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Audit Report 2003/06

ON

2002 FIELD AUDITS



RESULTS OF 14 FIELD AUDITS
Conducted in 2002

Internal Oversight Service

May 2003

CONSOLIDATED REPORT on 2002 FIELD AUDITS

(2003/06)

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PART 1 - EXECUTIVE SUMMARY

Field Office Audits - Background

1. IOS was formally established in February 2001 to provide a comprehensive oversight mechanism, which covers internal audit, evaluation, investigation and other management support to strengthen the functioning of the Organization. As described in its biennium strategies and work plans, one of IOS's priorities is to improve internal control in the field locations. In 2001, 11 field audits were undertaken and in 2002, 14 field audits were completed.

2. The field locations to be audited were selected based on a risk model that has been established by IOS. The risk model includes various risk factors such as the office's budget, amount in suspense account, status of the office (e.g. if it is to be closed), appointment status of the office's senior management (e.g. Director is to be transferred or retiring). These factors are assessed and "measured". Based on the risks assessed through the risk model, the priority for the field audits is determined.

Purpose of the Consolidated Report

3. In order to effectively utilize the results of the audits, the audit observations and recommendations should be shared with all other field offices and Headquarters units so that inappropriate practices, non-compliance with established policies are prevented or discontinued, good practices are followed, and the recommendations are applied not only by the audited offices but more generally within the Organization. This is done through dissemination of audit observations and recommendations in management training (such as Regional Administrative Officer Training, Head of Field Office's Meetings in which IOS participates), individual discussions between IOS and field offices' Director or AO, and by issuing of Consolidated Reports which present systemic issues found in field office audits.

4. In June 2002, IOS issued the first Consolidated Report drawing lessons learned from 11 field audits conducted in 2001. This Report was shared with all HQ units and 62 decentralized units. The reactions received were encouraging. Many offices have been very receptive to the report, have held staff meetings to discuss the report and have utilized the self-assessment checklist attached to the Report to evaluate the effectiveness of internal control within their office. During the 2002 audits, the IOS audit teams found that some offices had clearly made improvements in their internal processes after utilizing the information provided in the report. However, there were some offices where the AOs were not aware about the issuance of the report. To address this communication issue, this 2002 Consolidated report is sent to both the Head of Offices and the Administrative Officers of all offices.

5. This second Consolidated Report presents systemic issues found in 14 field audits undertaken in 2002. Those issues that were already discussed in the first Consolidated Report are not repeated in this second report, although many of the same issues were found in 2002 audits. Therefore, those offices that have not used the first report are encouraged to do so before making use of this second Consolidated Report. While within the audit scope we looked for examples of

good practices which could be shared with other offices, unfortunately, there was nothing to report.

6. In order to help all field offices to address some of the systemic issues presented in this report, IOS has included a number of basic tools (monitoring forms, checklists) which can be immediately used by the offices to improve their procedures. Offices are encouraged to use these tools. If need be, they can be modified to align them with local needs. It should be noted that the use of these tools is not mandatory. However, IOS consider they will help the offices to strengthen internal controls, a view that is shared by DCO and BFC.

7. Furthermore, as in the first Consolidated Report, the appendix section provides a table that contains a summary list of all observations which can be used by all field offices to conduct a self-assessment exercise. Offices should review the report in its entirety and then use the self-assessment checklist to analyze whether the identified risks presented in the report exist in their office. If they exist, offices should establish action plans to address those risks. The checklist will also help the office to prepare for any upcoming audit. Offices are encouraged to use this self-assessment tool and the ownership of the results of the exercise rests with the office. While it is not mandatory to send the results of the self-assessment exercise to IOS, **we expect each office to complete the one-page questionnaire (last page of this report) to indicate what action has been taken in response to having used the 2001 Consolidated report and this 2002 report. The completed questionnaire should be sent to IOS.**

Audit conclusions

8. In IOS 2002 Annual Report (166EX/36), the Director General reported to the Executive Board that the internal control in field offices still needs considerable improvement. Progress has been made in some offices that had been audited through the implementation of the audit recommendations. However, overall, the effectiveness of controls in field offices was still considered to be unsatisfactory. A rating is given to each functional area audited (for example: financial control, contracting, supply procurement, travel, general administration) which reflects the effectiveness of internal controls that have been established by the office. There are three scale ratings (Unsatisfactory, Satisfactory and Exemplary). 45 of 56 (80%) of the ratings given were “unsatisfactory” and 20% were “satisfactory”.

9. Almost none of the offices audited in 2002 had been audited before. The main conclusion is that there continues to be a serious breakdown in the functioning of an effective accountability mechanism. Staff members performed their tasks without any sense or understanding of their accountabilities. Agreements were made with contractor/consultant/suppliers without valid legal documents (contracts, purchase orders), payments were certified and released without sufficient justification as to their validity (without proper invoices) and accuracy (numerous calculation errors), contracts were signed/awarded to consultants/contractors without sufficient justification to give reasonable assurance that the Organization is getting value for money, high-value contracts (including several of over US\$500,000) were signed/issued without approval from HQ Contract Committee or ADG/ADM as required by the established UNESCO's policies, and unforeseen expenditure was charged to extra-budgetary projects without approval from donors.

10. While it is true that some accountabilities related to financial authorities were not properly defined in the established policy, it should not have resulted in the undesirable situation related above if the management of the office (Head of the Offices and the Administrative Officers) had adequately exercised their financial and administrative supervision in the office. As has been repeated in many audit reports, since all expenditure is sent to HQ/DCO for processing through monthly imprest accounts, it is also the accountability of DCO to exercise proper expenditure control. DCO accepts that its role is to ensure, through compliance review, that financial transactions processed are correctly certified on behalf of the Comptroller in accordance with the Organization's Financial Rules and Regulations. DCO plans to perform post-facto expenditure control on selected financial transactions when the P4 post in DCO has been filled in (expected in September 2003).

Irregularities

11. All suspected irregularities reported to IOS or identified during the audits were fully investigated to determine the validity of potential violations. In 2002, there were four irregularity cases in the field offices involving significant amounts of funds which were investigated by IOS. Due process is being followed to secure for full accountability from those involved. In addition, during the audit, all findings related to incorrect calculation of payments (e.g. DSA, overtime), un-authorized payment (e.g. travel in business class) or invalid payments (e.g. inappropriate hospitality expenditures) made by an office were corrected and the relevant staff members were requested to reimburse the Organization or if the cases involved under payment by the organization then the correct amount was paid to the relevant staff members.

12. A key feature of the IOS approach to investigation is to assess the underlying control weaknesses that allowed an irregularity to occur or delayed its detection. This approach strengthens the contribution of IOS to improving the overall controls within UNESCO.

