



United Nations  
Educational, Scientific and  
Cultural Organization

# Executive Board

Hundred and ninety-ninth session

199 EX/15.INF.6  
PARIS, 25 March 2016  
English & French only

Item 15 of the provisional agenda

## NEW AUDITS BY THE EXTERNAL AUDITOR

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

#### SUMMARY

Pursuant to Article 12.4 of the Financial Regulations, the External Auditor submits the audit report on the UNESCO Regional Bureau for education in Latin America and the Caribbean; National Office in Chile. The short form of this report and the comments by the Director-General are contained in document 199 EX/15 Part V.

Cour des comptes



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



**AUDIT REPORT**

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

**External Auditor reference: UNESCO-2015-9**

## TABLE OF CONTENTS

	Page
<b>LIST OF RECOMMENDATIONS</b> .....	1
<b>I. OBJECTIVES AND SCOPE OF THE AUDIT</b> .....	4
<b>II. AUDIT FINDINGS</b> .....	4
1. The organization of UNESCO in Latin America and the Caribbean and the place of the Santiago Office .....	4
2. Regional coordination on education and the relationship with the country offices.....	5
3. The Headquarters Agreement.....	7
4. Management of the Regional Bureau .....	9
5. Budget of the Office .....	11
6. Relations with the Chilean Government .....	13
7. Tenders .....	14
8. Human resources management.....	21
9. Various observations concerning management .....	30
10. Travel expenses.....	32
11. Management of projects by the Office .....	34
<b>III. ACKNOWLEDGMENTS</b> .....	38

## 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 (Office and Headquarters).** 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.

## I. OBJECTIVES AND SCOPE OF THE AUDIT

1. A team of two auditors visited the UNESCO Office in Santiago de Chile from 28 September to 9 October 2015. The audit was chiefly concerned with the management and activities of the Office during the 2014-2015 biennium.
2. The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAI), established by the International Organization of Supreme Audit Institutions (INTOSAI), and in accordance with applicable texts, in particular Article 12 of the UNESCO Financial Regulations and the Annex on the Additional Terms of Reference Governing the Audit.
3. Each finding and recommendation has been discussed with the Office's managers. The exit meeting was held at the Office with the Director of the Office on 9 October 2015. The Director of the Office commented on the draft recommendations. His comments and written response to the audit findings have been fully taken into account in the External Auditor's final position.
4. The comments and clarifications provided by the Santiago Office, the Bureau of Financial Management (BFM) and the [Bureau of Strategic Planning \(BSP\)](#) were received on 15 January 2016 and incorporated, where appropriate, into this final version of the report.

## II. AUDIT FINDINGS

5. The Regional Bureau for Education in Latin America and the Caribbean<sup>1</sup> was created in 1969.<sup>2</sup> Located in Santiago de Chile, it covers 37 countries in Latin America and the Caribbean. In June 2009, the Regional Bureau also became the National Office in Chile.

### 1. The organization of UNESCO in Latin America and the Caribbean and the place of the Santiago Office

#### Governance shared between the different categories of office

6. In Latin America and the Caribbean, there are three categories of UNESCO field offices: cluster offices, specialized regional bureaux and national offices.
7. Five cluster offices are the main platforms for implementing UNESCO activities and are of a multidisciplinary nature. The cluster office directors have the authority to represent UNESCO in the Member States within the office's purview (with the exception of Member States that have a national office).
8. Three specialized regional bureaux (Havana: Culture; Santiago: Education; Montevideo: Sciences). Their function is to bring their expertise to the Member States in the region and to provide technical support to the national and cluster offices in the sector for which they are responsible. The regional bureaux do not have any hierarchical authority over the national or cluster offices. The regional bureaux are often located in cluster offices, with the aim of improving cost-effectiveness in terms of overheads and management costs.
9. Six national offices. Their functions consists of implementing the national programme resulting from consultations with the country concerned, in all UNESCO's areas of action, i.e. Sciences, Education, Culture and Information. The national office directors represent UNESCO in the Member State in which the office is located.

---

<sup>1</sup> OREALC

<sup>2</sup> Following the change of power in Chile, a new agreement was concluded with the Chilean Government in 1979.

*The Regional Bureau for Education in Latin America and the Caribbean (OREALC) occupies a special place within this set-up*

10. OREALC is both the specialized regional bureau in charge of education in the countries of Latin America and the Caribbean (37 Member States) and the National Office in Chile.

11. As the specialized regional bureau in charge of education, OREALC is responsible for preparing UNESCO's regional programmes relating to education. It also performs the function of Executive Secretariat and represents the Director-General of UNESCO before the Intergovernmental Regional Committee that manages the Regional Education Project for Latin America and the Caribbean<sup>3</sup> within the framework of the education for all<sup>4</sup> programme of the United Nations.<sup>5</sup> Thus, it provides technical support for implementation of this action plan and evaluates the impact of the education policies implemented in the Member States. It reports on its actions to the Assistant Director-General for Education (ADG/ED) at Headquarters. Since PRELAC was completed in 2015, the regional bureau has been participating in the preparation of the new regional programme for education for 2030.

**Regional Education Project for Latin America and the Caribbean (EFA/PRELAC)**

Adopted by the ministers of education in Havana in 2002, EFA/PRELAC is a United Nations action plan that aims to promote the development of education policies in the UNESCO Member States in Latin America and the Caribbean (2002-2015). It is part of the education for all (EFA) roadmap. The EFA/PRELAC forum encourages dialogue and the exchange of good practices between countries and is structured around five areas of action (see glossary).

It is governed by an Intergovernmental Regional Committee made up of the ministers of education of all the UNESCO Member States and Associate Members in the region. The Committee has a Bureau comprising seven Member States elected for a four-year period (currently Argentina, Brazil, Costa Rica, Dominican Republic, Ecuador, Paraguay and Trinidad and Tobago). This Bureau issues recommendations, the implementation of which is delegated to OREALC, for example: to provide support for efficient and effective management of the allocation of resources in education systems.

12. As the National Office in Chile, it carries out the typical work of a national office and is supported by the Havana and Montevideo bureaux in the fields of culture and science, respectively. The Cluster Office for Argentina, Brazil, Chile, Paraguay and Uruguay in Montevideo represents UNESCO to MERCOSUR.<sup>6</sup>

**2. Regional coordination on education and the relationship with the country offices**

13. Coordination with the national or cluster offices in the field of education could be improved. This is a matter of concern for the Regional Director. The rules governing this coordination remain unclear. As each of the offices depends directly on Headquarters and receives expertise from the cluster offices, the absence of hierarchical links means that successful coordination relies primarily on interpersonal relationships between the directors or professionals concerned.<sup>7</sup> The Director of the Regional Bureau has mentioned an evident lack of willingness on the part of some offices to cooperate, resulting in lost opportunities.<sup>8</sup>

<sup>3</sup> PRELAC

<sup>4</sup> EFA

<sup>5</sup> Report by the Intergovernmental Regional Committee for the Regional Education Project for Latin America and the Caribbean (EFA/PRELAC) of 26 August 2009 – <http://unesdoc.unesco.org/images/0018/001837/183781e.pdf>  
Southern Common Market or *Mercado Común del Sur*.

<sup>7</sup> Response of 9/10 from the ADG.

<sup>8</sup> *UNESCO Headquarters could empower UNESCO Santiago to carry out initial fact-finding and start dialogue with potential partners in countries of interest, not only with Ministries but also with the private sector.*



### The example of the Peru Office

The major projects under way in Peru, financed by public funds, were reviewed with the auditors. The Director said that he had participated in the early negotiations with the Permanent Delegate on this programme while he was temporarily covering the Peru Office for a few months. Once the project had been signed, its implementation was entrusted to the National Office in Peru and, following certain decisions, the Regional Bureau in Santiago de Chile has not been involved in this implementation.

Coordination seems to be difficult and, consequently, the Santiago Office is unable to provide its expertise. The only way of keeping track of projects is by consulting the System of Information on Strategies, Tasks and the Evaluation of Results (SISTER). In this tool, the Lima Office records the project work plan and then, every six months, the implementation reports. The Santiago Office can make comments when the work plan is uploaded to SISTER, as the Office has the responsibility of approving it in the system. However, this opportunity to intervene only arises after decisions have been made locally by the country office with the Peruvian authorities. The Santiago Office also approves the six-monthly reports (*ex post*), but that does not give it any influence or possibility to intervene in implementation of the project in progress.

Therefore, it is possible that several phases of the programme prepared with the Peruvian Government will duplicate work already carried out by the Regional Bureau, sometimes with the same experts, which could have been avoided with the support of the Santiago Office.

14. This situation is fairly widespread.<sup>9</sup> It undermines UNESCO's ability to implement a coherent strategy through its Regional Bureau for Education.

15. Following the audit on the UNESCO Office in Montevideo, the external auditor recommended clarifying the mandate of the programme specialists in order to ensure that the Regional Bureau was remaining within its remit and was not effectively supervising the national offices located within its area of responsibility. However, this risk does not apply to OREALC in the field of education.

16. According to the Director of the Santiago Office, this lack of hierarchy between offices is specific to UNESCO, as other agencies oversee their programmes in the different countries, coordinated by a regional bureau.

17. One of the reasons for the loose ties between the Regional Bureau and certain country offices is related to the growth of extrabudgetary resources in those countries, over which the Regional Bureau has little, if any, influence. Regional coordination and steering was more effective within the framework of the rules of the permanent budget (known by the name "regular programme") allocated by the Regional Bureau. However, that now only accounts for a tiny proportion of the resources of some countries (Brazil, Peru). Yet, it is in these situations of heavily subsidised programmes that regional coordination would be particularly necessary.

18. The fact that the Regional Bureau is not a cluster office and does not have any direct authority over the country office in Chile further reduces its capacity to intervene. This situation is rather paradoxical as education is, by far, UNESCO's main field of activity in the region.

19. The Director of the Regional Bureau believes that UNESCO's regional strategy for education requires effective coordination, which should be carried out by the regional bureau in charge. Resources need to be deployed to strengthen its involvement in the planning, steering and evaluation of the programmes of the country offices.

---

<sup>9</sup> "The regional coordination based in Santiago does not participate in the generation, negotiation, design or implementation of the projects (unless the relevant Office asks us to intervene, which does not happen very often). We know the actions taken in each project post-facto, only after they were carried out."

**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.

20. The temporary posts financed by extrabudgetary funds received from the governments of the two countries are estimated at around 30 for Peru and more than 70 for Brazil. The resources are transferred directly to Headquarters and are partially refunded to the local offices through the FITOCA<sup>10</sup> mechanism. Given the responsibilities of the Regional Bureau for Education, it would be worth considering the option of funding also being given to it in order to enable it to perform the coordination functions and provide the expertise determined in its mandate.

**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.

21. The lack of strong coordination of the UNESCO offices undoubtedly hampers the mobilization of extrabudgetary resources or additional funding in the countries of the region. The model developed with the Chilean Government could be of interest to other countries or local authorities. The Regional Bureau has been approached by other countries in this respect. This raises the question of the management of and responsibility for projects funded in that way. The expertise is based in Santiago de Chile but Headquarters can choose to entrust its responsibilities to the country offices. Consequently, the country offices and the Regional Bureau are in competition in relation to potential donor countries, when they should be presenting a united front with clear sharing of responsibilities.

**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.

### Interconnection with the other regional bureaux

22. The organization chart provided by the UNESCO Office reveals an absence of units assigned to the Culture and Communication sectors. Consequently, the related programmes are being handled by staff belonging to Education divisions (e.g. PRELAC & Post-2015 Unit). Reports on the decentralization of UNESCO highlight the difficulties that face offices with a dual mandate. Owing to human resource limitations, such offices tend to sacrifice their national work in favour of their regional work. In the case of the Santiago Office, very little funding, if any, is received for cultural projects (with one exception of \$75,000,<sup>11</sup> which was received from Headquarters in 2014 for the restoration of monuments in a town affected by an earthquake).

### **3. The Headquarters Agreement**

23. Unlike other local offices, the Headquarters Agreement with the Chilean Government does not contain any annexes regarding its contributions to the costs of the Office. Chile's participation has only been defined in a verbal agreement, the terms of which have barely changed since 1969.

<sup>10</sup> Funds-in-Trust Overhead Costs Account

<sup>11</sup> United States dollars.

