cluster/regional meetings would need to be determined. Cost-effective means such as videoconferencing/skype would be encouraged.</p>	
<p>Recommendation No. 7. The External Auditor recommends imposing greater respect for deadlines in the staff recruitment process and, in compliance with Article 6.4 of the Constitution relating to geographical balance, putting greater emphasis on competency rather than seniority alone.</p>	<p>YES It should be recalled recruitments and appointments are made using a competitive process open to both internal & external candidates simultaneously for one month with the aim of accelerating the process and reducing delays (ref. implementation of IOS internal audit recommendation - Oct. 2015). Moreover, appointments are made first and foremost on the basis of competence and merit (not seniority) while respecting, to the extent possible, the principle of geographical distribution i.e. Article VI.4 of the UNESCO Constitution.</p>	<p>NO</p>	<p>Implemented</p>
<p>Recommendation No. 8. The External Auditor recommends that, unless a post is permanently abolished or temporarily frozen, the procedure for replacing staff whose date of departure is known in advance and with certainty should be organized, as far as possible, at least one year before that date, particularly for posts of professionals (P) and directors (D), as well as those that are considered difficult posts to fill.</p>	<p>YES In fact, it is foreseen to integrate HR planning in the C/5 planning process and moreover, critical and hard to fill positions will be identified on a 3-year horizon with appropriate strategies developed to address staffing gaps (ref. preliminary proposals for HR Strategy 2017-2022).</p>	<p>NO</p>	<p>30/12/2017</p>

<p>Recommendation No. 9. The External Auditor recommends ensuring that mobility rules set by the Organization are applied rigorously, in the spirit in which they were introduced and consistent with the interests of the Organization and the decentralized structures concerned.</p>	<p>YES Recognized need to improve and monitor geographical mobility. It is proposed to introduce a managed mobility programme during the course of the biennium responding to the operational and organizational needs and priorities of the Organization.</p>	<p>NO</p>	<p>30/12/2017</p>
<p>Recommendation No. 10. The External Auditor recommends the careful review by Headquarters and field offices of the relationship between the support posts and sector specialists, even if the same conclusions are not drawn in each office regarding their respective costs.</p>	<p>YES Such a review forms an integral part of the newly created Division of Field Support & Coordination's mandate.</p>	<p>NO</p>	<p>Ongoing</p>
<p>Recommendation No. 11. The External Auditor recommends enforcing more rigorously the competition rules in relation to individual consultants.</p>	<p>YES This recommendation forms the basis of the policy on Individual Consultants whereby individuals must be selected in a competitive and transparent manner; efforts should also be made by the hiring manager to tap into local expertise where possible. The selection procedures are rigorous in that the hiring manager must consider at least 3 suitably qualified candidates for an assignment and provide justification in the system vis à vis the selected candidate. HRM proposes that Dirs/Heads of Field Offices are reminded of these procedures.</p>	<p>NO</p>	<p>30/04/2016</p>
<p>Recommendation No. 12. The External Auditor recommends that checks on staff attendance, made possibly by the introduction</p>	<p>YES Instructions will be issued by FSC reminding FO Directors/Heads of their</p>	<p>NO</p>	<p>30/04/2016</p>

of the requirement to clock-in, be more formalized and that repeated lateness give rise to reminder notes signed by the Director and entered in the files of the staff members concerned.	respective managerial responsibilities and accountabilities. HRM also proposes to remind Directors/Heads of Field Offices to ensure the working hours of staff are respected, by the most appropriate means.		
Recommendation No. 13. The External Auditor recommends that monitoring of sick leave be strengthened and that there be an exact match between the information in the leave management system and the records that should be filed for each staff member.	YES HRM Medical Service has put in place (June 2015) a more rigorous procedure for recording of sick leave for HQ and Field staff to ensure consistency between the medical certificate and the sick leave request. The Chief Medical Officer is the sole authority to approve such requests.	NO	Implemented
Recommendation No. 14. The External Auditor recommends that efforts should be made to reflect on identifying the needs of ongoing training, then to plan and implement measures, internal ones if necessary, to meet those needs.	YES Learning initiatives are being proposed in the context of the Invest for Efficient Delivery (ref. 199 EX/5).	NO	31/12/2017
Recommendation No. 15. The External Auditor recommends that the monitoring of staff contracts be rendered more reliable by having the Administrative Officer (AO) hold a single file per staff member at the field office. Care should be taken to ensure that in the case of temporary staff, only one version of the contract (original and copies), bearing all of the requisite signatures, is used.	YES HRM will send out instructions on the establishment of individual files as recommended by the External Auditor. In addition, instructions will be issued by BFM to Finance and Administrative officers of all field offices	NO	30/04/2016
Recommendation No. 16. The External Auditor recommends defining local fundraising strategies in close and coordinated cooperation with Headquarters, based on an	YES The development of resource mobilization approaches and strategies at the local	NO	31/12/2017