IOS 2003 Strategies

13. To assist the organization in addressing weak control environments in field offices, in addition to undertaking audits in the field, in Institutes and in HQ, in 2003, IOS will give strong emphasis in its work to preventive actions which include:

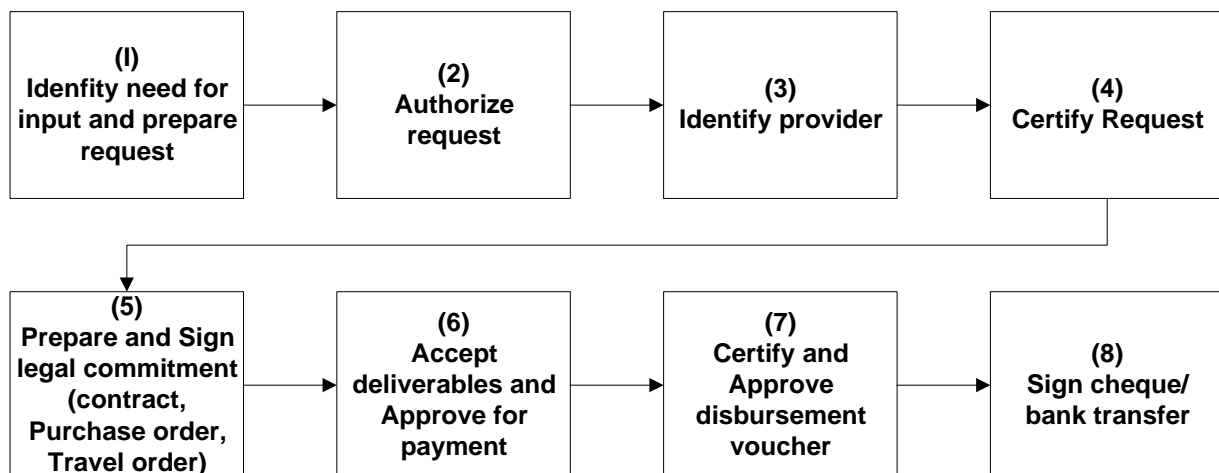
- Active participation in regional and global training to Directors, programme Staff and Administrative Officers with the primary objective of improving the culture of accountability within the Organization. In addition, the IOS participation also focuses on sharing of good practices, common risks based on audit findings, and in stimulating action to strengthen controls such as through proper segregation of duties.
- Continue the issuance of consolidated reports like this one of common audit findings proposing solutions to cross-cutting systemic problems. These will be widely distributed in headquarters and the field (not just to the Head of the Offices but also to all Administrative Officers or Administrative Assistants).
- Progressively converting the existing audit programmes used by auditors into self-assessment tools that can be used by management to self-assess and improve their own performance.
- Working together with relevant HQ units such as BFC (Bureau Field Co-ordination), DIT and DCO to ensure that the financial system to be implemented in the field offices will be able to help strengthen the functioning of effective control mechanisms.

PART 2 - SYSTEMIC ISSUES

14. The first Consolidated Report was structured by major work processes/functional area in a field office i.e. Financial Management, Contract Management, Supply Procurement, Travel Management, Human Resources Management and General Administration. The report presented systemic issues related to each work process and offered recommendations to address those issues.

15. This second Consolidated Report analyzes the systemic issues from a different angle. Essentially UNESCO funds (regular programme or extra-budgetary resources) are used to procure resources (inputs) which are used to achieve programme deliveries (outputs). There are four types of primary inputs – Consultancy/Contract Services, Staff, Supply Assistance and Travel. Almost all UNESCO disbursement of funds can be attributed to the provision of one form of these inputs. Even activities such as advocacy - which may not involve any additional financial expenditure - are implemented through the provision of a UNESCO input - technical assistance (either staff or consultants) and this input has a cost in salaries or fees.

16. Even though there are different Organizational policies or rules in relation to procurement of each type of these inputs, in general, the procurement processes for each type of inputs consist of similar steps, i.e.



17. Considering the importance for UNESCO to effectively and efficiently fulfill its commitments to plan, procure, and utilize appropriate inputs (resources) which are consistent with the Organization's Programme strategies with due consideration for economy, in this Consolidated Report of 2002 Field Audits, IOS has focused its analysis of systemic issues based on the above input procurement process. This report presents systemic issues related to each of the above eight steps.

NOTES

18. Throughout the report, the term “provider” refers to the third party who provides UNESCO with the inputs which can be in form of:
- service (i.e. the consultant or contractor or staff member),
 - supplies/equipment (i.e. the supplier or vendor), or
 - travel (i.e. the traveller including staff member or consultant)
19. The tools (e.g. forms, monitoring reports) provided in this report are intended to provide the offices with a recommended mechanism to improve internal controls. They are not intended to replace any standard tools that have been established following the existing rules, policies or procedures.

1. IDENTIFY NEEDS FOR INPUTS AND PREPARE REQUEST**a. Inadequate planning to identify need**

Audit Observations/Analysis: Procurement of service (or use of consultant) and supplies/equipment was not based on a pre-determined plan but on an ad-hoc basis as and when the needs arise. This also applied for some extra-budgetary projects. Audit observations showed that there were activities contracted to consultants that in IOS’s view could have been undertaken by project staff. Similarly, some of the project administrative work contracted out could have been entrusted to the administrative staff. One of the reasons for this situation is because there was no requirement for the office to include an analysis of the required inputs (e.g. services, supplies/ equipment, travel) in preparing their work plans. The work plans mostly concentrate on the activities to be undertaken and total funds required without indication on the type of inputs required to achieve the expected results. As a result, the use of staff resources were not properly planned and furthermore, procurement at short-notice led to inadequate consideration for cost and non-compliance to procurement policies requiring price comparisons. As for travel, some offices prepared travel plans but some did not. Even when travel plans were prepared, this was not used as a planning tool but more as a formality required by HQ. There was no attempt to link the actual travel undertaken with the plans and to identify ways to improve the planning process. In general, planning of procurement of inputs was not seen as a management tool to assist the office to better plan the programme/project implementation, to utilize the scarce resources efficiently and to enhance the efficiency of the Office’s administration process.

How would adequate controls assist field offices: Better planning would allow for more lead-time to select a credible provider and would assist the office in obtaining a more favourable fee/cost (e.g. if more providers submit proposals then there is better opportunity to get a more cost-efficient result. As for travel, in advance planning would result in a better airfare). Better planning would also facilitate bulk procurement (of say office supplies) rather than relying on a small number of small value procurements. This would also reduce the administrative workload in obtaining

price comparisons, bidding process and processing of the individual contracts/purchase orders/travel orders.

Recommendation 1

The Head of Field Office should identify type of inputs that need to be procured at the time of the preparation of the office's work plans or project work plans (for extra-budgetary projects).

b. Unclear, incomplete terms of reference or specifications to reflect the needs

Audits Observations/Analysis: This issue was mostly found in contracting and travel. In most cases the Terms of Reference (TOR) of contracts was found to be vague, unclear, incomplete or in some other cases, they were too wordy and unnecessarily complicated. There was no proper quality control by management on this important part of contract processing which was often neglected. There were cases where the contract deliverables validated by IOS (such as a report) did not correspond to the deliverables that were supposed to be submitted according to the contract's TOR. During the audit, some contracted personnel pointed out that their current functions did not correspond to the TOR of their contracts.

There was no guidance in the UNESCO administrative manual on preparation of TOR. In addition, limited knowledge of the commissioning staff member in regard to the technical content of the contract was another reason. The development of Terms of Reference for a contract requires a clear understanding of the work to be completed, a capacity to describe those requirements with adequate detail to provide direction to the service providers, and inclusion of some relevant contractual/ administrative issues to avoid any disagreement that can occur during the implementation of the contract.

As for travel, the purpose of the mission which forms the basic part of a TOR for an official mission, was often not adequately specified. As an illustration, a mission to attend a workshop only specified the title of the workshop but did not specify the dates of the workshop (which is necessary to approve the itinerary), the role of the traveller in attending the workshop (e.g. as resource person or participant) and the project/activities code to which project/activity of the office's work plans relate.

Unclear and incomplete TOR for the procurement of inputs leads to insufficient justification and difficulty for the relevant authorized officer in the field to approve the request for these inputs (see part 2: Authorize and Certify Request).

How would adequate controls assist field offices: Clear and complete TOR would help the office to obtain the expected output, increase accountability from the provider, enhance their productivity, and reduce the instances of conflict over contractual misunderstandings.