UNESCO is not the only international agency in this situation; the same applies to other agencies such as ECLAC<sup>12</sup> or even UNDP.<sup>13</sup>

24. Within the framework of this Agreement, the Regional Bureau has free use of offices in a building that has the status of a historic monument in the district of Providencia, in Santiago de Chile, where it is the sole occupant. Although these premises are spacious, they are old and are located far from the offices of the majority of the other international organizations and United Nations agencies, which are grouped in another part of the city, as well as the UNICEF premises. UNESCO estimates the annual saving generated by not having to pay rent for office space to be \$125,000.

25. The UNESCO Office in Santiago de Chile also receives a direct grant of \$55,000 per year from the Chilean Government, intended to cover part of the costs linked to the premises. This grant, which is not covered by a written agreement either, is paid annually. It has hardly been increased since the beginning (1993: \$50,000; 2010: \$55,000).

26. This situation poses several problems. The absence of a precise annex means that the current contributions from the Chilean Government are not legally binding. Moreover, the payment of charges linked to maintenance, insuring the premises and any repairs falls largely to UNESCO, and such expenses have been steadily increasing for years. In the 2012-2013 biennium, these charges totalled \$240,000 and were \$230,000 for the following biennium, accounting for approximately 35% to 40% of the operating budget for this Office. The Chilean Government's contribution only covers a little under half of this amount, which further erodes the UNESCO Office's capacity to act.

27. Taking into account the increasingly close relationship with the Chilean Government, which will be described below, it seems necessary for the Organization to negotiate a sufficiently large contribution to at least cover the costs directly linked to using the premises provided to it (maintenance, utilities, insurance), and even some salaries for certain purely operative tasks (chauffeur, receptionist, etc.), as well as extraordinary expenses such as refurbishment works or works linked to exceptional events like the frequent earthquakes that occur in Chile. Indeed, it was observed that some parts of the offices (balconies, etc.) posed a risk and were no longer being used; yet, due to a lack of resources, they had not been repaired. This situation seems untenable and the premises should be repaired or safer premises should be found.

28. The possibility of the Chilean Government bearing the cost of some operative staff would free up resources for the core activities of the Regional Bureau.

29. The Director of the Regional Bureau very recently (early September 2015) began discussions with the Ministry of Foreign Affairs to this end. In this renegotiation, an increased contribution should be requested, as should, if necessary, the granting of new premises located closer to the other international agencies and/or the Ministry of National Education with which this Office works continuously.

30. The National Office in Chile was established on 26 June 2009 by a decision of the UNESCO Director-General "in consultation with the Chilean authorities". Until that date, Chile was under the responsibility of the Cluster Office for Argentina, Brazil, Chile Paraguay and Uruguay in Montevideo. This decision seems to have been taken *mutu proprio* by the Director-General at the time. In fact, six years later, there is still no Headquarters Agreement for this Country Office. According to the Office, obtaining such an agreement could take a long time.

31. In theory, this situation could, if need be, raise the question of which provisions would be applicable to Office staff assigned exclusively to the activities of the National Office, and other legal questions. According to the information gathered, UNESCO Headquarters does not appear to have negotiated, in advance, compensation for the establishment of this National Office, even though it

---

<sup>12</sup> Economic Commission for Latin America and the Caribbean.

<sup>13</sup> United Nations Development Programme.

should be considered as a strengthening of UNESCO's presence in the country and was requested by the Head of State at the time.

**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.

#### 4. Management of the Regional Bureau

##### The Director

32. The Director was appointed as (D-2) Director of the Regional Bureau for Education in Latin America and the Caribbean and the representative of UNESCO in Chile in September 2008. Prior to that, he headed up the Organization's Pakistan Office and had also worked for UNESCO as Director of the Cluster Office to Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan in Almaty. He has also worked for UNICEF, where he was in charge of early childhood care and education programmes in Myanmar. His expertise in education policy, management skills and resource mobilization are the dominant features of all the positions he has held.

33. He has been posted in Santiago de Chile for seven years, which is a long time at this level of responsibility and in this category of country. Indeed, the typical duration of postings to duty stations classed A by the International Civil Service Commission (ICSC) is five years. Moreover, geographical mobility is compulsory for staff members in the Professional category and, as specified in the HR Manual, is an important element of the Organization's human resources strategy and an integral part of each staff member's career development.

34. As provided for in the rules of the Organization, his strong involvement in the implementation of the Regional Education Project for Latin America and the Caribbean (PRELAC), which was completed in September 2015, can justify a two-year deferral (according to item 5.11 paragraph 18 of the Human Resources Manual, Sector Assistant Directors-General (ADGs) can request the deferral of reassignment to a new post when a staff member moving in the course of the following biennium could adversely affect implementation of the programme: "*a deferral must be fully justified and must not exceed two years*".) Now that the United Nations World Education Forum (Republic of Korea, May 2015) has taken place, a new regional framework for action for education (2015-2030) is due to be defined in June 2016, in Santiago de Chile, under the aegis of UNESCO. This is a pivotal moment that would be a timely opportunity for a new director to take over.<sup>14</sup>

**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.

35. As provided for in the Human Resources Manual (rule 104.11 *bis*), performance appraisals are fundamental for the careers of staff of the Organization. They are an obligation of the supervisors. Appraisal reports must be prepared every two years for staff on fixed-term or permanent contracts and, where necessary, when they have a change of supervisor or are

<sup>14</sup> However, it is paradoxical that posts at the Paris Headquarters are exempt from the mobility requirement.

transferred to a different position. The Director has undergone two appraisals since his appointment in 2008: one in December 2009, which mainly concerned performance of his duties in Pakistan, and the other in May 2013, in the course of the biennium. In both cases, the appraisals were carried out when his supervisors retired.

36. Other than in his recruitment file, which was drawn up in 2007 and describes the responsibilities of his position as well as the Organization's expectations of him, no objectives have been set for the Director by his supervisors at Headquarters. The objectives set in his two appraisal reports were set by the Director himself during that exercise, after the appraisal period. In 2015, for the first time, when the MyTALENT software was implemented, he should have undergone an appraisal for the 2014-2015 biennium based on previously defined objectives, in early 2015. However, those objectives were proposed by the Director himself and were simply formally approved by Headquarters. No trace of exchanges with Headquarters regarding these objectives was found. This also seems to be the case with other bureau directors.

**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).

#### Management of the Regional Bureau

37. The Director has had a Deputy since February 2015. Since May 2011, when the previous incumbent left, the Regional Bureau had been without a Deputy Director. That situation was not conducive to optimal management of the Regional Bureau, especially as the Director's responsibilities lead him to travel frequently around the continent and he performs an important representation role.

38. The Deputy Director has worked in six offices (mainly as an education specialist) and was posted in Africa before joining the Santiago Office. Under the new distribution of responsibilities, she is in charge of the National Office and assists the Director with coordination of the activities of the Office, while covering the sectors of illiteracy, early childhood education, adult education and global citizenship education.

39. When the new strategy for education in Latin America and the Caribbean is implemented (post-2015-2030), the Director of the Office envisages restructuring the Office so that its organization is aligned with the new priorities (as set out in the strategic framework, which is due to be approved in July 2016).

40. In 2011, the Director set up a steering committee (the office management team, or OMT) to support him and advise him on matters relating to management of the Office as well as matters concerning its projects and operations. However, after three meetings in 2012, this committee did not meet again. Consequently, the flow of information mainly relies on informal exchanges. Meetings with all staff members are held every three months to discuss general matters concerning the Office and its activities. Minutes of these meetings are drawn up. These meetings were especially necessary during the period of budgetary restrictions at UNESCO and implementation of a voluntary redundancy programme.

41. The Administrative Officer<sup>15</sup> was appointed in 2011. He was previously assigned to the Havana Office. His administrative team is made up of two permanent administrative staff (levels G7 and G4); considering the amount of funds, projects and activities managed by the Regional Bureau and the number of commitments and payments made, this team seems very small. Indeed, the organization chart is inconsistent with the typical organization chart distributed by Headquarters for this type of office, which has three permanent General Services (G) posts.

---

<sup>15</sup>

Requests for information and documents within the framework of the on-site audit were not always fulfilled with the necessary speed, despite the AO's personal involvement.

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

Delegation of responsibility

42. Delegation of responsibility are in conformity with the Administrative Manual. They are entered in the system regulating the authorization of certain staff members to incur expenses for the Organization (approving officers) and to certify such obligations before disbursement (certifying officers). For the approving officers, the document in force goes back to May 2015 in order to take into account the arrival of the new Deputy Director of the Office, who, like him, enjoys unlimited authorization to incur expenses.

43. The document designating the officers who are authorized to certify commitments indicates that they include, in addition to the administrative and financial officer, several other (Professional and General Services) staff members of that unit. The up-to-date version of the delegation of responsibility is dated January 2013 and was approved by the Comptroller of UNESCO.

44. Signatory panels have been maintained and regularly brought up to date as and when officers arrive and leave. The Treasurer of UNESCO is the sole person authorized to open bank accounts, of which there were two at the time of the audit (one in United States dollars, the other in Chilean pesos). He informs the bank directly of any changes in the list of signatories for these accounts.

## 5. Budget of the Office

45. Annex 1 shows the budget over the last three biennia. The financial crisis undergone by UNESCO is reflected in the evolution of the various sources of funding, and in particular in the decline in the permanent budget allocated to projects of the Regional Bureau with respect to the 2010-2011 biennium (-64%).

**Table 1: Changes in the various sources of funding (in United States dollars)**

2010-2011	2012-2013	2014-2015
1,464,663	582,803	528,413

Source: Santiago Office

46. Thus, the permanent budget, which accounted for some 40% of the extrabudgetary resources of the Office in the 2010-2011 biennium, now represents less than 10%. The leverage effect of the permanent budget on projects which are also funded from extrabudgetary resources is therefore insignificant.

47. However, account should be taken of the fact that in the 2014-2015 biennium, the budgetary presentation of funds allocated to education in the continent was changed: \$296,000 were allocated directly to the Santiago Office (these funds had been managed directly from Headquarters in previous biennia), whereas \$356,900, which used to go to the Regional Bureau are now allocated directly to certain country offices. In constant terms, the decline in the level of UNESCO funding is thus of the order of 35% with respect to the 2010-2011 biennium. However, the conclusion – namely that there has been a reduction in the Santiago Office's ability to intervene and coordinate – is the same.

48. The relevance of the direct allocation of funds by Headquarters to country offices in the region may be called into question: this concerns relatively small amounts with respect to the resources (extrabudgetary funding) at the disposal of the beneficiary offices (\$40,000 Brasilia; \$30,000 Lima, etc.).

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

49. The operating budget, minus staff costs (running costs), remained relatively stable over the biennium (between \$440,000 and \$482,000), whereas the amount allocated to ensuring the security of the Office was significantly increased (doubled to \$261,000).

Extrabudgetary funding increasing rapidly

**Table 2: Extrabudgetary resources (in United States dollars)**

Sector	Donor	2010-2011	2012-2013	2014-2015	
		Funds	Funds	Funds	Available (1/10)
ED	UNAIDS	501,068	655,847	1,309,056	213,975
ED	Spain	968,575	702,036	654,216	226,207
ED	European Commission	412,057	588,928	941,120	343,938
ED	Intervida	635,324			
ED	CERF/UN	1,279,720			
ED	Spain - UNDP Bolivia			89,730	49,091
CI	IPDC			9,325	-
ED	Additional appropriation - Chile		1,087,771	4,692,605	973,659
TOTAL		3,796,744	3,034,582	7,696,052	1,806,870

Source: Santiago Office

50. The level of extrabudgetary funding has risen considerably over the past three biennia, which is largely a result of the approaches the Office has made to the Chilean Government. The amount for the 2014-2015 biennium is thus \$7.7 million against \$3 million and \$3.8 million in the two previous biennia. In reality, the increase was even greater if you consider that the Office received an exceptional amount of \$1.28 million from the United Nations Coordination Emergency Relief Fund (CERF) in order to help to get the education system in southern Chile back on its feet in the wake of the 2010 earthquake.

51. In this respect, the Regional Bureau compares very favourably with other offices. It is ranked ninth among the field offices in the current biennium. However, within the region it lags far behind the Brazil Office, which is in a special situation (more than \$75 million), and also behind the Peru Office (see above).

52. This increase is chiefly attributable to the larger additional appropriations from the Chilean Government, which rose from \$1.09 million to \$4.6 million in 2014-2015 (or 40-60% of the total amount of additional resources in the biennium), and also to the increased amounts allocated by UNAIDS<sup>16</sup> to sex education and AIDS prevention in the school system, which rose from \$511,000 in 2010-2011 to \$1.3 million in the current biennium. An interesting aspect of this is that, with the

<sup>16</sup> Joint United Nations Programme on VIH/AIDS.

prior consent of the donor, in certain cases it is possible to use these resources for the regional programme of the Office.