<p>analysis of the costs and potential advantages of the various courses of action and initiatives that might serve the strategy. It is important that the notable efforts already undertaken locally to attract partnerships and external funding be formalized, following a team exercise, in an action plan established by the office, along with a dynamic information and communication strategy.</p>	<p>level will be strengthened in the context of the preparation of the 39 C/5, especially through dedicated training efforts and support to workplan elaboration, and in cooperation with relevant Headquarters units.</p>		
<p>Recommendation No. 17. The External Auditor recommends that those field offices that have not yet done so make a greater effort to cooperate with other United Nations offices once the purchasing volume reaches a significant level.</p>	<p>YES The Administrative Manual AM 7.9 already supports common procurement initiatives at the field level. Cooperation in Procurement with other United Nations agencies is also recommended as part of AM 7.7 on Long Term Agreements. The offices are regularly reminded and encouraged to use suitable local, regional or global LTAs established by other United Nations organizations.</p>	<p>NO</p>	<p>Implemented</p>
<p>Recommendation No. 18. The External Auditor recommends increasing office directors' control over duty travel in order to have a better idea of its frequency and duration and to develop alternatives (audio and/or video communication).</p>	<p>YES Instructions will be issued by FSC reminding FO Directors/Heads of their respective managerial responsibilities and accountabilities</p>	<p>NO</p>	<p>30/04/2016</p>
<p>Recommendation No. 19. The External Auditor recommends that each office have a clear strategic plan consistent with the UNESCO Country Programming Document (UCPD) for the country concerned.</p>	<p>YES The UCPD is currently being reviewed in consultation with Sectors and the Field; proposals will be made for review by the PMC and SMT.</p>	<p>NO</p>	<p>Sometime before the autumn 2016.</p>
<p>Recommendation No. 20. The External Auditor recommends that the field offices'</p>	<p>YES</p>	<p>While there are no direct costs, the change might</p>	<p>31/08/2016</p>

<p>Administrative Officers centralize the originals for each sectoral project file and ensure that documents are scrupulously filed. More generally, he recommends that Administrative Officers centralize the originals relating to all matters – project contracts, consultant recruitment, leases, Headquarters Agreements, sundry contract files, staff records and travel records, among others – that commit UNESCO through the field offices. He recommends that a briefing be sent out to this effect.</p>	<p>Instructions will be issued by BFM in collaboration with Record management unit as the instructions might imply an update of the Manual.</p>	<p>result in the purchase of equipment to allow proper filing system that will need to be determined.</p>	
<p>Recommendation No. 21. The External Auditor recommends the general production and dissemination of regular information letters and annual activity reports as an initiative permitting both internal stocktaking and communication to the public of a summary on action taken and results obtained. He recommends dissemination through various channels, including email and social networks.</p>	<p>YES, partially accepted In the past, UNESCO newsletters proliferated, thus diluting the message and the priorities of the Organization. The annual report currently published by UNESCO is, instead, a coherent and integrated information tool. The Organization’s financial situation does not allow it to allocate the necessary resources to create regional poles of communication and information. However, efforts are already under way to offset this shortfall through the development of web-based tools for this purpose.</p>	<p>NO</p>	<p>Implemented</p>



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NEW AUDITS BY THE EXTERNAL AUDITOR

PART VI – SHORT-FORM REPORT

CONSOLIDATED REPORT ON FIELD OFFICE AUDITS (2011-2015)

CORRIGENDUM

In ANNEX II: PRELIMINARY IMPLEMENTATION PLAN BY RECOMMENDATION, Recommendations No. 2 and 21 should read as follows:

Audit recommendations	The recommendation is feasible to implement (YES/NO) IF NO, EXPLAIN	The recommendation will require additional resources for implementation (YES/NO) IF YES, EXPLAIN	Estimated date for the implementation of the recommendation
Recommendation No. 2. The External Auditor recommends that relations between the Organization's field offices and the national authorities be subject to an annual consultation or even a contracting procedure that could specify the common objectives for the year in question.	UNDER CONSIDERATION Although relatively logical in an ideal world, the recommendation could be applied only in a very limited number of countries. In addition, it might be counter-productive in some cases and undermine some acquired rights – such as diplomatic privileges and immunities.		



<p>Recommendation No. 21. The External Auditor recommends the general production and dissemination of regular information letters and annual activity reports as an initiative permitting both internal stocktaking and communication to the public of a summary on action taken and results obtained. He recommends dissemination through various channels, including email and social networks.</p>	<p>UNDER CONSIDERATION In the past, UNESCO newsletters proliferated, thus diluting the message and the priorities of the Organization. The annual report currently published by UNESCO is, instead, a coherent and integrated information tool. The Organization's financial situation does not allow it to allocate the necessary resources to create regional poles of communication and information. However, efforts are already under way to offset this shortfall through the development of web-based tools for this purpose.</p>		
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