Recommendation 2

The Head of the Office should ensure that clear and complete TOR is prepared for each input procured. To assist the office to implement this recommendation, the following tools are attached to this report:

- Attachment 1 is a checklist of suggested basic items that should be included in the Terms of Reference for a contract. This checklist can be modified depending on the nature and size of the contract.
- Attachment 2 is a checklist of suggested basic items that should be included in the purpose of mission to be stated in a travel order.

2. AUTHORIZE REQUEST**Lack of information to perform the authorization effectively.**

The requests for inputs are normally made by the programme specialist and authorized by the supervisor or by the Director. The authorization was usually done “informally” i.e. without any form of written authorization which diluted the accountability of the staff member performing this authorization i.e. to ensure that the request is in-line with the office’s work plans and that the inputs are needed to achieve programme objectives. Furthermore, audit observations showed that the information available in the offices often did not support an effective process of authorization. In order to perform the authorization of the request effectively, the authorizing officer needs various pieces of information such as the work plans, information about other contracts, procurement or travel that have been undertaken for the project. In almost all offices audited, the record/list of all contracts, procurements and travel undertaken for certain project did not exist. Furthermore, in most offices, the filing of each contract, supply/equipment procurement or travel record was extremely poor. The files were kept in different places within the office in a disorganised manner. The contents of the files were not complete and were done in a sporadic manner. And in many cases, files could not be located.

How would adequate controls assist field offices: Written authorization of request would clarify and strengthen accountability of the staff member performing this authority. Proper records of all types of inputs that have been procured for a project would assist the authorizing officer in justifying the necessity for the requested input and to prevent procurement of the same inputs more than once. This would also serve as a management monitoring mechanism to keep track of commitments made by the office and to provide information regarding the level of expenditure for a project/activity. Adequate filing of individual contract, procurement of travel would provide sufficient information to the office management and staff, not just in authorizing a request, but for many other purposes and would minimize the time spent in locating a document when needed.

Recommendation 3

The Head of the Office should ensure that the relevant officers who are assigned with the authority to authorize requests for procuring inputs provide written authorization by signing the request prepared by the staff member requesting the input and that they understand their accountability i.e. ensuring that the request is in-line with the office's work plans and is needed to achieve programme objectives. To assist the office to implement this recommendation, the following tools are attached to this report (the offices are advised to prepare the attachments in excell spreadsheets which would allow the data to be sorted by various fields such as by project or budget code):

- Attachment 3 is a suggested form that can be used to record all contracts that have been issued by the office.
- Attachment 4 is a suggested form that can be used to record all supply/equipment procurements that have been undertaken by the office.
- Attachment 5 is a suggested form that can be used to record all travels orders that have been issued by the office.
- Attachment 6 is a suggested checklist of documents that need to be kept in a contract file.
- Attachment 7 is a suggested checklist of documents that need to be kept in a supply/equipment file
- Attachment 8 is a suggested checklist of documents that need to be kept in a travel order file

3. IDENTIFY PROVIDER

Absence of competitive selection and unjustifiable selection of the provider

Audit Observations/Analysis: In many of the offices audited, selection of consultant or suppliers was not done on competitive basis and there was no written justification for the basis of single source selection. In most cases, the selection was done by the Head of the Office, the Chief Technical Advisor or the Programme Specialist who commissioned the procurement. There were cases where the audit was not provided with sufficient justification for selecting the consultant and several factors related to the decision-making showed conflict of interests (e.g. hiring consultant of the same nationality as the officer who made the decision coupled with high monthly fees and the absence of important basic documents to justify the qualification of the consultant including the Curriculum Vitae). An example is a contract for a total cost of US\$ 23,000 for a three month period (including travel expenses) to a consultant, who based on the IOS review of the consultant's CV, was not sufficiently qualified to perform the tasks (furthermore, prior to this contract, a local employee was hired to perform similar tasks for a monthly fee of US\$ 300). Another example was a contract awarded to an individual for design and printing of books at a cost of US\$ 14,000 who did not even own or run a printing shop and only acted as an intermediary between the office and the printing shop that actually did the work. A comparison between a price quotation requested by IOS from another printing shop during the audit and the price paid by the office showed that the office

had paid 167% more. The same consultant delivered booklets in September 2001 for a seminar held in May 2001.

IOS concluded that ignorance of the contracting/procurement policies was not the reason for the absence of competitive selection but it was more to do with what was perceived as what was considered to be “practical” and convenient procedure by the office, i.e. selecting the consultant/ supplier who is known to the office. In one of the offices audited, a contractor was awarded 25 contracts amounting to US\$ 555,000 for a two-year period to conduct training and seminars.

Conducting a competitive selection by the office is made more difficult by the fact that the offices did not establish any consultant/ supplier roster to keep record of potential providers which would facilitate the process.

Furthermore, almost no offices utilized UNESCO form 431– Assessment Form for Consultancy or Fee Contracts which is a tool to record the basic information required for a consultant or fee contract and serves as a guidelines to ensure that policies are complied with. In the form, the office is required to state whether the work of the consultant/contractor is planned, duration, availability of funds, why the work cannot be done by the office’s staff, other candidates/institutions considered, who was selected for the contract, etc.

A number of high value contracts were not processed according to the established UNESCO’s policies i.e. review by the HQ Contract Committee for review and approval by ADG/ADM. Examples include a contract of US\$ 150,000 to equip the office’s new premises which was not sent to HQ for review, contract amounting to US\$555,000 was not reviewed by HQ and was not open to competitive bidding. There was a procurement of equipment amounting to US \$ 600,000 which was not submitted to HQ Contract Committee and ADG/ADM. The procurement process in the latter case was flawed in many respects. The selected supplier was involved in compiling the information which was used in the tender document and the consultant who prepared the tender document and participated in the selection committee established by the office had previously been involved with the selected supplier in another project. There were also cases where the contract was broken down into several smaller value contracts each with value less than US\$100,000 so that they did not need to be sent to HQ for review. A case was an activity-financing contract for US\$134,000 which was broken down into two contracts with value of US\$ 99,000 and US\$ 35,000.

How would adequate controls assist field offices: While recognizing the advantageous of contracting someone with whom the office is familiar with or with proven capacity to perform the work, there is still a need to check out what is offered in the market not just in term of fees but also quality. Competitive selection of consultants/suppliers would help to ensure that the office obtains lowest acceptable price which would meet the highest possible criteria with regard to quality, delivery terms and after-sales support. Furthermore competitive selection is important in the

context of providing good governance and management in an open and transparent manner.