## **6. Relations with the Chilean Government**

53. Relations with Chile have progressed since the beginning of the 2010s at the instigation of both the Government and the Office. This has been reflected, in particular, in an increase in contributions from Chile, in the form of additional appropriations. This mechanism is provided for in the Administrative Manual (Item 2.5). An initial project of \$100,000 in 2010-2011 was implemented following discussions between the Ministry of Education and the Education Programme Coordinator. In order to facilitate the development of this cooperation, the Office was able to ensure that the government funds – in local currency – would not be transferred to Headquarters, which would have given rise to delays and risks relating to exchange rates. The evaluation of the results obtained by the Office and its ability to act rapidly were both factors in the success of this arrangement. It is quite remarkable that the Office should have been able to maintain this level of relations even though all ministerial partners changed with the advent of a new President of Chile in early 2014.

54. Another important reason for the fruitful partnership of UNESCO with the Ministry of Education has to do with the fundamental changes in the Chilean education system. Under these conditions, UNESCO is seen as a qualified, reliable and neutral partner. This is an advantage both for the government, which thus seeks moral sanction, and for UNESCO, to the extent that the Office places its credibility in the service of its strategy.<sup>17</sup>

### *An advantageous overhead-sharing mechanism*

55. An overhead-sharing mechanism for the Office has been negotiated in order to cover its administrative costs. Its level is relatively high (8% – less than that demanded by Headquarters, but more than that granted by other countries of the region). Furthermore, the rate is calculated on the basis of funds received rather than on funds disbursed, as is the rule elsewhere. This system is much more attractive both for the Office and for the government, since the funds thus deducted are allocated directly on the spot to the Office's expenses or activities. This is the reverse of the Funds-in-Trust Overhead Costs Account (FITOCA) system, which siphons off to Headquarters a non-negligible proportion of administrative costs from extrabudgetary resources, even when these have been identified locally and appear to be necessary to support the local office.

56. As at 8 October, this mechanism helped to generate \$352,683 for the Office. Prospects for collaboration between that date and December 2015 prompted the Director of the Office to foresee a potential supplement of \$48,200 (corresponding to an additional appropriation of \$600,000).

57. Such savings on administrative costs made it possible to finance several service contracts (SCs) for the Office in 2014-2015 (worth \$93,000). The Office has also estimated that in the event of a further decline in the permanent budget, it might thus be able to cover the costs, for all 12 months of 2016, of all staff on temporary posts.

### *An arrangement to be nurtured*

58. If the mechanism of additional appropriations proves useful, several points might be enhanced. Even if, according to the Administrative Manual, the resources in question are to be considered as extrabudgetary, they are nevertheless considered as coming under the permanent budget, and hence in principle subject to the same rules of clearance at the end of the biennium; this poses problems when the funds from the government arrive at the end of the year, and cannot be utilized within a few weeks. Furthermore, unlike extrabudgetary resources, they cannot be used to create project appointments (PAs).

<sup>17</sup> This analysis, which was put forward by the Director of the Office, was also confirmed by the Ambassador.



**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).

*An innovative funding mechanism (endowment fund)*

59. It was noted that the Office took interesting initiatives vis-à-vis the Chilean Government. For instance, the creation of an endowment fund, to be endowed with \$20 million, was suggested in 2012 to the Ministry of Foreign Affairs. The idea was to ringfence this capital and to use the financial spinoffs for the funding of projects within the spheres of competence of UNESCO, particularly in Chile, but also, if need be, in the rest of the region as part of South-South cooperation. The basic setup of this endowment fund included all the advantages generally associated with this type of mechanism: to ensure the viability of funding for education actions carried out jointly by the Chilean Government and UNESCO (especially because the amounts invested are not subject to monetary devaluation given that they remain in Chile and that interest rates are high there); to attract funding for such mechanisms from private donors or family businesses (possibly by means of matching government funds), which, quite rightly, appear to be more protective of their intentions and funds than direct contributions to UNESCO; and finally, to serve as a good example to other countries. Now that the new Chilean Government has made education one of its main priorities, the Director of the Office hopes to relaunch this proposal.

**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.

## 7. Tenders

60. When selecting contractors, UNESCO units need to ensure that those selected offer the best cost-effectiveness and the most competitive rates for the purposes of the unit entrusted with negotiating the operation. The rules of the Administrative Manual are very clear in this respect. Consideration<sup>18</sup> of contracts concluded in 2014-2015 for projects and for the Office (contracts for services) prompt a number of observations concerning the Santiago Office.

Contract files

61. The contract files are key accounting documents. They should include the original of the contracts, and any correspondence and other related accounting information. They may be requested at any time by the auditors. The original files should be kept by the administrative services for a period of ten years. Programme specialists, who are responsible for the implementation of the programme activities with which they are entrusted, must keep in the relevant files all the basic documents relating to programme execution. These two points were checked on a sample of files with both the administrative services and Professional staff.

62. Maintenance of files is, on the whole, satisfactory. The contracts filed with the Office's administrative service are accompanied in the files with the main administrative and financial documents relevant to the decision on the selection of the contractor and the execution of the contract. At the same time, the documents are scanned and uploaded on DUO by means of the Contracts software. Sector Professionals and officers thus have available to them clean files with

---

<sup>18</sup> Maintenance of files, procedures of competitive bidding (publication of needs on the UNESCO website, competition brief and specifications of needs, meeting of evaluation committee to consider offers, and establishment of criteria – quality, prices...), execution.

the documents they need, and have access to DUO in order to file and consult the virtual documents. Traceability is thus for the most part ensured.

63. Examination of the contract files relating to current expenditure under the permanent budget shows that the rules governing competitive bidding were observed (ceilings, bids from three companies where required, including for relatively small amounts).

64. Furthermore, numerous contracts were concluded under additional appropriations contributed by the Chilean Government. The amounts of such contracts may be more substantial. While the maintenance of the physical files – which are needed because they preserve the originals – was satisfactory, on the whole, it was noted that for certain files, key documents were sometimes missing in the files of the administrative office. Considerable searching was sometimes required before these documents could be found. Extracts from DUO were sometimes provided, but these do not give the original documents. For instance, on a sample of files (see Annex), for example, the following matters were noted:

- for contract No. 4500257434, the absence of the original proposal from a non-selected competitor and of the decision by the UNESCO selection panel (one document was found, but it contained only the signatures of the members of the Ministry of Education, a partner in the project in question);
- for contract No. 4500264527, the absence of the original report of the panel entrusted with opening the bids for the financial proposal;
- for contract No. 4500273974-A1, the absence of the original documents relating to the selection of the successful contractor;
- the original proposals from the other competitors are rarely present.

**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).

65. Such contracts have other particularities, relating largely to the abundance of additional funds.

Low number of competitive bidders

66. On the sample selected, we noted the following:

**Table 3: Sample of contracts selected for the audit  
(in Chilean pesos and United States dollars)**

Contract No.	Provider	Number of bidders	Amount
No.°4500269431	Educación Desarrollo de empresas y capacitación	1	21,470,000 (\$34,242)
No.°4500282369	Productora Sebastian Rojas Pantoja	1	82 794 595 (\$120,339)
No.°4500257434	Productora Sebastian Rojas Pantoja	2	82,799,134 (\$140,298)
No.°4500250728	Gestion social	1	84,053,292 (\$140,624)
No.°4500279588	Gestion social	1	26,500,000 (\$39,493)
No.°4500273050-A1	Fundacion Chile	1	33,573,007 (\$55,736)
No.°4500234352	PUC (Pontificia universidad Católica de Chile)	1	\$130,000

Source: Santiago Office (table: auditors)

67. For contracts worth between \$50,000 and \$149,999, there must be at least three bidders fulfilling the criteria. If it is not possible to get three bids, the reasons must be put in writing and kept in the file of the tender. This requirement was not observed in general, even though it may be noted in the case of several files that a number of potential providers were contacted.

68. The Office indicated that it was sometimes difficult to ensure fully competitive bidding because of delays in the provision of the funds by Chile. The Office checks that such funds are actually available before proceeding with tenders, which would seem to be good management practice, even if not explicitly required by the rules of the Organization.

69. For instance, at the request of the Chilean Government, the Office held two events, one from 25 to 27 November 2014, entitled “My Digital Workshop Competition”, to celebrate the achievements of schools all over the country (300 pupils invited to Santiago), the other on 30 September 2015, entitled “Educational Information Technology Meeting – Expo Links 2015”. In both cases, the tender was launched only shortly (less than two months) before the dates foreseen for those two events. As a result, there were only two bidders in 2014 and a single bidder in 2015 (the same candidate that won the tender in 2014). Yet, these events were easily foreseeable because they had previously been held directly by the Chilean Government.

**Table 4: Characteristics of selected contracts during the audit**

Contract signature	Payments	Invitation to tender	Remarks
20/11/14	20/11/14 (work plan) 11/12/14 (event completed) Payments 20/11/14 and 16/12/14	Web announcement: 13/10/14 Tender deadline: 2/11/14 Number of bids received: 2 Certification of the opening of bids (3/11/14) by UNESCO Contracts Committee Evaluation Committee of the	Availability of funds: 16/9/14

		Ministry of Education (30/10/14)	
16/9/15	three payments (16 and 25/9/15, 30/10/15)	Tender announcement: 04/8/15 Deadline: 31/8/15 Evaluation: 31/8/15	Availability of funds: 9/7/15

Source: Santiago Office (table: auditors)

**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.

*Use of waivers on competitive bidding*

70. Consideration of the sample helped to shed light on other aspects of the close (and positive) relationship with the Chilean Government. In a certain number of cases, it appeared that the decision to select a provider was taken upstream of UNESCO's own selection procedures, often by joint working committees of UNESCO and the Ministry or various departments involved in the projects in question. In other tenders, at the request of these same services, a decision was taken not to have competitive bidding (tenders Nos. 4500250728, 4500270588, 4500273050-A1, 4500234352).

71. For instance, selection of the Gestión Social company was not the result of a formal tender for the two contracts mentioned.

72. For the first contract (\$140,624) (Production of citizen dialogues), the documents in the file make explicit mention of a request by the Ministry<sup>19</sup> to select that company in view of its experience, expertise and ability to work at the national level. The budget set by the minister is annexed. The Santiago Office therefore indicated (Annex 1) that it would hold a process with no competition. This situation is now being rectified.

73. For the second contract, the Chilean Ministry of Education itself held a direct, informal consultation of three companies, on which it reported to the Office by email on 14 July 2015, requesting that the Gestión Social company be selected. The proposals from the three candidates (including one consultant) were attached to that email. The proposals by the Ministry were thus validated without any competitive search for a provider – which, in view of the cost of the service, entailed an informal consultation on prices – having been undertaken by the Regional Bureau.

74. In conclusion, examination of a sample of projects funded from the additional appropriation (\$1.05 million of \$4.2 million) shows that during the 2014-2015 biennium, at least four projects were not put out to competitive bidding<sup>20</sup> by UNESCO (cf. the projects mentioned above), but were the subject of a prior selection by the Chilean Government. One of those projects was for an amount that should have required the approval of the Contracts Committee at Headquarters.<sup>21</sup>

75. The four contracts<sup>22</sup> with the Pontificia Universidad Católica de Chile (PUC) – a cumulative amount of \$281,000 for the present biennium – were concluded as service contracts without any invitation to tender on the grounds that UNESCO had been working on a programme over several years with that university (begun in 2010), which had given full satisfaction.

<sup>19</sup> Memo of 10/8/14.

<sup>20</sup> Waiver.

<sup>21</sup> Since rectified.

<sup>22</sup> Financed under the regular budget and extrabudgetary funds from Spain.

76. In 2014, two contracts were concluded: one for \$130,000 on 25 March 2014, and the other for CLP<sup>23</sup> 12 million on 17 December 2014.<sup>24</sup>

Indication of the price expected in the tenders announced under the additional appropriations

77. When competitive tenders are announced, it was noted that a maximum amount which the bids should not exceed is indicated in Annex III of the requests for proposals (RFPs). As a result, the bidders systematically propose a price which is just under that maximum, as shown in the following examples.