Recommendation 4

The Head of the Field Office should ensure that competitive selection process is undertaken and whenever single source selection cannot be avoided then it should be justified in writing. UNESCO form 431 should be used for each consultancy and fee contract issued by the office. To assist the office to implement this recommendation, the following tools are attached to this report:

- Attachment 9 provides the suggested information that should be kept in a consultant/supplier roster which can be developed using Excell spreadsheet.
- Attachment 10 is UNESCO form 431 – Assessment Form for Consultancy or Fee Contracts that should be used in preparing and approving the contracts

4. CERTIFY REQUEST

a. Inadequate funds or use of incorrect funding source

Audit Observations/Analysis: After a request is authorized and provider is identified, then the Administrative Officer would normally certify the request to ensure that proper procedures are followed, rules and regulations are complied with including the availability of funds in the appropriate funding source, and then create an obligation (fund reservation). The audits observed that this process had not been done effectively and as a result there were expenditures incurred without having adequate funds or which were charged to incorrect funding sources. Audit observations showed that some reasons for this situation were:

- Weak budget monitoring. The fact that the offices did not have a system to monitor their up-to-date budget status did not help the situation. Even if they had access to the HQ mainframe system, the delays by the offices in sending imprest accounts coupled with delays in recording expenditures by HQ meant that the information was not up-to-date.
- Incorrect procedures in releasing funds. Sometimes payments were released without raising obligations. This led to issuance of payments which were in excess of the budget. As a result, the expenditures were posted into suspense accounts in HQ. At the closure of 2002 accounts by DCO, the amount of suspense account of field offices was US\$ 5.8 million and half of this represented overspending by the field.
- Lack of respect to the agreement with donors. There were expenditures charged to extra-budgetary projects which were not in-line with the terms of agreements with the donors. Examples were: salaries of secretary or driver, travel costs for missions unrelated to the project, office rent and expenditures related to other projects (e.g. medical evacuation of a Chief Technical Adviser of another project). In such cases implementation of IOS recommendations resulted in funds being credited back to the donor. It should be noted that in some cases, the incorrect charges made to another project happened because of

incorrect recording of data to the system by DCO (e.g. travel costs, telephone charges which were charged to incorrect project code).

How would adequate controls assist field offices: Proper monitoring of funds would allow the offices to implement activities as planned. Overspending, which results in adjustments to the planned budget/expenditures and a shortage of funds for other activities, would be avoided.

Compliance with the terms of agreement signed with the donor, accurate, timely and complete donor reports play an important role for credibility of the Organization with the donor and increase the possibility of future extra-budgetary funding.

Recommendation 5

The Head of the Field Office should ensure that the officer who is assigned with the authority to certify a request for the procurement of inputs should understand his/her accountabilities i.e. to ensure that procedures are followed, rules and regulations are complied with and that the appropriate and correct funding source is used. When the funding source is extra-budgetary, the procurement of the input should be in line with the project agreement signed with the donor. To assist the office to implement this recommendation, the following tools are attached to this report:

Attachment 11 is a suggested form for Budget and Expenditure monitoring.

a. Request certified by unauthorized certifying officer

Audit Observations/Analysis: In some offices, certification of financial transactions was done by staff members who were not in the list of authorized certifying officers issued by the Comptroller through issuance of form 392. In some offices, the lists were outdated and in some, the administrative staff were not even aware that such list exists and required. In one office, three of the four names in the form 392 authorized by the Comptroller, had left the offices between 2.5 to 1 years prior to the audit. And the local Administrative Officer who was appointed 2 years prior to the audit was not listed in the form 392 but had been certifying all financial transactions.

How would adequate controls assist field offices: According to UNESCO's Financial Rules, the Comptroller delegates the authority to examine and approve obligations within certain limits to a number of "Certifying Officers". This is done in writing through the issuance of list of certifying officer (form 392). Therefore only those obligations that are certified by the authorized certifying officers can be considered as valid obligations. The accountabilities of the certifying officers are defined in UNESCO's Financial Rules. This makes clear that the staff members who have not received the delegated authority from the Comptroller do not possess the authority and cannot be held accountable for actions taken. Failure to follow this directive closely presents a great risk to the office.

Recommendation 6

The Head of the Field Office should review the latest form 392 authorized by the Comptroller to ensure that it adequately reflects the existing certifying officers in the office and if necessary request immediate revisions from the Comptroller.

Recommendation 7

DCO should review all forms 392 for all field offices to ensure that they are up-to-date and when necessary make the necessary adjustments to assist the offices to perform the certification functions effectively and efficiently (e.g. if new staff had been appointed and need to be reflected in the list)

Action proposed by DCO: Bearing in mind that Directors of Field Offices propose the list of Certifying Officers, a letter will be sent by DCO attaching Form 392 in vigour, requesting them to confirm or to amend the list of Certifying Officers for their office.

5. PREPARE AND SIGN LEGAL COMMITMENT**a. Non-existence of any legal commitment**

Audit Observations/Analysis: There are two types of cases:

- The legal commitment did not exist
Some offices did not issue contracts, purchase orders or travel orders for procurement of services, supplies or official missions. Payments were released only based on invoices (or in some cases based on request for payment from programme specialists) and on travel claims. In some of these cases, the explanation given by some of AOs was that they were not aware of the policy that it is necessary to have legal documents issued before any of the procurement takes place. This is, in IOS's view, unacceptable. This practice had been made worse by the fact that the field office was not required to give explanations by DCO when they submitted Disbursement Vouchers without copy of contracts or travel claims without travel orders. Examples are: several contracts to one individual by a field office amounting to US\$ 43,000 in one year were not covered by any contract or legal document. There were offices which did not issue travel orders for any of the official missions during the year.
- The legal commitment existed but was not signed by either the UNESCO authorized officer or by the consultant or both, or it was signed after the date specified in the contract as the deadline for the signing of the contract (there is a statement in the standard UNESCO contract which says "If the contract is not signed by the Consultant and returned to UNESCO byat the latest, it will be considered null and void"). Therefore, this commitment was not a valid legal commitment. During the audit of Unliquidated Obligations (ULO) undertaken by IOS in 2002, there were many cases (in HQ and Field Offices) where the commitments were not valid commitments and therefore the ULOs were not valid ULOs. At IOS recommended, DCO then liquidated these ULOs and expenditures could not be charged against these invalid ULOs.

How would adequate controls assist field offices: Contract, purchase order and travel orders constitute legal agreements between UNESCO and third party (consultant, contractor, supplier or staff). These protect the Organization's interests in cases of dispute. It is also a legally binding document to ensure the

consultant/contractor/ traveller performs the tasks as agreed between the two parties. Having an authorized travel order prior to a mission would also benefit the travellers as they will be covered by insurance under the staff compensation plan.

Recommendation 8

The Head of the Field Office should ensure that commitments for a value greater than US\$ 200 should be covered by a valid legal commitment and payment should be released only when a copy of the legal commitment is attached to the Disbursement Voucher.

b. Payment terms in the contract which are not in compliance with UNESCO policies

Audits Observations/Analysis: Many contracts were issued with payment terms which did not protect the interest of the offices and the Organization. For example, while the policy only allows a maximum of 33% advance payment for fee contracts (Administrative Manual item 700.17.c), there were offices who made advance payments of up to 93% of the contract value.

How would adequate controls assist field offices: Advance payment is allowed to assist the contractor to cover their expenditures which were incurred prior to performing the tasks (e.g. travel costs) so that they can perform their tasks and deliver the expected outputs effectively. However, there are limits on the amount of advance payment so that the office would have reasonable assurance that the consultant would be motivated to complete the tasks and deliver the outputs in line with the agreed time frame and to fulfil the required quality.

Recommendation 9

The Head of the Office should ensure that all advance payments for procurement of inputs follow the established policies.

6 ACCEPT DELIVERABLES AND APPROVE FOR PAYMENT
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a. Non-existence of written acceptance of deliverables (proof of deliveries)

Audit Observations/Analysis: This step confirms acceptance of deliverables quantitatively and qualitatively in line with the legal documents (contracts, purchase orders, travel orders).

There were cases of releases of final payments without having received the deliverables as stated in the contract. An example was a payment for procurement of equipment for US\$ 600,000 without having received more than 50% of the equipment ordered. This situation was also observed in offices where the procurement of equipment was undertaken by the office and deliverables were made to a project site. There was no document to evidence the receipt of the equipment which raised serious concerns as to the basis used by the office in releasing payment and a lack of clarity as to who was accountable if the deliverables had not actually been received.

In many offices, there was no established procedure for processing payments to ensure that payments were only made on the basis of satisfactory delivery of the deliverables which normally done through approval of payment request. Most payments were done through verbal instruction and did not have written requests for payment to justify the release of payment. UNESCO form 516 (General Payment Request Form) which is provided to serve this purpose is more applicable to HQ and is very rarely used in the field. Therefore some offices develop their own payment request form.

How would adequate controls assist field offices: Proof of deliveries is an important part of supporting documentation before payment can be released. It helps the office to ensure that the deliverables have been received. The written certification would also clearly identify who is accountable for ensuring that the quantity and quality of the services/supplies/equipment/travels that have been delivered (undertaken) agree with the specification in the legal commitment (contract, purchase order or travel order).

Recommendation 10

The Head of the Field Office should ensure that each disbursement voucher for payment of the input procured should have attached the written acceptance of deliverables. The staff member who signed the acceptance must understand his/her accountability i.e. to ensure that the deliverables have been received and meet the quality and quantity as specified in the legal document. To assist the office to implement this recommendation, the following tools are attached to this report: Attachment 12 is a suggested Payment Request Form for field offices.

b. Non-existence of advance or partial payment monitoring system

Audit Observations/Analysis: The staff member who approves the payment is also accountable to ensure that the amount of payment is correct and there was no duplicate payment made. To be able to perform this, the office should have a mechanism to keep track of advance/partial payments. In almost all offices audited, the mechanism did not exist. Audit observations showed the absence of monitoring system for the following advances payments:

- Advance payments released to staff members for payments of expenditures related to a meeting/workshop (e.g. payments of travel costs of meeting participants, etc.)
- Salary advances to staff members. As an illustration, an extra-budgetary project granted 20 salary advances in 2000-2001 amounting to US\$ 30,000. Some staff had more than one advance outstanding at a time which made these advances look more like a revolving line of credit to the staff.
- Travel advances. There was no mechanism to monitor travel advances released in most of the offices audited. One of the consequences is double payments. There were cases of double payments for travel expenditures (US\$ 313, Euro 1,153, etc.) In most cases, the clearance of the advances was done when the

traveller submitted their travel claims. There were cases where the travel claims were submitted more than a year after the mission was completed (in one case four years later). One Head of the Office had outstanding travel advances for 46 missions amounting to US\$ 48,000. At the time of the audit, the offices could not provide information on what travel advances had been released and had not been accounted for.

How would adequate controls assist field offices: A monitoring tool on advances will ensure that the advances will be properly accounted for.

Recommendation 11

The Head of the Field Office should ensure that the office establish a mechanism to monitor all advances provided to staff members or third parties (consultant, supplier, programme partner, etc.). To assist the office to implement this recommendation, the following tools are attached to this report:

Attachment 13 is a suggested Advance Monitoring Form.

c. Inappropriate payments of VAT (Value Added Tax)

Audit Observations/Analysis: A number of offices had been paying the VAT for procurement of supplies or services despite the fact the host country agreements specifies that UNESCO is exempted from tax. This mostly happened because the office is not aware of the exemption. Audit observations and recommendations had helped several offices to recover the VAT that had been paid to the Government.

One of the field offices had been paying 20% VAT for all of their procurement. IOS through discussions with other UN agencies during the audit found that UNDP had obtained tax exemption from the Government for all UN agencies.

How would adequate controls assist field offices: Funds will be used more effectively to support programme delivery

Recommendation 12

The Head of the Office should ensure that if the Organization, according to the Host Country Agreement, is exempted from VAT payments then the office should not be paying VAT for their procurement of inputs. If it is not stated in the Host Country Agreement discussion with other UN agencies should take place to identify whether there is a UN umbrella agreement in which the VAT exemption for UN agencies is stated.

7	CERTIFY DISBURSEMENT VOUCHER
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a. Absence of DV for releasing payment

Observations/Analysis: There were office practices which clearly showed that the DV was not used as a mechanism to ensure appropriate control before releasing any

payment but just as a formality to meet the requirement by HQ to send the DV as part of the imprest account. Some practices noted in the field offices were:

- DVs were prepared and signed only after payments (cheques/bank transfer) were released. One of the offices had the secretary to prepare the bank transfer instructions, these were then signed and sent to the bank for release of the payments. Later on, the AO prepared the DVs. In this case the secretary had custody over cheque books.
- DVs were signed by the Head of the Office in batches after the funds were released. As illustrations, there was an office where the Head of the Office signed the DVs once or twice a month, after actual payments had been released. There was another office where the DVs were issued months after payments had been effected. In the audit which was conducted in June 2002, the DVs for the months of March-May 2001 for payments amounting to Euros 965,200 had not been prepared.

How would adequate controls assist field offices: Issuance of DVs is a mechanism to ensure appropriate control before releasing any payment. This includes controls on: validity of payee in the cheque/bank transfer instruction, budget code, payment method, payment purpose, etc.

Recommendation 13

The Head of the Field Office should ensure that no payment is released without a certified disbursement voucher.

b. Absence or inadequate supporting documentation to support validity of payments

Observations/Analysis: This is one of the most prevalent weaknesses found in field office audits and this shows that the certification of disbursement vouchers had not been done effectively and the staff members performing these functions did not understand their accountability in ensuring the validity and accuracy of the payment to be made. Examples of cases observed:

- Many payments to staff member for reimbursement of goods without appropriate explanation on how the procurement relate to the office's activities or projects. Examples are supermarket bills of US\$ 250 without description of what was purchased.
- Many payments to staff member for reimbursement of materials, food, other costs related to a meeting/workshop, production of material which was only supported with a summary of expenditures prepared by the staff member him(her)self without actual invoices.
- Hospitality payments to Head of Field Offices or Chief Technical Advisors (CTAs) related to projects were made without invoices and list of guests indicating their names and affiliations. Examples are one restaurant bill of US\$ 810 submitted by the Head of the Office and two receptions for total amount of US \$4,500 without explanation as to who was invited and their affiliations as required by policies.

- Numerous travel claim payments without hotel bills, boarding passes. There were also cases where hotel bills were submitted but the dates in the bills only covered part of the official mission dates and the office made full DSA payments for the entire period of the mission.
- Salary advance payments without adequate justification to support the fact that the advances were for emergency needs e.g. salary advances were granted to staff member for procurement of vehicle, procurement of a house.

How would adequate controls assist field offices: Complete supporting documentation would assist the staff member who approves the DVs to justify the validity and accuracy of the payments to be made.

Recommendation 14

The Head of the Field Office should ensure that the staff members assigned with the authority to certify DVs fully understand their accountability which includes ensuring that the payments to be released is supported by valid and complete documentation.

c. Incorrect calculation of payment to the provider

Audit Observations/Analysis: A high number of incorrect payment calculations were found during the audits. This included payments for contract, travel entitlements, overtime with the following reasons:

- Incorrect calculation of DSA and terminal expenses calculation. In one of the offices audited IOS reviewed 91 travel claims and found errors in 68% of the claims with a total of overpayment of US\$ 7,615. The main reason for this was inadequate attention to detail or carelessness by the staff member who prepared and certified the claims. Another reason, which applied to errors in calculation of terminal expenses, was because the new policy on entitlements issued by HQ had not been issued as a formal administrative circular or amendment to the Administrative manual (regarding terminal expenses (which changed the amount from \$24 to \$30) but as a memo from the Comptroller to all offices/HQ units. This memo had not been effectively communicated in some offices to the relevant staff members. Thus the new rates were not being applied.
- Carelessness of the staff member preparing and certifying the DVs in ensuring that the amount of payment released or shown in disbursement vouchers was equal to the amount on the invoices.
- Negligence resulting in mathematical errors made by the staff members who prepared and certified the DVs. As an illustration, several overpayments were made to consultants (over US\$ 6,000) which were a result of errors in additions. There were also cases of overpayments for overtime because of mathematical errors.