**Table 5: Comparison of the amounts in the bids and the maximum amount indicated in the invitation to tender (in Chilean pesos – CLP)**

Contract No.	Maximum amount indicated in the invitation to tender (CLP)	Bid (CLP)	Company
4500266881	35,000,000	34,500,000 (\$55,736)	GE (311644)
		35,000,000	CC
4500257434	82,800,000	82,799,134 (\$140,298)	PSRP
		82,799,521	MVG
4500282369	82,800,000	82,794,595 (\$120,339)	PSRP
4500264527	43,000,000	42,000,000 (\$67,093)	GE
		42,700,000	UCSC
		42,700,000	FDF
		34,818,000	FCS

Source: Santiago Office (table: auditors)

78. In the case of the selection of the Gestión Social company, and in the absence of a formal invitation to tender, it is impossible to know whether a maximum amount was indicated to potential bidders. It nevertheless seems probable, given that two candidates (out of three) proposed the same price for their services, the price that the Chilean Government was to ask UNESCO to include in the contract.

79. The Procurement Guide (Administrative Manual) does not appear to provide for such a clause, even though it does not exclude it either. However, it is clear that competition has only a limited impact on prices under such circumstances, although that is one of the main objectives of the rules governing UNESCO contracts. (“The core governing principle of UNESCO procurement is to obtain the best value for money.” The Administrative Manual indicates that in order to ensure the best possible cost-effectiveness, the process of inviting tenders and selecting contractors should involve competitive bidding as far as possible.

80. In the view of the Office,<sup>25</sup> “This practice does not contradict the financial and administrative rules of UNESCO: it is aimed at ensuring transparency, and it helps to enhance our credibility with

<sup>23</sup> Chilean pesos.

<sup>24</sup> According to the documents, justified by an emergency situation (10.2, section 5.3, section vii), which was the need to manage the impact of an earthquake on the education system.

<sup>25</sup> Reply of 6 October 2015.

respect to the donor and the potential providers in competition. It also enables us to optimize the resources of the donor since we are able to focus on evaluation of the contents and the quality of the proposals, in accordance with the expectations of the donor in order to ensure the donor's full satisfaction. If a proposal is made which is lower than the budget foreseen, it may not be in line with the expected results and quality".

81. Furthermore, the Office makes the point that if the funds allocated by the government were not fully expended, that would give rise to delays, a need to increase the services requested of the service provider, or administrative problems with the donor.<sup>26</sup>

82. This reply is not compatible with the agreements concluded with the Chilean Government, which inform the latter, on the one hand, that there is no financial reporting by UNESCO on the use of individual contributions for each project, and on the other hand, that any funds remaining after conclusion of the project are to be kept by UNESCO.

*Tacit agreements among competitors or other defects of competition*

83. In some cases, competition may appear to be lacking without the Office being in any way responsible. The organization of the event My Digital Workshop Competition was awarded to PSRP (referred to above), which was selected on the grounds of the quality and price of its service. However, its price was a mere CLP 387 lower (less than US\$ 0.50), out of a total of CLP 82.8 million (\$140,000), than that of the other competitor. In addition, this proposal was only CLP 866 (\$1.30) below the ceiling indicated in the invitation to tender. The other candidate was penalized in the evaluation on this count (-25 points), but not PSRP. Finally, it was noted that on the 30-odd items of service – specified by the Ministry of Education and UNESCO – for which the two competitors were to make proposals, their detailed prices were exactly the same.

84. For this same service, it was noted in the file that the report of the evaluation panel had been signed only by members of the Ministry of Education, and that the report was dated 30 October 2014, although the deadline for the submission of bids had been set for 2 November. The Office indicated that that was an error<sup>27</sup> and another report was provided containing the signatures of three staff members of the Office (Dir, AO, Professional) responsible for opening the bids.

85. Finally, the Office indicated that that service was a recurrent one for the Ministry of Education, and had been organized directly by it in previous years.

**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.

<sup>26</sup> "In addition the remaining amount would either have to be negotiated with the Donor for another activity or the activities of the current contract increased, resulting in unnecessary delays. Any savings would be offset by the additional transaction costs for both parties (e.g. new authorization from the donor, amendments, the time spent by the programme specialist in preparing the documentation related to new activities to be implemented with the remaining resources, administration time in reviewing the documents and preparing the payments as the activity is implemented, etc.)".

<sup>27</sup> "The evaluation document that was issued and signed by the members of the Ministry of Education was wrongly dated by themselves; as can be seen from the evaluation document signed by UNESCO Staff the date is 2 November 2014. This meeting took place after the deadline for the reception of proposals had expired (12 noon)."

*Lack of negotiation of prices*

86. When required, it is possible to indicate in the request for proposals (RFP) that the best proposal may serve as a basis for negotiation before the contract is concluded.<sup>28</sup> The RFPs we consulted do not mention such a possibility. The Office confirmed that it did not avail itself of that possibility, giving a number of arguments (risk of losing credibility in the eyes of the Government if the Office did not focus on quality), which do not appear to be justified.<sup>29</sup> On the one hand, this approach would make it possible to make savings on the donor's funds, and on the other hand, once again, such a method is all the more attractive given that the agreements concluded with the Chilean Government (as mentioned by the standard form accompanying each transfer of funds) provide that any funds remaining after the conclusion of the activities funded are to be kept by UNESCO, which helps to fund other activities (UNESCO and/or in partnership with Chile).

**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.

*Amendments to contracts*

87. Changes to contracts should be made in formal fashion by means of amendments to the initial contract, rather than replacing the old contract with a new one, forcing the parties to resign contracts which are in fact antedated. It was noted that that was the case for contract No. 4500273050 (*Fundación Chile*: modification of the payment schedule) and contract No. 4500273974 (*Universidad de Concepción*: modification of the content of the contract by adding a certain number of services and increasing the price of the agreement by 15%).<sup>30</sup>

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

*Conclusion regarding tenders*

88. On the whole, the Office endeavours to ensure that contracts are concluded in reliable fashion and observing all the rules with providers of all sorts for its projects or its permanent budget. Both project specialists and the administrative and financial service monitor, with good cooperation, the files of the contracts. The sheer range of activities and sources of funding and the number of contracts (for services, consultants, etc.) put strong pressure on the team, in particular the administrative services, whose need for strengthening has already been underscored.

89. That being said, a number of suggestions for improvements have been made above in order to enhance competition and increase the pressure on prices, bearing in mind that project specialists are keen to ensure the quality of contents and effective attainment of the expected results.

90. A number of ways to enhance flexibility might be found at Headquarters, in particular by raising the thresholds requiring authorization by the central Contracts Committee (current threshold for the conclusion of contracts: \$150,000, threshold for a waiver on competitive bidding: \$100,000).

<sup>28</sup> This method is recommended for all contracts worth more than \$50,000.

<sup>29</sup> "The main objective of the selection and implementation processes is to obtain the best value for money for the donor, so that the activities and expected results meet their expectations. The process practised so far, which is in line with UNESCO rules and regulations, allows us to concentrate on the quality of the proposals. This, added to our quality control and assurance, ensures to the donor that the results meet their expectations".

<sup>30</sup> CLP 11.4 million.

The need to refer contracts to the Contracts Committee for approval may delay the execution of projects.<sup>31</sup>

91. The close relationship with the Chilean authorities and in-depth joint work with them must not lead to a confusion of responsibilities. In order to prevent the Organization from running any risk of favouritism or excessive expenditure, the Office needs to take good care to remind its partners of the need to respect the rules of the Organization, to ensure better financial and administrative management, and to optimize the final use of funds provided by partners. This is in the interest of UNESCO and its partners. When funds are allocated to public institutions or non-governmental organizations (NGOs) and foundations, financial reports (audited by the External Auditor) might be required (at least for the most expensive contracts in excess of \$100,000).

**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.

## 8. Human resources management

### Statutes and funding of staff members

92. The staff members of the Santiago Office (37 in 2014 and 40 in 2015) may be broken down by status as follows:

<sup>31</sup> In 2012, the Contracts Committee, to which the Office referred a contract on 27 November, held a meeting on 27 January 2013 concerning contract No. 3240267932 with CMMUC.



**Table 6: Changes in staffing of the Santiago Office (numbers of staff)**

UNESCO SANTIAGO					As of August 31, 2015
CATEGORY	2012	2013	2014	2015	Funding Source
<b>Staff</b>					
International (P1 - D2)	7	7	7	7	Staff (HQ)
General Service (L1 - L7)	12	9	7	7	Staff (HQ)
<b>Total Regular Staff</b>	<b>19</b>	<b>16</b>	<b>14</b>	<b>14</b>	
<b>Temporary Posts</b>					
Project Appointment	3	3	4	4	UIS (2) UNAIDS (1) Extrabudgetary (1) Total: 4
L-4 Temporary Assignment	-	-	1	1	Emergency Fund (HQ)
Seconded Staff	-	1	1	1	Extrabudgetary
Service Contracts	11	11	11	11	Additional appropriation Running Costs
Consultant Contract				1	Running Costs
Temporaries Out of Santiago	1	1	1	3	Extrabudgetary
Interns	1	2	5	5	
<b>Total Temporary Posts (w/o interns)</b>	<b>15</b>	<b>16</b>	<b>18</b>	<b>21</b>	
<b>Total (w/o interns)</b>	<b>34</b>	<b>32</b>	<b>32</b>	<b>35</b>	
Total (w/ interns)	35	34	37	40	

Source: Santiago Office (table: auditors)

93. In addition to the regular staff of the Organization (14 staff members in 2015), four non-permanent staff are used to strengthen the operational capacities of the Office in order to manage projects funded from extrabudgetary sources (UNAIDS, extrabudgetary fund of the Santiago Office) in the medium term. These are, on the one hand, four staff recruited on project appointments and one secretary/programme assistant (temporary appointment under the Emergency Fund). The latter type of contract is used to cover short-term needs (minimum of six months and maximum of 24 months over a period of 36 months) when it is not possible to use permanent staff members. Furthermore, one person was recruited on a project appointment despite the long-term presence of that person in the Office since 2009 on service contracts (see relevant point below).

94. In addition to statutory staff, persons employed on temporary assistance contracts, under the types of contracts outlined above, on service or consultants' contracts (12 persons), or as interns (5) make up more than half the staff of the Office (21 persons out of 40). The current situation of the Santiago Office shows that in reality, a large proportion of permanent needs are met by persons on temporary assistance contracts, in particular service contracts (see below).

95. The extent to which the status of staff members matches the tasks they are entrusted with appears to be only partially satisfactory. The fact that needs which are actually permanent are met by people on temporary contracts gives rise to situations which are sometimes paradoxical: the Office has two drivers, one permanent staff member, and the other on a service contract. Similarly, four programme assistants who accounted for more than one-third of service contracts, reckoned to be equivalent to General Services (G-4 or G-5), carried out tasks which were similar to those entrusted to certain Professionals (P). Furthermore, a receptionist on the staffing list of the Santiago Office has been employed on a consultant's contract to perform the functions of receptionist in almost permanent fashion (9 months out of 13 for \$10,700) since September 2014. The administrative officer admits having used this type of recruitment for reasons of expediency and to avoid the formalities of temporary contracts.

**Table 7: Distribution of posts and functions according to type of contract at the Santiago Office (August 2015) (number of staff)**

Functional Title	Fixed-Term	General Service Staff	Project Appointment	Seconded Staff	Temporary Appointment	Service Contracts	Consultant Contract
<b>Direction</b>							
Director / Financial and AO	2						
<b>Projects</b>							
Programme Coordinator	1						
Senior Programme Specialist / Programme Specialists	4		1	1			
Regional Coordinator/Advisor/Secretary (regional projects)*			2		1		
Programme Assistants/Project Assistants			1			5	
Publication Assistant		1					
<b>Admin. Staff</b>							
Senior Administrative Assistant		1					
Admin. Clerk / Clerk / Travel Assistant / Receptionist		2				2	1
Secretary		1				2	
Messenger / Drivers		2					1
Informatric Assistant						1	
* LLECE, HIV/AIDS, SIRI							

Source: Santiago Office (table: auditors)

96. The status of staff members is in line with the sources of funding for them. Staff members on established posts are paid from staff costs, which are supported from Headquarters, whereas staff coming under the category of temporary assistance are paid from extrabudgetary resources. The sole exception concerns one staff member of the Organization who was seconded by the Government of Flanders to the Organization as a programme specialist at the Santiago Office, and funded from extrabudgetary resources (see below).

97. At the request of the auditors, the Santiago Office summarized the total cost and sources of funding for staff of the Office (excluding interns). According to the management team (with respect to staff costs supported from Headquarters, on the basis of an estimate calculated using average remuneration for each grade), the total amount of the staff payroll of the Office over the past biennium was approximately \$5.3 million.

**Table 8: Breakdown of the total payroll for staff of the Santiago Office by source of funding (last two biennia) (in United States dollars)**

Biennium Staff Costs	2012 -2013 Allocation	2014 -2015 Allocation
Headquarters	4.288.100	4.423.641
Running Costs	153.964	151.376
Extrabudgetary	464.070	582.439
Additional Appropriation	41.400	92.879
<b>Total</b>	<b>4.947.534</b>	<b>5.250.335</b>

Source: Santiago Office

98. According to the data of the Office, those staff costs were very largely (84.3%) supported from Headquarters. They were only marginally funded from extrabudgetary funds or additional appropriations, which accounted respectively for 11.1% and 1.8% of total staff costs, or from operating costs provided to the Office by the Organization (2.9%) within the ceilings established (\$174,300) for the work plan of the Office. Resources from the programme and budget (C/5) (regular programme), which are solely intended to finance activities, are thus not, and this is good administrative practice, used to finance staff costs.

99. This distribution of sources of funding is in stark contrast to the non-majority proportion of staff members of the Organization, who are paid from Headquarters funds (14 out of 35 staff members) and the equally large proportion of temporary staff, most of whom are paid from extrabudgetary resources. This contrast actually reflects the lower level of remuneration for people on service contracts, who make up the greater (albeit not exclusive) part of staff paid from such

resources, which was confirmed by examination of the payslips produced at the request of the auditors. By way of example, in August 2015, two secretarial assistants (Ms R\*\*\* and Ms S\*\*\*), employed on service contracts received monthly payments of CLP 805,000 and CLP 925,000 (\$1,284 and \$1,452), while an administrative clerk (Ms Z\*\*\*) on a regular fixed-term post received a monthly salary of CLP 1,567,310 (\$2,461). Similarly, three project/programme assistants (Ms J\*\*\*, Ms V\*\*\* and Mr R\*\*\*), employed on service contracts, were paid monthly salaries of between CLP 1,200,000 and CLP 1,792,000 (between \$1,884 and \$2,813), whereas an assistant programme assistant (Ms V\*\*\*) employed on a project appointment contract was paid CLP 3,400,000 (\$5,361). These staff were nevertheless remunerated with salaries that were competitive with respect to the labour market at Santiago de Chile.

*Impact of budget reductions on the capacities of the Santiago Regional Bureau*

100. The impact of the budgetary reductions relating to the Organization's financial difficulties is particularly strong in the field of human resources. This is reflected both in a reduction of the number of posts paid for by Headquarters and in a lowering of the qualifications of the Professionals of the Office. The number of permanent posts thus went from 24 in 2011 to 19 in 2012, 16 in 2013, and finally to the lowest level of 14 in 2014 and 2015. Already in the 2012-2013 biennium, two Professional posts (P-4) were abolished, one in "education planning and management", the other in "secondary and technical-vocational education", which are nevertheless critical fields for the development of education in the region. The number of Professionals has thus gone from nine to seven. The number of General Services staff fell from 14 to 6, while the sole National Professional Officer (NPO) post was abolished in 2012.

101. While the number of permanent posts has been halved, the Regional Bureau has nevertheless preserved a constant staffing level since 2012, which even rose in 2015 (40 persons) if we include three posts located outside Chile and the five interns. The reduction in the number of permanent posts has thus been compensated for by the introduction of temporary posts: 26 (including five interns) in 2015 against 16 in 2012. Practically all of these posts are financed from extrabudgetary resources originating either in projects of other agencies (UNAIDS, one post), programmes financed by the European Union (DIPECHO<sup>32</sup>, three posts located outside Chile, but which are managed by the Santiago Office), or other donors (Government of Flanders, through Headquarters, one post attached to the UNESCO Division of Water Sciences, Paris). In fact, the Office raises substantial extrabudgetary resources, like other offices, in order to compensate for the reduction in permanent posts allocated by Headquarters, and this is done to some extent at the expense of the programmes.

102. In reality, the only posts that come under the operational responsibility of the Office are those that are financed from the management costs of the projects of the Chilean Government (additional appropriations); these are 11 service contract (SC) posts. This figure has remained constant since at least 2012. Half of these posts are at the level of SC-5 (service contracts), and are thus designed, in part and in view of their expertise, to compensate for the reduction in the number of Professionals. The increase in the number of temporary posts since 2012 is thus entirely attributable to the creation of five non-funded intern posts, the three posts located outside Chile (DIPECHO) and a temporary appointment at L-4 level financed from the Emergency Fund established when UNESCO's financial crisis struck, which all supplement the staffing of the Office.

103. The fundamental question being asked is that of the distribution of posts between Headquarters and the field offices. The number of 14 permanent staff members for the Regional Bureau entrusted with developing education in Latin America and the Caribbean appears to be rather low.

<sup>32</sup>

**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.

*Permanent staffing structure not geared to the responsibilities of the Office*

104. The permanent staffing table includes a significant number of posts of administrative staff or staff in the communication unit, or even mere operatives (one driver and one staff member for the internal mail, G-2) or 7 out of 14, while important officials of the Office – see the example below – are on short-term contracts whose renewal is contingent on the availability of funds. There is some question over the extent to which this is rational.

105. Furthermore, as already indicated, the administrative and financial unit is relatively weak in terms of numbers of staff with respect to the standards set by Headquarters. Memo BFM/2013/115 specifies for regional bureaux a structure headed by a P-4 and having three administrative assistants, whereas the Santiago Office has one P-3 and two administrative assistants. Furthermore, it covers 37 countries and has a budget of the order of \$10.4 million for the biennium (apart from permanent staff costs), of which \$7.7 million are in extrabudgetary funds.

106. A number of avenues have been explored by the Office to alleviate the staffing constraints, but thus far to no avail. Consideration has been given to outsourcing certain service functions, and the studies undertaken by the Administrative Officer (AO) have demonstrated that such outsourcing could help to free up posts and achieve savings in the Office, in view of the lesser cost of those services when performed by outside providers following competitive bidding.

**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.

*Precarious Professional posts*

107. Two examples may be provided to illustrate the above-mentioned paradox in detail.

108. **One individual was recruited by UNESCO in May 2009** after having worked for 15 years in the planning and evaluation services of the Chilean Ministry of Education. Since being recruited he has worked as Chief of the Planning, Management, Monitoring and Evaluation Section in the Regional Bureau for Education in Latin America and the Caribbean. He was first employed on a service contract (SC) for one year until May 2010. He was then extended several times for periods of one year or less (twice for six months in 2012, then 11 months in 2013 with a break in January, and several one- to two-month contracts until June 2014. In 2014 he was recruited as a project National Professional Officer (NPO, level D, corresponding to P-4) for a period of one year renewable. But, renewal is contingent on prior assurance by BFM of the availability of the Special Account Programme funds which finance his post under the heading of temporary assistance foreseen: “Contribution to the Latin American Laboratory for Assessment of the Quality of Education (LLECE)”. This is funded by contributions from 20 countries of the region. Given that, at the time of the audit, only five countries out of 20 had paid their contributions, this individual's contract was renewed three times from one month to the next in 2014, as a result of budgetary constraints. The Office had funds for a long-term service contract (6 – 12 months) for this person, but in agreement with him, preferred to preserve his NPO-D status on a temporary post while waiting for the additional project funding from which his post was financed, which only materialized three months later. The Office is prepared, if necessary, to put him back on a 12-month service contract in 2016, in view of the availability of funding under the additional appropriation provided by the Chilean Government.

109. While not wishing to minimize the budgetary difficulties underlying this situation, it is not normal for the Organization to keep what is in reality a permanent staff member on a succession of temporary posts. This is normal neither for the Professional in question, who cannot expect to be maintained on a regular post (despite the fact that he has served the Organization for more than six years, with glowing evaluations), nor for the Office, which may at any moment lose an expert in a strategic field which has been the subject of continuous programmes since the late 1990s (and whose most recent study is to be disseminated over the entire continent in 2016); finally, it reflects a lack of confidence in the Office on the part of Headquarters.

110. This question also concerns the distribution of funds for management costs between Headquarters and the field offices (see above) and the autonomy of directors – at the financial level – which one might think should be strengthened, at least in cluster or regional offices, or again in field offices that generate significant funds from donors or the country concerned.

111. An individual was seconded by the Government of Flanders to work in the UNESCO Division of Water Sciences from 2012, for an initial period of three years on a number of projects concerning Chile and the region. The donor requested an extension of two years for this individual since the activities that the donor was funding had been extended for two years and a new water security project had also been launched at the beginning of 2015. However, on 16 January 2015, the expert was informed that a two-year extension of his contract had not been accepted by UNESCO, and that only one year would be authorized. True enough, the Human Resources Manual (Chapter 13.17) provides that secondments may exceed three years only in exceptional cases, and under no circumstances be for four years. A request for a waiver was approved on 17 March by the Director-General (to whom such matters must be referred), and the contract was extended for one year (June 2015-May 2016). That being the case, the Flemish Government (Flemish UNESCO Trust Fund – FUST) no longer intends to finance a fifth year for UNESCO. The situation of Mr Verbist and hence the implementation and monitoring of projects will no longer be ensured from June 2016.

**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.

#### Maintenance of staff files

112. The maintenance of staff files has room for improvement. With regard to the files of local staff, which should be kept permanently by the Office, a number of files which had been found to be incomplete when consulted, had missing documents added to them at the request of the auditors. Even though the Human Resources Manual does not explicitly so require, the staff files do not contain any information on absences (apart from certified sick leave) or the leave taken by each staff member, which makes it difficult to have proper human resources management. With regard to the files of permanent staff members, performance reports were consulted at the request of the auditors: the obligatory biennial evaluations had all been completed in DUO for the most recent biennium.

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

#### Service contracts

113. Service contracts are in principle reserved for temporary activities that cannot be performed locally by regular staff. While the use of such temporary assistance contracts is at the discretion of the director of the office, who is at liberty to use the funds at his or her disposal, the proportion of such temporary contracts should remain as low as possible. And yet, they account for as much as one-third of the staff of the Office.

114. The auditors analysed some eight files of individuals employed on service contracts out of a total of twelve such contracts currently running. The duration of employment of individuals on service contracts appears to be very long. The most recent recruitment goes back to 2011 (Ms M\*\*\*), the oldest was in 2005, which comes to 10 consecutive years (Ms \*\*\*), while the mean length of service contracts in the Office is six years (recruited in 2009).

115. Of the eight files examined, seven concerned individuals who had first been employed in the Office under special service agreements (SSAs), an earlier form of temporary contract designed to be renewed for no more than 11 consecutive months in every 12 months. New contracts of this type were signed, and then these posts were systematically extended in the form of new service contracts, which in turn were extended, often by means of amendments concerning the length of the contract. With a maximum length of 12 months, service contracts may indeed be renewed several times, with no explicit limit on the number of times in the field. However, systematic renewal and changing the type of contract constitutes a diversion of the function of temporary assistance which such contracts are meant to provide, and gives the beneficiaries unjustified hopes of systematic renewal. This practice also helps to avert the more appropriate solutions either of creating a permanent post or of revising the tasks to be performed. This is one means the Office has found of continuing to function despite the restricted number of posts allocated to it by Headquarters.

116. The Office claims that since 2009 it has pursued a recruitment policy using service contracts, which is in line with the practices stipulated by the Administrative Manual: deciding on the terms of reference, inviting applications and establishing recruitment panels, shortlisting of at least three candidates, holding interviews with the panel and announcing the results. The eight service contract files examined do not give evidence of any selection procedure based on a shortlist. According to the explanations by the administrative officers, this lack is attributable to the date of recruitment of those persons, which was before 2009. The selection file of a person employed more recently on a service contract (Mr P\*\*\*, in 2015) shows that such a procedure was indeed rigorously followed.

117. Examination of the sample of files shows that the missions were properly outlined in the contracts, with notable progress being achieved in recent years in the terms of reference of the posts.

118. Comparison with the salary scales for Professionals in force in Chile shows that the remuneration offered for service contracts now corresponds to the UNESCO Professional salary scales according to the levels that correspond to the scale of qualifications in force. For all the service contracts examined, the gross salary has not changed since the signature of the first contract of this type – in accordance with the current salary policy of UNESCO, albeit sometimes over a longer period.<sup>33</sup> However, the setting of salary levels thus far appears to be informal inasmuch as it has not yet been regulated by an explicit procedure making specific reference to benchmarks.

**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.

### Consultants' contracts

119. In addition to staff members of the Office on the Office's staffing table, the Office employs numerous consultants for the implementation of its projects (104 in 2014, and 122 during the first nine months of 2015). Accounting for a budget of \$1,772,000 between January 2014 and

<sup>33</sup> With the exception of 2014, in which all gross monthly remunerations declined, in Chilean currency, by a factor of approximately 15% in order to ensure that social security could be deducted at source.