How would adequate controls assist field offices: Funds can be used more efficiently to support programme delivery and the staff member (or travellers) are provided with the correct entitlements.

Recommendation 15

DCO should issue any changes to the existing policies stated in the Administrative Manual through either amendment to the Manual or Administrative Circular.

The Head of the Field Office should ensure that the staff members assigned to certify DVs fully understand their accountability which includes ensuring the correctness of the amounts stated in the DVs. In particular, the staff member who is assigned to certify payment of travel claims should fully understand the policy related to calculation of travel entitlements. To assist the office in implementing this recommendation, the following tools are attached to this report:

Attachment 14 provides list of various policies related to calculation of travel entitlements.

8. SIGN CHEQUE/BANK TRANSFER

a. Non-removal of terminated/transferred staff from the bank signatory panel

Audit Observations/Analysis: In a number of offices, the bank signatory panels were not kept up-to-date. In one office, IOS found that the bank still had the signature card of a former Director who left the office in 1997 or 5 years previously among the cards for current signatories. This card was then cancelled in IOS presence. IOS further review showed that in October 1997, DCO had actually requested the bank to remove the name from the panel. However, this had not been done by the bank. In another office, the panel of bank signatory included staff member who had left the office one year previously for which DCO had not requested the removal of the name from the current panel. The functioning of the mechanism between DCO, BFC and the offices in ensuring the updating of the panel as soon as there is a change in the office staffing should be improved

In a number of offices, the bank signatory panels were not kept up-to-date, to the extent that in one office, the panel included the ex office Director who had left the office 5 years previously. The functioning of the mechanism between DCO, BFC and the offices in ensuring the updating of the panel as soon as there is a change in the office staffing should be improved.

How would adequate controls assist field offices: The importance of having an up-to-date bank signatory panel cannot be over-emphasized and the risk involved in not having one is critical to the effective financial operation of the office.

Recommendation 16

The Head of the Field Office should review the latest bank signatory panel authorized by the Comptroller to ensure that it adequately reflect the existing office staffing and if necessary request immediate revisions to the Comptroller.

DCO should review all field offices' bank signatory panels to ensure they are up-to-date. For those offices where single signature for a cheque is allowed, the current

staffing should be reviewed to assess whether a dual signatory can be implemented and if so, revision should be made immediately.

b. Payment made through third party

Audit Observations/Analysis: Several offices followed the common practice of releasing payments to staff members who would then pass on the payment to the payee. In some cases, the payments were released to the Head of the Offices. This practice opens the possibility of various irregularities as had been observed and evidenced by IOS. Examples were payments to NGOs as programme partner amounting to US\$ 30,000 which were made through the Head of the Office in cash. Furthermore, in some cases, there was no written evidence on file that the beneficiary had actually received the payments. There was also a case where a payment of US\$ 8,000 for a contractor was made to a firm other than the one contracted by the office and the DV was neither certified by the AO nor approved by an authorized officer. Payment of Euros 7,700 by an Institute was made to the programme specialist who in turn paid it to an individual representing the Institute.

There were also cases where while the contracts were signed with an institution (e.g. for activity financing contract), payments were made to individual who supposedly represent the institution. This should be avoided. An example was payment instructions from a HQ sector to a field office to release payment to the National Commission. However, the funds were paid in the name of an individual representing the National Commission.

How would adequate controls assist field offices: Payments made to the party with whom the contract/legal document was signed will ensure that there will be no further claim made to the Organization.

Recommendation 17

The Head of the Field Office should ensure that payment should be released to the payee stated in the DV which should agree with the party with whom the contract/legal document was signed.

PART 3 – ATTACHMENTS**ATTACHMENT 1**

CHECK LIST OF BASIC ELEMENTS THAT SHOULD BE IN A TERMS OF REFERENCE FOR A CONTRACT	
1.	Brief background identifying the need for the contract showing its relevance to the activities to be undertaken.
2.	Objective of the activities to be undertaken under the contract
3.	Scope of the activity
4.	Description of work assignment or technical tasks
5.	Methodology or expected methodology of the activities to be undertaken under the contract
6.	Management of the contract (including reporting line of the consultant/contractor)
7.	Expected output or deliverables and their milestones
8.	Need for travel
9.	Time frame of the contract
10.	Payment terms (and links to the deliverables)
11.	Administrative support (e.g. clerical support and supplies to be provided to the consultant/contractor)

ATTACHMENT 2

CHECKLIST OF BASIC ELEMENTS THAT SHOULD BE INCLUDED IN THE PURPOSE OF MISSION (IN TRAVEL ORDER)	
1.	Description of the event to be attended or activity to be carried out (e.g. workshop, meeting, training, project monitoring)
2.	Role of the traveller in the event (e.g. resource person, participant, observer...note: in general, travel should be discouraged if the individual is not an active participant, rather than an observer, in the event))
3.	Precise dates of the event
4.	Project/activity in the work plans which relate to this mission
5.	Reference to invitation or related document (can be attached or provide letter/memo/email reference number, source and date).

ATTACHMENT 5 (LIST OF ALL TRAVEL ORDERS ISSUED BY THE OFFICE)

SUMMARY OF PREVIOUS TRAVELS UNDERTAKEN BY FIELD OFFICE	
Office:	<i>The information in the report has been reviewed by Head of Office for correctness and completeness.</i>
Period Covered by this report:	<i>Signature (Head of Office) and Date:</i>

Note:

1. This report needs to be completed at the end of February, April, June, August, October, and December and sent to HQ by the end of the first week of the following month.
2. The report should be sent to Dir/BFC with copies to ADG/Programme Sectors (electronically if possible, with pouch back up).
3. Please complete the information for those missions with a completion date (arriving back at duty station) that falls within the period covered by this report.

TRAVEL ORDER INFORMATION						FUND INFORMATION						
TRAVEL ORDER NUMBER	TRAVELLER NAME POST TITLE	PLACE OF DESTINATION	MISSION PURPOSE(s)	REFERENCE NUMBER OF MISSION REPORT	DATE LEAVING & DATE ARRIVING BACK AT DUTY STATION	WAS IT IN THE OFFICE TRAVEL PLAN?	FUNDING SOURCE - check one or more columns and enter budget code(s)				TOTAL AMOUNT (In US\$)	
							PC	IC	EB	NA		BUDGET CODE(s)

PC = PROGRAMME COSTS
 IC = INDIRECT COSTS
 EB = EXTRA-BUDGETARY SOURCES
 NA = NOT APPLICABLE; SOURCES OUTSIDE UNESCO (PLEASE SPECIFY BRIEFLY IN THE "BUDGET CODE" COLUMN)

EMAIL ANY QUESTIONS TO <BFC@UNESCO.ORG>

ATTACHMENT 6

CHECK LIST OF BASIC DOCUMENTS THAT SHOULD BE KEPT IN CONTRACT FILE (for each contract)	
1.	Obligation (fund reservation)
2.	Signed Contract
3.	Terms of Reference
4.	Request for quotation or Request for proposal or Invitation to bid or sealed tender (depending on the amount)
5.	List of invitees
6.	All quotations/proposals/bids/tenders received
7.	Tabulation of comparison of the quotations/proposals/bids/tenders
8.	Basis for decision on selection/awarding of contract (UNESCO form 341 – Assessment form for Consultancy or Fee contract)
9.	If single source selection (non-competitive) justification
10.	Contract Committee minutes if applicable (for contract > \$100,000)
11.	Any other relevant documents regarding the selection process (e.g. request for clarification from one or more of the invitees, the answer from the office, etc.)
12.	If the deliverables is a report/document, copy of first couple pages to confirm the deliveries
13.	List of partial payments made (see attachment xxx)
14.	Evaluation/Performance assessment of the consultant/contractor
15.	For activity financing contract: progress reports and final report of the activity
16.	For activity financing contract: financial statement and supporting documentation