September 2015, this particularly high expenditure item was considered to be a specific point, on which there are good prospects for improvement.

120. Expenditure on consultants is focused particularly on certain projects. The programmes on Planning, Management and Monitoring to Improve the Quality of Education, Quality and Inclusive Higher Education, and the Regional Strategy on Teachers in Latin America and the Caribbean, all directly funded by the Chilean Government through an additional appropriation, account by themselves for a large proportion of such expenditure (\$1,178,000).

121. The auditors analysed a sample of 19 files, selected on the basis of their amounts or in view of their particular characteristics (payment of small lump-sums in a high number of contracts, inclusion in the fees of mission expenses).

122. The classification of consultants used by the Office and available to the Office's administration needs to be better unified and enhanced in order to meet the standards for rosters recommended by the Organization. Such a roster would make it possible to get a better idea of consultants' expertise and skills in order to have a pool of qualified candidates. The lack of such a roster is all the more detrimental in that all the consultants' files examined indicate a first recruitment by UNESCO, or otherwise mention no such previous recruitment or evaluation (except in cases of immediate renewal). On the other hand, programme specialists have an informal database, which was established with the help of UNESCO's institutional partners. Such a recruitment "pool" should be formalized with a view to constituting the required roster.

123. Examination of the sample showed that the selection procedure was observed in the main, with the exception of the eight contracts described hereafter. In the cases where the procedure was observed, three applications were examined systematically, and the decision of the recruitment panel, made up of members of UNESCO and the Chilean Ministry of Education, was contained in the file. In the case of consultants' contracts for more than \$20,000 (with the exception of the cases described hereafter), the more stringent conditions were observed, with the exception of the submission by each candidate of a written proposal and description of their approach to the projects in question, which, on mere inspection of the files, does not appear to be practised by the Santiago Office.

124. The contents of the consultants' missions call for comments in the case of six files in the sample (contract Nos. 275149, 274900, 275151, 274901, 276152 and 275150). These were repeatedly remunerated for expenses relating to translation, production of materials and synopses for consultancy work directed by the ministry in charge of school reform in Chile or also, for an analysis of the use of school resources, for a report commissioned by OECD (Programme on Assessment of the Quality of Education).

125. Examination of the sample shows that remuneration was most often set as a lump sum. Contrary to the practice recommended, there does not appear to have been any formal search for the best value for money. On the other hand, in the case of contracts involving travel costs (five contracts), the travel lump sums were duly the subject of a separate estimate in the contract.

126. Evaluations of the consultants, most often summary, were entered in DUO at the end of each provision of services. There is no trace of filling in the relevant form (selection and evaluation of individual consultants), provided for by the rules and regulations prior to each recruitment of a consultant, with a view to enhancing monitoring and evaluation.

127. The consultants are supposed either to be acknowledged specialists, or to provide the necessary skills or expertise for a particular service, in cases of a one-off need; they are not supposed to perform the tasks of permanent staff of the Office (the case of M\*\*\*, referred to above), or to act as sub-contracting agents to the Chilean Government (additional appropriations).

**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.

Cases of consultant contracts concluded in irregular fashion<sup>34</sup>

128. The case of five of the best paid consultants in the last biennium, involving significantly high amounts, calls for some observations. These consultants' contracts were decided on following a request by the Chilean Ministry of Education (as shown by the minutes of the meeting of the Chilean National Commission for Cooperation with UNESCO of 24 April 2014) following the earthquake in the region of Arica and Tarapaca in the north of Chile, with a view to formalizing a working proposal for support and psychosocial rebuilding of the fabric of teachers and pupils in those regions. In order to recruit the consultants, the Office was of the view that the situation corresponded to the emergency situations described in the procedure contained in the Organization's Human Resources Manual.

**Table 9: Contracts and amounts corresponding to the highest expenditure on consultants (2014-2015) (in United States dollars)**

Consultants	Amounts (2014-2015)
Total XXX 1	155,247
Total XXX 2	99,866
Total XXX 3	96,534
Total XXX 4	56,533
Total XXX 5	56,533

Source: Data: Santiago Office (table: auditors)

129. Above the \$20,000 threshold, the rules require greater degrees of publicity, selection and monitoring of remuneration, and these have not been observed. The five persons, who incidentally were on their first recruitment by UNESCO, were recruited without any kind of competition. They did not, as normally required, submit a written proposal and outline of their project for the performance of this highly important mission for UNESCO and the Chilean Government.

130. Management justify this exception by appealing to the provisions of the Manual, which mentions "emergencies (for example, in post-conflict or post-disaster situations), when a lack of time makes it difficult to use a more thorough selection procedure". The files do mention a waiver granted by the Director of the Office. Furthermore, nothing proves that observance of the statutory procedure would have substantially delayed the beginning of implementation of the project, which was begun in June 2014 and concluded in the final quarter of 2015.

<sup>34</sup> The Regional Bureau must transmit to the auditors immediately upon reception the audited financial statements that the abovementioned consultants must submit to UNESCO.



131. Assigned to budget lines, whose titles “Planning, Management and Monitoring to Improve the Quality of Education” and “Quality and Inclusive Higher Education” (J39) appear to have only an indirect link to the basic purpose of the mission, the rates of remuneration applied to these consultants’ contracts were set systematically (for all three phases of the project) and very significantly above the maximum rates allowed by the rules (\$10,850 per month for one senior consultant and \$15,200 for an executive consultant). Such rates of pay, even if approved by the Director of the Santiago Office, were not subject to any specific value-for-money analysis, and are thus not fully justified.

132. Although all travel expenses included in the remuneration of consultants are supposed to be separate within the execution of the contract (in other words, foreseen in the remuneration and duly justified before disbursement of the expenses), the contracts included prior payment of all expenses that might be incurred in connection with travel and the organization of meetings for the contract. At the time of the audit, the programme specialist had not yet received documentary justification for those payments.

133. The specific case of the “leading” consultant for this mission, whose total remuneration over one year exceeded US\$ 100,000, should have required a visa from the Director of Human Resources Management (HRM) at Headquarters, and given rise to consultation of the Contracts Committee (HR Manual item 13.10, paragraphs 52 and 54), which did not occur. The management of the Office claim that they consulted Headquarters, and invoke the provisions of the Administrative Manual, which grant authority to conclude contracts under \$350,000 to directors of field offices in case of emergency, even though such provisions are not specific to consultants.

134. The large amounts of these consultants’ contracts, the informal manner of the consultants’ selection in the case of projects funded from additional appropriations from the Chilean Government (in agreement with it), and the irregularities noted, even though justified by the doubtless relative emergency, point to a need for better supervision of these contracts by the Santiago Office. This situation, together with the large amounts of the contracts concluded, make it more difficult and less transparent to analyse the risk, to monitor the quality of this type of recruitment, and to ensure that the funds are used properly.

135. As stressed above with regard to competitive bidding, it would seem that the close collaboration with the Chilean administration might lead to excessive flexibility with regard to selection procedures.

**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.

## **9. Various observations concerning management**

### Management of bank accounts

136. The Santiago Office has two bank accounts, one in United States dollars and the other in local currency. The list of authorized signatures is in accordance with the rules and regulations. The monthly credit and debit balances are consistent for 2014 and the first eight months of 2015.

137. The maintenance of these bank accounts prompts a number of remarks: following the dematerialization of procedures, the Santiago Office keeps only the bank reconciliation statements and the regular bank statements. The reconciliation statements for 2014 and 2015 were duly signed by the Director and countersigned by the Administrative Officer each month. When the files on account maintenance were examined, the auditors noted the absence of certain reconciliation statements in 2015, and the often deficient nature of the information (neither payee nor purpose of the payments) in the list of payments not yet debited (cheques), which it is obligatory to provide in

support of the reconciliation statements. All such documents were provided at the request of the auditors.

#### Management of petty cash

138. The amount of cash available in the petty cash fund in 2014 or 2015 at no time exceeded the amounts foreseen by the rules and regulations. The use of petty cash appears to have been in accordance with the rules and regulations, and all disbursements were justified.

139. A monthly balance sheet was signed by the Director and countersigned by the Administrative Officer. Annual inspections of the fund including and end-of-year inventory were carried out by officers of the Office.

140. An unannounced inspection by the auditor showed that the cashbox was kept under lock and key, accessible only to authorized persons, and contained the right amount of cash, in accordance with the most recent statements of disbursements.

#### Management of assets

141. The assets of the Santiago Office, at the end of 2014, according to the (unsigned) accounts consulted by the auditors, were worth \$20,832.64 (\$294,313.12 before depreciation). These were essentially two automobiles (\$5,220 after amortization and some computers (\$9,319), in addition to various items of computer and office equipment. The level of amortization attests to the high degree of obsolescence of the equipment: with respect to the computers alone, for a total purchase value of \$140,692, computers under five years of age represented a total purchase value of \$17,265 (\$9,319 after amortization). The telephones and audiovisual equipment are fully amortized.

142. The accounting inventory of the Santiago Office, as provided by the integrated management application FABS, as for other offices, gives only a very imperfect picture of the assets. While the rules and regulations only require the registration of items of more than \$1,000 in value and attractive items worth more than \$300, confrontation of the list of acquisitions in 2014 with the accounting inventories for 2013 and 2014 shows that some computer equipment exceeding these amounts were omitted. Furthermore, the accounting inventory, drawn up according to rules set by Headquarters, is not consistent between 2014 and 2015.

143. The Santiago Office keeps an exhaustive physical inventory of all equipment, both computer and other equipment. This inventory, which is based on a system of labelling and bar coding of all equipment (apart from office supplies) and office furniture of an estimated value of more than \$250, is substantially more exhaustive than the accounting inventory, and easier to use for the management teams. However, the way in which it is drawn up is based on tacit (unwritten) rules, and there is no quality control. The lack of an outgoing inventory means that numerous pieces of equipment, which are no longer useable, are listed (for instance more than 189 laptop or desktop computers are contained in the inventory).

144. The lack of interoperability between the asset management software of the Santiago Office and the System Applications and Products (SAP) system (which manages the compilation of accounting inventories through the Finance and Budget System – FABS) does not allow the administrative teams of the Office to reconcile their own physical inventory with the accounting inventory drawn up by means of FABS. Without proper visibility regarding the rules of the classification and depreciation of assets in FABS, they did not feel that they were in a position to undertake an accounting estimate of the value of their own inventory, which would have enabled them to use it as a forward-looking management tool for purchases, maintenance and repair needs, or the retirement of obsolete equipment. The administrative services indicate that they are prepared to enter into dialogue with Headquarters on this matter.

**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.

## 10. Travel expenses

145. Expenditure relating to travel (mission travel and travel on home leave) was high, amounting, over the past two biennia, to \$807,382, or for those two biennia, between 6% and 9% of the expenditure of the Office (excluding staff costs). These amounts are furthermore taken chiefly from extrabudgetary resources (\$588,221), of which they represented between 5% and 9% of expenditure (excluding staff costs), and to a lesser extent from programme funds and regular budgets (\$205,072), of which they represent between 8% and 9% of expenditure (excluding staff costs).

**Table 10: Travel expenses of the Office (2014-September 2015)  
(in United States dollars)**

	<b>2012-2013 (disbursed)</b>	<b>2012-2013 (disbursed)</b>
<b>Travel expenses</b>	394,020	409,275
Regular budget	92,958	122,114
Extrabudgetary	301,062	287,159
<b>Total allocation (exc. staff)</b>	4,303,071	7,444,245
Regular budget	1,268,489	1,555,063
Extrabudgetary	3,034,582	5,889,182
<b>Travel costs percentage</b>		
Of total allocation	9.2%	5.5%
Of regular budget	7.3%	7.9%
Of extrabudgetary	9.9%	4.9%

Source: Santiago Office (table: auditors)

146. Programme specialists account for the greater part of travel costs. During the period 2012-2015, for programme specialists present at the UNESCO Office over the whole period, such expenditure represented between \$47,300 and \$97,300.

**Table 11: Travel expenses of programme specialists (2014-September 2015)  
(in United States dollars)**

<b>Programme specialists</b>	<b>Amounts</b>
Total XXX 1	47,341.04
Total XXX 2	60,549.26
Total XXX 3	58,408.70
Total XXX 4	69,738.44
Total XXX 5	90,278.15
Total XXX 6	97,350.12
<b>Grand total</b>	<b>423,665.71</b>

Source: Santiago Office (table: auditors)

147. In accordance with the rules and regulations, the Office drew up three-monthly travel plans in both 2014 and 2015. All travel involving travel expenses was undertaken on funds foreseen for this purpose in the three-monthly travel plan in 2015, which made it possible to ensure that budgets were observed.

148. Examination of a sample of 15 travel expenses files showed that they were kept in satisfactory fashion. Each file contains a travel request, justified by the traveller, an official travel

order, a travel record, and a travel report signed by the traveller and the Director of the Office. Dematerialization of travel requests has led to a jump in quality thanks to the use of DUO. Furthermore, travel appears to have been properly justified, with invitations and programmes of events produced in support of the files. Although reimbursement of expenses is done on the basis of per diem allowances, the Office maintains the good practice of keeping the bills for accommodation during official travel.

149. Mission expenses advanced or reimbursed to staff members were calculated in satisfactory fashion. Examination of travel records and payments shows that daily subsistence allowances were calculated correctly (as were expenses to be reimbursed for home leave), particularly in cases where such expenses were applied at declining rates (long journeys). Certain files even show that the cost of certain meals was not reimbursed, having been paid for by the travellers on their own initiative, which is a good practice.

150. Nevertheless, certain travel expenses files could be improved on a number of points. In particular, travel reports are sometimes submitted tardily (for example travel order No. 1219, justified in January 2015, and to Brasilia and Temuco in November-December 2014, were only justified in March 2015), even though the rules lay down a deadline of one month for the submission of the reports in order for payment to be effected.

151. One large travel expense (No. 1153, \$15,737) is explained by the appointment, approved by Headquarters (written confirmation of the agreement of Headquarters regarding the total amount of this expenditure has not yet been transmitted), of Mr XXX as acting Administrative Officer to the Quito Office. This travel, a consequence of which was to deprive the Santiago Office of the services of an important administrative staff member (deputy to the Administrative Officer) for three months, and to generate substantial travel expenses for UNESCO, prompts one to question the desirability of such missions instead of alternative solutions, such as inviting applications for a temporary staff appointment or some other form of temporary assistance. However, according to the management of the Office, this assistance provided by the Santiago Office at the request of the Quito Office helped to substantially strengthen the links between the two offices, and thus constituted added value for the Organization.

152. As a general rule, the possibility of using alternative means of communication apart from travel, judging by the justifications found in the files, does not seem to be considered systematically. Some of the trips were rather long (for instance, travel order No. 0976 of five days in June 2014 to Santo Domingo; travel order No. 0865 of five days to Brasilia) with respect to the purpose of the mission (a one-day seminar), even though justified by the logistical, political and technical coordination required for those events, and authorized by the Director. Alternatives to the on-site preparation of such meetings could well have been envisaged in view of the costs involved. Such cost-benefit analysis, in particular for the most costly missions, is strongly recommended by the rules, and is part of the responsibility for monitoring and accountability of the Director of the Office.

153. The Office systematically uses three different travel agencies for its travel tickets. Staff members who need to travel request three different quotes, and the administrative service validates the travel (dates, quote selected, etc.). This has been verified.

154. However, the system is not fully satisfactory. The Office feels that the prices proposed are much higher than what it could get by purchasing directly over the Internet. In order to do this, it would need to get a professional card, but Headquarters has not authorized it to do so. Furthermore, the three travel agencies have had the UNESCO market since before 2009 (the first contract has not been found). It is therefore important that a new invitation to tender be launched in order to find more responsive and less costly partners.

**Recommendation No. 27 (Office and Headquarters).** 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).

## 11. Management of projects by the Office

**Table 12: Projects outstanding of the Santiago Office (in United States dollars)**

<i>UNESCO projects</i>	<i>Total</i>
<i>Regular Programme (C/5), Headquarters funds Education</i>	<i>1,076,674</i>
<i>Culture</i>	<i>52,321</i>
<i>Communication</i>	<i>33,000</i>
<i>Regular Programme (C/5), Additional appropriation Education</i>	<i>3,901,020</i>
<i>Extrabudgetary<sup>35</sup> projects Education</i>	<i>5,987,079</i>
<i>Total</i>	<i>11,050,094</i>

Source: Santiago Office

*Explanatory note: The table presents the projects run by the Santiago Office. Certain projects in the field of education (to the exclusion of culture or science) may be implemented by country offices (for approximately \$250,000 from the regular budget for example; the breakdown is not available for projects funded from extrabudgetary resources).*

### *Nature and funding of the projects implemented*

155. The Santiago Office acts as Regional Bureau for Education but unlike the Havana and Montevideo Offices, does not have the status of a cluster office. It assumes responsibility for numerous education projects in the Latin America and the Caribbean (LAC) region. For the forthcoming biennium, the Office is endeavouring to ensure that the objectives of the forthcoming Regional Education Project for Latin America and the Caribbean (PRELAC) and the action of the Regional Bureau are consistent with one another.

156. Most projects come under the Education Sector (98.5% of funds). In this field, all projects are properly related to UNESCO's strategic orientations for the region, through the 13 expected results (ERs) of the regular programme and budget selected in the regional strategic framework. The national strategic framework is also consistent with the regional document. Analysis of the projects with respect to those documents shows that two of the main action areas in the region account for most of the funds: Quality of Education and Regional Strategy for Teachers.

**Table 13: Type and funding of projects (in United States dollars)**

<sup>35</sup> Breakdown by field office of these resources is available by project, but as a function of the total number of extrabudgetary projects.

Action Areas (Regional Framework)	Allocation
1. Quality of Education	1,356,753
2. Regional Strategy on Teachers and School Leadership	1,472,648
3. Inclusive Education	349,732
4. Following up the EFA and post-2015	468,492
5. Education for Sustainable Development and for Managing Disaster Risk	683,396
7. Literacy and Education of Young People and Adults	594,863

Source: Santiago Office

157. The small amounts allocated to most of the projects funded solely from the regular programme explain the growing tendency for UNESCO's role to take the form of technical support and coordination rather than direct intervention. On the other hand, the volume of extrabudgetary resources, in particular those from the additional appropriation provided by the Chilean Government, considerably increased the proportion, during the 2014-2015 biennium, of projects, often national in scope, in which the Chilean Government was directly involved, including with respect to setting strategic orientations and implementation. These projects, nevertheless, are meant to serve as pilot projects illustrating good practices that may be extended to the entire LAC region. This provision of extrabudgetary resources for regional projects is part of a growing strategy of South-South cooperation. However, the regional added value of such projects remains difficult to assess.

158. Projects in the fields of culture and communication account for a very small proportion of allocations (\$85,321 or less than 1.5%).

159. As of September 2015, the implementation rate of projects appeared to be satisfactory (92.81%), both for projects decentralized to field offices of the LAC region in the field of education (with the exception of one office: 40%).

#### Management of projects by the Office

160. The Santiago Office drew up the work plans for all its projects through SISTER. However, management do not have, at any given moment, a consolidated overview of the concrete execution and implementation of the projects, whether by sector, type of funding, geographical distribution or type of expenses (staff costs, consultants, logistics, etc.).

161. At the request of the auditors, the Office produced a synopsis of the performance of 10 of the most important projects of the Office, on the basis of reporting information available in SISTER, all relating to education. The auditors also examined the files on SISTER of the extrabudgetary project 257RLA1005, Latin America and the Caribbean Programme for HIV and Health Education, funded by UNAIDS.

162. All the (electronic) project files examined reflected rigorous design and programming by the programme specialists. The description of the implementation strategy was complete. For each of the projects of the sample presented by the mother code, the relevant information was provided: expected results, key outputs, and performance indicators, and these fully reflected the Office's work plan.

163. Project monitoring by programme specialists and the coordinator was satisfactory. Of a total of 42 files monitored by the projects' coordinator, 40 received the obligatory half-yearly assessment by project specialists, which was validated by the Director of the Office (the files are shown as being "on track"). Indication of associated risks and lessons learned was done methodically.

164. For each of the projects presented, the progress achieved was shown exhaustively for each six-month period, giving the chief risks and lessons learned of the programme. In summer 2015, all projects showed an advanced state of implementation, with the exception of one project (ER 9: Technical assistance and capacity building for ESD, with a focus on climate change, disaster risk reduction and biodiversity in LAC), in particular because of the departure of the programme specialist responsible for that project.

165. The great majority of the selected performance indicators concern the drafting and publication of reports and the holding of seminars or regional meetings. More rarely, some projects have objectives, not concerning activities, but in terms of their impact and dissemination of the methods devised by the action for the countries of the region (for instance, ER 1: Number of countries using the UNESCO conceptual framework for a quality education policy – 3 countries; UNAIDS project: number of countries equipped with a multi-sector strategy for the fight against HIV – 15 countries) or for the actors concerned (for example ER 9: Number of teachers trained in the environment and sustainable development – 100 teachers).

166. Monitoring of project performance remains, on the whole, a heavy and not very operational exercise. The presence of two types of performance indicators (expected results and key outcomes), the use by some projects of redundant indicators (for instance ER 1: Planning, management and monitoring to improve the quality of education in LAC, and ER 6: EFA/PRELAC Monitoring in LAC or ER 5: Regional strategy on teachers in LAC, and ER 7: ICTs in favour of learning in LAC), the self-reporting of indicators and targets, and the general absence of baselines with the indicators from the previous biennium ending in 2013, all made it difficult to make a genuine evaluation of the long-term progress achieved.

167. The action of local offices was monitored in the case of extrabudgetary projects (for instance, 514RLA1038: Joint UNESCO-Santiago-AECID programme (cooperation with Spain) and the Latin America and the Caribbean programme for HIV and health education), but with greater difficulty in the case of regular programme projects. In the latter case, monitoring action by the Regional Bureau was limited to verification of the information provided by local offices in SISTER.

168. The architecture of SISTER has a blind spot with respect to projects funded from additional appropriations. Project 7210155011STG, which is attached to expected result 5 (Regional strategy on teachers in LAC), is emblematic in this regard. Reporting on this project concerned only the smaller portion of resources from the regular programme and budget (\$89,000), to the exclusion of actions directly funded from additional appropriations (\$1,200,000), in particular the provision of technical assistance to the education system in the regions in 2014 for an amount of \$781,250. This activity was indeed monitored closely by the Office, by means of Excel spreadsheets, which were shown to the auditors, but there has been no performance evaluation of it, nor are any specific reports on it visible in SISTER.

**Table 14: Monitoring of expenditure of projects of the Santiago Office funded from the regular budget (in United States dollars)**

REGULAR BUDGET				
Year	Current Allocation*	Expenditure	Available Allocation	Exp. %
2014	614,628	614,628	0	100%
2015	858,020	813,641	44,379	95%
<b>Total</b>	<b>1,472,648</b>	<b>1,428,269</b>	<b>44,379</b>	<b>97%</b>

\*Of which Additional Appropriation (Chile - Ministry of Education) 2014-2015 (in US\$): 1,299,948

Source: Santiago Office

**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.

*Focus: Project on linguistic and cultural strengthening on Easter Island*

169. The auditors examined, in particular, the management of the project for the elaboration of a proposal for linguistic and cultural strengthening on Easter Island. This, too, is a project which is funded under an additional appropriation, and attached to expected result 1 (Quality of education), with no information on it entered into SISTER. This is a flagship project, launched on the initiative of the Ministry of Education, for which UNESCO's technical support has been requested. This politically highly sensitive project is being rolled out in a complex multicultural environment.

170. The project's programming and organization were of good quality. The maintenance of the files for this project, in particular those of the consultants, was highly rigorous. Consultation of these files showed a clear and consensual definition of the terms of reference of the project, which were negotiated in close collaboration with the consultants and the Ministry of Education.

171. The rules governing invitations to apply and the deadlines for their publication were observed. For the recruitment of the three main consultants, the Santiago Office published an announcement on the Internet, giving a deadline of 21 days for submission of CVs. For four other consultants, including two "community producers", the announcements received more limited dissemination by email and on social media with the Easter Island authorities, and three CVs were systematically considered for each mission. The files duly reflect the selection by a panel including staff of the Chilean ministry and of UNESCO.

172. The level of consultants' fees was the result of negotiation between UNESCO, the Ministry of Education and the Easter Island authorities, chiefly on the basis of a pay scale in force in the Ministry of Education. The files do not show that the consultants transmitted invoices, or that the negotiation of their fees was effected on the basis of the nature of the tasks to be performed, their duration, or any reference to daily or monthly rates, which best practices nevertheless recommend.



173. While one consultant was paid with a delay of approximately one month owing to a bank holiday, the files show that payments were otherwise made promptly following delivery of the expected products.