ATTACHMENT 7

CHECK LIST OF BASIC DOCUMENTS THAT SHOULD BE KEPT IN SUPPLY/EQUIPMENT PROCUREMENT (PURCHASE ORDER) FILE (for each PO)	
1.	Obligation (fund reservation)
2.	Signed Purchase Order
3.	Request for quotation of Invitation to bid or sealed tender (depending on the amount)
4.	List of invitees
5.	All quotations/bids/tenders received
6.	Tabulation of comparison of the quotations/bids/tenders
7.	Brief explanation on the basis for decision on selection/awarding of contract
8.	If single source selection (non-competitive) justification
9.	Contract Committee minutes if applicable (for contract > \$100,000)
10.	Any other relevant documents regarding the selection process (e.g. request for clarification from one or more of the invitees, the answer from the office, etc.)
11.	List of partial payments made (see attachment xxx)

ATTACHMENT 8

CHECK LIST OF BASIC DOCUMENTS THAT SHOULD BE KEPT IN TRAVEL ORDER FILE (for each Travel Order)	
1.	Obligation (fund reservation)
2.	Signed Travel Order
3.	Any other relevant documents regarding the mission (e.g. invitation for meeting, request for technical support, etc.)
4.	Mission report

ATTACHMENT 9

BASIC INFORMATION TO BE AVAILABLE IN A CONSULTANT ROSTER

Name Consultant file reference number*	Residence Nationality	Area of specialization	Brief education background	Brief professional experience	Have UNESCO experience		Performance in previous UNESCO contract
					Yes	No	Other Remarks
					Yes	No	
					Yes	No	
					Yes	No	
					Yes	No	
					Yes	No	
					Yes	No	
					Yes	No	
					Yes	No	
					Yes	No	
					Yes	No	

* This number provides linkage between this roster and the manual file of the consultant which contains the CV, references, medical certificate, and any other documents concerning the consultant)

ATTACHMENT 10

UNESCO FORM 431 – ASSESSMENT FORM FOR CONSULTANCY OR FEE CONTRACTS

ATTACHMENT 12

**PAYMENT REQUEST
UNESCO OFFICE**

TO BE COMPLETED BY THE REQUESTER

Please make payment to	Address	Payment purpose Contract/Purchase Order No: Final payment Yes <input type="checkbox"/> No <input type="checkbox"/> Or reference to other document:
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Amount to be paid	Currency	Method of payment Crossed cheque <input type="checkbox"/> شفا Bank transfer <input type="checkbox"/> شفا (if no previous payment made, please complete the consultant/contractor/supplier bank information form) Other <input type="checkbox"/> شفا (for cash payment, please specify reason:)
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For payments of contracts/procurement of goods, I certify that the service has been satisfactorily rendered or the goods have been delivered in accordance with the terms of the contract (or purchase order), payment has not previously been requested and that the amount to be paid is correct and in accordance with the terms and conditions of payment specified in the contract (or purchase order).
For advance payments, I personally assume responsibility for this payment and that I will submit actual invoice and certify the receipt of goods to evidence actual purchase effected.

Name: **Signature:** **Date:**

TO BE COMPLETED BY ADMINISTRATIVE OFFICER UNIT

Obligation No. (Fund Reservation)	Budget Code	Object of Expenditure	Currency Code	Amount paid	DV No. DV Date	Cheque/Bank Transfer Ref.
.....

I certify that the above obligation, budget code, OoE, currency code, amount paid, DV No./Date and Cheque/Bank Transfer Reference No. are correct.

Name: **Signature:** **Date:**

ATTACHMENT 14

SUMMARY POLICY REGARDING CALCULATION OF TRAVEL ENTITLEMENTS

UNESCO'S POLICY		SOURCES
DSA (Daily Subsistence Allowance)		
Normal DSA	(DSA) for a travel is calculated using the Daily Subsistence Allowance Rate Schedule as prepared by the International Civil Service Commission (ICSC) and available through the Intranet. DSA at the place of mission is payable for periods of time on official mission but not during periods of transportation. For each successive period of 24 hours from midnight to midnight (measured by local times, ignoring time-zone differences), one full day's DSA is paid, except that no DSA is payable in respect of the last calendar day of the journey.	Adm. Manual Issue No. 987, Item 2720 (2 September 1981)
DSA for staff in grades D1 and D2	Staff members in grades D1 and D2 receive standard DSA rate for the area, increased by 15% (rounded to the nearest dollar). This increase is not applicable in cases where a special rate is used for specified hotels.	Adm. Manual Issue No. 1141, Appendix 27A (10 April 1985)
DSA for mission longer than 10 hours but less than 24 hours	If no night is spend away from the duty station, 40% of the DSA rate is reimbursed If a night is spend away from the duty station, 100% is reimbursed	Adm. Manual Issue No. 987, Item 2720 (2 September 1981)
DSA for mission less than 10 hours	No DSA is paid for missions less than 10 hours	Adm. Manual Issue No. 987, Item 2720 (2 September 1981)
DSA without submission of hotel bills	Original hotel bill must be attached to the Travel Record specifying the dates for which the traveller stay at the hotel (photocopies or global receipts are not sufficient). If no hotel bill is submitted, a percentage, equalling the percentage for hotel costs as mentioned in the DSA Rate Schedule (column 5 in the table: "room as % of DSA") should be subtracted from the reimbursed amount. For example, when the DSA is US\$100, no hotel bill is provided and column 5 states a percentage of 54%, only US\$46 (46%) is being reimbursed to the traveller.	Adm. Circular No. 2036 (13 October 1997)
DSA when meal was provided for.	In case when official meal is provided during the mission (e.g. invitation by the UNESCO field office on the expense of the Organization, official invitation from other agencies, etc.) only the percentage for hotel costs as mentioned in the Daily Subsistence Allowance Rate Schedule (column 5: 'room as % of DSA') will be reimbursed. For example, when the DSA is US\$100, an official meal is provided and column 5 states a percentage of 54%, only US\$54 is being reimbursed to the traveller.	Adm. Circular No. 2102 (10 April 2000)
DSA when meal and accommodation were provided for.	In cases when a staff member's travel, accommodation costs and meals are met by a third party, no DSA will normally be payable.	Adm. Circular No. 2102 (10 April 2000)
DSA with hotel overage	When the hotel accommodation was reserved by the UNESCO office and there was no other suitable hotel accommodation available, and when the cost of a hotel room exceeds the percentage of standard DSA payable for hotel costs specified in the Daily Subsistence Allowance Rate Schedule (column 5), the traveller will be reimbursed the difference between the amount paid and the percentage specified for hotel costs up to an amount not exceeding 30% of the normal DSA rate.	Adm. Circular No. 2036 (13 October 1997)