174. In view of the high political visibility of the project and the close cooperation with the Ministry of Education, the quality of the programming and implementation are to be commended. However, the specific context of UNESCO action under additional appropriations requires greater awareness-building and training among not only project specialists, but also partners, regarding rules and regulations governing selection of candidates, deadlines for the publication of announcements, and the obligation to ensure competitive recruitment. In this connection, best practices in force in the Organization and outlined in the Administrative Manual could be enhanced: the broadest possible calls for applications, meetings of selection panels, submission of commercial estimates and written proposals by candidates, and methods for setting the level of fees.

**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.

### III. ACKNOWLEDGMENTS

175. The External Auditor expresses his sincere thanks to the management and staff of the Santiago Office for their openness and constant attention, and for the quality of the information provided to the auditors.

## ANNEX 1

Biennium		2010 - 2011		2012 - 2013		2014 - 2015			
		Total Allocation	Spent	Total Allocation	Spent	Allocation	Decentralized from HQ	Total Allocated	Spent
Regular Programme		1 464 663	1 464 663	582 803	582 803	528 413	296 972	825 385	808 877
Regular ED Programme - Implemented by other LAC Fos			-		-	356 900		356 900	267 847
Running Costs		481 086	481 086	442 004	442 004	478 624		478 624	339 878
Security Costs		132 333	132 333	243 682	243 682	261 000		261 000	138 461
<b>Staff Costs</b>									
Headquarters		4 994 000	4 994 000	4 288 100	4 288 100	4 423 641		4 423 641	
Running Costs		57 400	57 400	153 964	153 964	151 376		151 376	
Extrabudgetary		423 292	423 292	464 070	464 070	582 439		582 439	
Additional Appropriation		-		41 400	41 400	92 879		92 879	
Total		7 552 774	7 552 774	6 216 023	6 216 023	6 875 272	296 972	7 172 244	1 555 063
<b>Extrabudgetary Resources</b>									
Sector	Donors	2010 - 2011 Agreed amount	2012 - 2013 Agreed amount	2014 - 2015		Agreed amount	Available Balance		
ED	UNAIDS	501 068	655 847	1 309 056	213 975				
ED	SPAIN	968 575	702 036	654 216	226 207				
ED	European Comm.	412 057	588 928	941 120	343 938				
ED	Intervida	635 324							
ED	CERF / UN	1 279 720							
ED	SPAIN - UNDP Bolivia			89 730	49 091				
CI	IPDC			9 325	-				
ED	Additional Appropriation - Chile		1 087 771	4 692 605	973 659				
<b>TOTAL</b>		3 796 744	3 034 582	7 696 052	1 806 870				

**ANNEX 2**  
**TENDERS**

**List of tenders consulted**

114. N°4500269431	115. EDEC	116. 1	117. 21.470.000 118. (USD 34.242)
119. N°4500282369	120. PSRP	121. 1	122. 82.794.595
N°4500257434	PSRP		82.799.134
123. N°4500264527	124. GE(311644)		42.000.000
125. 4500266881	126. GE (311644)		34.500.000 (USD 55.736)
4500256429	HSF		143.990
4500268349	ld		215.985
4500279335-A1	ld		1.364.454
4500283312	ld		1.272.724
4500283480	ld		3.822.042
4500273974-A1	UC		79.409.900
4500273050-A1	FC		33.573.007
4500234352	PUC PU		(USD 130.000)
4500260643	PUC		12.000.000 (USD 20.000)
4500266532	PUC		58.000.000 (USD 93.969)
4500267996	PUC		(USD 37.000)
4500264526	CPP		36.000.000 (USD 57.508)

## ANNEX 3

**EXAMPLE OF PERFORMANCE MONITORING OF PROJECTS IN THE SYSTEM OF INFORMATION ON STRATEGIES,  
TASKS AND THE EVALUATION OF RESULTS (SISTER) FOR TWO OF THE MAIN PROJECTS  
FUNDED UNDER THE REGULAR PROGRAMME 2014-2015**

<b>UNESCO SANTIAGO REGULAR PROGRAMME IMPLEMENTATION AS OF August 2015 Education Sector</b>									
<b>Budget Code</b>	<b>Title</b>	<b>Responsible person</b>	<b>Budget Allocation</b>	<b>Summary Description</b>	<b>Expected Results</b>	<b>Performance Indicators</b>	<b>Target</b>	<b>Progress Report</b>	<b>Remarks</b>
7210115021 STG	(ER1 LAC) Planning, Management and Monitoring to improve the quality of education in LAC	A.Pizarro	20.000,0	The regional program for education planning is focused on supporting the Member states in the elaboration and implementation of national education plans embedded in broader development frameworks and national policies. The program also advocates the use and production of reliable data for decision making, thereby facilitating the countries' efforts to undertake planning, monitoring and assessment of their progress towards achieving quality education for all. Lastly, it carries out efforts to develop local capacities in order to reinforce evidence-based decision-making processes in education	1. (STG) Member States are supported in the elaboration and implementation of national education plans embedded in broader development frameworks and national policies and have relevant information available	Number of countries using UNESCO's information and conceptual frameworks on quality for educational policy planning	At least 3 countries	The regional program for education planning advocates the use and production of reliable data for decision making, thereby facilitating the countries' efforts to undertake planning, monitoring and assessment of their progress towards achieving quality education for all. Lastly, it carries out efforts to develop local capacities in order to reinforce evidence-based decision-making processes in education.  Through its Regional Information System (SIRI), the Office works jointly with UIS regional advisors• Plurinational State of Bolivia: create indicators so as to monitor the progresses of the recent Law Avelino Siñani-Elizardo Pérez. Strengthening the capacity to use evidence based data to develop inclusive policies in: SIRIED  The program also is focused on supporting the Member states in the elaboration and implementation of national education plans embedded in broader development frameworks and national policies. •Nicaragua: work together on the preparation and design of a plan for the Ministry for the post-2015 period /strategic plan  The General Education Quality Analysis Framework (GEQAF) project has been discontinued.  Monitoring education quality to guide policy: Production of few reports on the state of education in LAC to provide a diagnosis of progress towards EFA 2015 goals and to identify emerging trends that are likely to configure the emerging post-2015 education agenda for the region:•Support members states to prepare their National Review Reports: 22 National Review Reports were received from LAC countries (published at the EFA webpage).  •1 Regional Review Report on EFA (published at the EFA webpage). •OREALC/UNESCO Santiago finished publishing 9 position papers on post-2015 issues.	
						1 report on GEQAF in Peru 1 report on educational system in Nicaragua  1 report on educational multicultural education system in Bolivia	1 progress report on GEQAF in Peru 1 technical report on educational system in Nicaragua  1 technical report on educational system in Bolivia		
						Number of countries using the information systems for educational policy planning	LAC report on State of Education		
						New interphase for INNOVEMOS Network	A new version of Innovemos Network. At least 40 new experiences in the network		
					<b>Key Output</b>	<b>Performance Indicators</b>	<b>Target</b>		
					Information on EFA in LAC (diagnosis and challenges)	1 report on GQAF 1 report on Bolivia' Multicultural Educational system 1 report on Nicaragua's Educational System	1 report per country involved		

Budget Code	Title	Responsible person	Budget Allocation	Summary Description	Expected Results	Performance Indicators	Target	Progress Report	Remarks
7210155011 STG	(ER5 LAC) Regional Strategy on Teachers in LAC	Paz Portales	89.000,0	The "Regional Strategy on Teachers in LAC" has the strategic purpose to influence regionally policy making on teachers and the teaching profession while repositioning UNESCO as the lead institution on the subject. For the implementation of the Regional Strategy's Third Phase, the main objectives will be: a) producing relevant regional information regarding the teachers' performance; b) producing relevant knowledge on key issues regarding the quality of teachers' performance; c) delivering technical assistance to countries in order to implement UNESCO's guidelines for teachers policies (produced in the First and Second phases)	1. The competent authorities in countries of the region know and use knowledge and information produced by UNESCO in the framework of the Regional Strategy on Teachers in LAC, to design policies in favor of the strengthening of teacher performance	1. Technical reports on key issues for policy making in favour of the strengthening of teachers' performance 2. Intervention plans/documents based on knowledge and information produced by UNESCO, to implement new policies on teachers in countries of the region	1. Knowledge and information on key issues for the quality of teachers in LAC, at least: "leadership in education"; "use of ICTs in favour of learning outcomes". At least 20 new Good Practices systematized. 2. Countries in the region will implement interventions designed with the UNESCO support (technical missions for planning), at least 2	Outputs a) Regional study on state of the art in training and professional development policies of teachers for early childhood education in Latin America and the Caribbean is developed and under revision. Between January and March 2015, National Focus Group on Teachers for Early Childhood Education in each country were organized. b) Working paper on valuation of the profession and teaching career in order to analyze the efforts that have been made recently in Latin America and the Caribbean, and other countries with successful education systems, is finished and under publication process c) Document "Register of Significant Experiences of Teacher Policies in Latin America" published and disseminated among LAC stakeholders, including Ministries of Education representatives, civil society, universities, etc. d) Document "Critical Issues for Teachers Develop New Policies in Latin America and the Caribbean: the current debate," published and disseminated among LAC stakeholders, including Ministries of Education representatives, civil society, universities, etc. e) Regional Technical Meeting of the UNESCO Regional Strategy on Teachers in Latin America and the Caribbean, was carried out in São Paulo, Brazil, June 22-23, 2015. Twenty two countries have participated: Argentina, Belize, Brazil, British Virgin Island, Chile, Colombia, Costa Rica, Cuba, Curacao, El Salvador, Guatemala, Grenada, Jamaica, Mexico, Paraguay, Panamá, Perú, República Dominicana, Venezuela, Santa Lucia, Saint Vincent and the Grenadines, Suriname, St. Maarten. Results: 1. UNESCO is leading a study on policies for the training and professional development of teachers in early childhood education in Latin America and the Caribbean. The advanced draft was presented in order to include contributions from the relevant stakeholder in a Regional Meeting organized in Sao Paulo, Brasil, June 22 - 23 2015. The meeting was supported by UNESCO Brasilia and Carlos Chagas Foundation. This document represents a reference framework for policy makers as was recognized during the meeting. 2. A working paper on the profession and teaching career is ready and now under publication process. This document contributes as a referent on this issue in the region and represents one of several publications developed by the Regional Strategy on Teachers in LAC. 3. Continuous dissemination of the outputs of Phases I and II of the project is being carried out permanently. These actions help to These actions enable UNESCO maintaining visibility of the teacher's issues in the regional education agenda 4. The Regional Technical Meeting of the UNESCO Regional Strategy on Teachers in Latin America and the Caribbean, carried out in São Paulo, Brazil, June 22-23, 2015, allowed sharing relevant information, reflexions,	
					Key Output	Performance Indicators	Target		
					1. UNESCO reports on key issues for teacher performance in LAC with knowledge, information and data relevant to decision-making; technical assistance to Ministries of Education	Technical reports on key issues Technical assistance reports	Reports "leadership in education"; "use of ICTs in favour of learning outcomes". At least 20 new Good Practices sistematzed		
					Key Output	Performance Indicators	Target		
					2. Technical reports (from workshops)	Seminars organized and carried out, involving the faculty of cooperating institutions.	Reports "leadership in education"; "use of ICTs in favour of learning outcomes". At least 20 new Good Practices systematized		
					Expected Results	Performance Indicators	Target		
					2. (MTV) To develop a seminar on educational research agendas and a second seminar to analyze teacher training institute programs among the cooperating institutions	Seminars organized and carried out, involving the faculty of cooperating institutions.	2 seminars, drafts of technical reports produced		

					Key Output	Performance Indicators	Target	
					1. Technical reports (from workshops)	1. Seminars organized and carried out, involving the faculty of cooperating institutions	2 seminars, drafts of technical reports produced	<p>experiences and ideas. All of them will be considered in the final document which will be conceived as a collective effort in LAC.</p> <p>Challenges, lessons learned and corrective actions: The main challenges facing this third phase of the project is to maintain the motivation of the Ministries of Education in the region to ensure their participation in all activities to be implemented during the second half of 2015, and also using the products obtained through all phases developed by the project.</p> <p>Measures of sustainability and cost-effective The active involvement of the Ministries of Education in the region at all stages of the project and actions provides the basis of a process that is sustainable in the medium and long term, based on cooperation networks established in the region.</p> <p>Contribution to the results of the C / 5 This project contributes to the Expected Result N° 5: National capacities strengthened to develop and implement teacher policies and strategies to enhance the quality of education and promote gender equality.</p>

(Source: bureau de Santiago)

*End of audit findings.*