DSA for night spent on the plane	For a night spend on plane or train, a lump sum of US\$60 is paid.	Memo ADM/DCO/XC/4/1-276 of 21 December 2001
Terminal Expenses		
Normal Terminal Expenses	The amount for terminal expenses is \$30 each leg. In case of official transport provided to the traveller, no terminal expenses will be reimbursed for this leg. Terminal expenses are solely meant for transportation from and to the airport or railway station (no terminal expense is provided for travel by car). Costs for airport taxes are not included and should be claimed for and reimbursed additionally.	Memo ADM/DCO/XC/4/1-276 of 21 December 2001
Supporting Documentation		
Supporting Documentation required to be attached to the travel claim/record	<p>Travel records need to be backed up by complete supporting documents. Expense claims with insufficient back up should not be processed. These supporting documents include:</p> <ul style="list-style-type: none"> • Original hotel bill covering the whole period of mission must be attached (photocopies or global receipts are not sufficient). • Boarding passes and ticket stubs for travel by plane • Original train tickets for transport by train. • For excess baggage charges, the original official airline receipt. • For professional long-distance phone calls, please note the number and name of the person called (local calls are not reimbursable, they are covered by the DSA). • For hospitality, the names and titles of all participants must be shown on restaurant bills. • For any other official expenditure (airport taxes, visa, vaccinations) original invoices need to be submitted. <p>Mission reports should be submitted within one week of completion of the mission (Manual item 2740). It is a good practice not to release payment of the travel claim to the traveller before the mission report is submitted.</p>	

Sources

Memo ADM/DCO/XC/4/1-276 of 21 December 2001
 Administrative Circular No. 2102 of 10 April 2000
 Administrative Circular No. 2036 of 13 October 1997
 UNESCO Manual Issue No. 1141, Appendix 27A of 10 April 1985
 UNESCO Manual Issue No. 987, Item 2720 of 2 September 1981

PART 4

CHECKLIST FOR SELF-ASSESSMENT – BASED ON 2002 AUDIT OBSERVATIONS

Self-Assessment Questions	Existence of Control in the Office (Yes/No)	Action Plans to strengthen control
1. The office has prepared periodic plans for procurement of services from consultants/contractors based on the approved office's work plans. The plans indicate which activities need consultant contract, fee contract, activity financing contract or temporary personnel contract (SSA, service contract, ALD, etc).		
2. The office has prepared periodic plans for procurement of supply/equipment based on the approved office's work plans. The plans indicate what types of category of supply/equipment (e.g. computer, photocopier, vehicle, generator, school furniture, etc.) is needed for each activity to be undertaken. (Note: the plans do not need to include specific specification of the equipment).		
3. The office has prepared periodic travel plans for official mission based on the approved office's work plans.		
4. The TOR for contracts issued by the office are always complete and provide sufficient guidance to the consultants/contractors to perform their tasks and that clear deliverables and payment terms are specified.		
5. The specification of supplies or equipment procured by the office as stated in the purchase orders are clear and complete to ensure that there is no ambiguity as to what should be received by the office from the supplier.		
6. The purpose of mission stated in the travel order is clear and complete and include information on the objective of the mission, the precise dates of the event to be attended (e.g. training or workshop or meeting), the role of the traveller during the event, the project/activity which relates to the mission.		
7. The authorization of request for contract or supply procurement or mission was provided in writing.		
8. The staff members who perform the authorization of the request fully understand their accountability i.e. to ensure that the request is in-line with the work plans, that the request is needed to achieve programme objectives and that adequate funds are available.		
9. The office maintains an up-to-date list of contracts that have been issued.		
10. The office maintains an up-to-date list of supply/equipment procurement (purchase orders) that have been issued.		

Self-Assessment Questions	Existence of Control in the Office (Yes/No)	Action Plans to strengthen control
11. The office maintains an up-to-date list of travel orders that have been issued.		
12. The office has established a standard list of documents that need to be kept in the contract file.		
13. The office has established a standard list of documents that need to be kept in the purchase order file.		
14. The office has established a standard list of documents that need to be kept in the travel order file.		
15. The office undertakes competitive bidding or price comparison as required for selecting consultant/contractor or supplier.		
16. The office prepares written justification for cases of single source selection in selecting consultant/contractor or supplier.		
17. The office utilize UNESCO form 431– Assessment Form for Consultancy or Fee Contracts before issuance of a consultant or fee contract.		
18. The office always request approval from HQ contract committee (for procurement > US\$100,000 but < US\$150,000) and ADG/ADM (for procurement > US\$ 150,000).		
19. The office has established an up-to-date consultant roster which is used in identifying prospective consultant/contractor.		
20. The office has a mechanism to regularly monitor the budget and expenditures.		
21. The office always issue obligations (fund reservations) prior to incurring expenditures		
22. The office knows the amount of its suspense account as recorded in HQ system and regularly monitors it and clear the outstanding items in the suspense account.		
23. The office has established a mechanism (who, how) to ensure that expenditures charged to extra-budgetary funds are in-line with the donor/project agreement and that there is no expenditure charged to a project for a purpose which has not been agreed with the donor.		
24. The office has an up-to-date form 392 (List of Certifying Officers) which has been approved by the Comptroller and that all staff members who currently are performing the functions of certifying officers are listed in the form.		
25. The office always issued legal document (contract >\$200, purchase order > \$200 or travel order) before the tasks are undertaken.		

Self-Assessment Questions	Existence of Control in the Office (Yes/No)	Action Plans to strengthen control
26. The office always ensure that the legal documents are signed by the appropriate UNESCO official and the third party before the tasks started and that they are signed according in timely manner to ensure the validity of the agreement.		
27. The payment terms in the contract always agree with the established policies (e.g. 33% for fee contract, etc.)		
28. The office has established processes where DV is issued and payment is released only after a signed payment request is received by the Administrative unit to certify that the deliverables have been received properly according to the quantity and quality specified in the legal document.		
29. The office has established advance monitoring system to keep track of various advances released to staff members or third parties (consultants/contractors, etc.) including salary advances, travel advances, advances for cost of meetings/workshops, partial payments for contracts, etc.		
30. The office does not pay VAT if the Host Country Agreement specifies that UNESCO is exempted from VAT. Otherwise, efforts have been made to contact other UN agencies to identify whether there is an umbrella agreement for all UN agencies regarding payment of VAT.		
31. The office does not issue payment without a certified/approved disbursement voucher.		
32. The DV is always attached with complete supporting documentation to justify the validity and accuracy of the payment		
33. The staff members who certify the DVs fully understand their accountability i.e. ensuring that the information in the DVs are accurate, that the calculation is correct and the amount of payment to be released is correct.		
34. The office has an up-to-date bank signatory panel which has been approved by the Comptroller.		
35. The office release payment to the beneficiary as stated in the DV which is the same as the one who signs the legal document.		



**INTERNAL OVERSIGHT SERVICE (IOS)
2001 and 2002 – FIELD AUDITS CONSOLIDATED REPORT**

PLEASE COMPLETE THIS PAGE AND FAX OR E MAIL THE COMPLETED FORM

TO: John Parsons, Director IOS
Fax Number: 331-4568-5571 Email: j.parsons@unesco.org

FROM: (Name and Title) UNESCO Office at

1. Did the office receive the 2001 Field Audits Consolidated Report which was issued in June 2002 ?
Yes No
2. If the answer to question 1 is Yes, who else was the report shared with?
3. Has the office taken any action to use the 2001 Consolidated Report ? Yes No
 - a. If the answer is Yes, explain what actions were taken, when, who was involved and provide a brief summary of the results of the self-assessment exercise.
 - b. If the answer is No, what are the plans to use the report, when, who is the focal point and who will be involved.
4. Who was the 2002 Consolidated Report shared with ?
5. Has the office taken any action to use the 2002 Consolidated Report ? Yes No
 - a. If the answer is Yes, explain what actions were taken, when, who was involved and provide a brief summary of the results of the self-assessment exercise.
 - b. If the answer is No, what are the plans to use the report, when, who is the focal point and who will be involved.