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COMMENTS BY THE DIRECTOR-GENERAL ON THE IMPLEMENTATION OF THE INTERNAL OVERSIGHT SERVICE (IOS) STRATEGY IN 2006-2007: ANNUAL REPORT 2007

SUMMARY

In accordance with 160 EX/Decision 6.5 and 164 EX/Decision 6.10, the Director-General presents the report on "Implementation of the Internal Oversight Service Strategy in 2006-2007: Annual Report 2007". The Director-General fully endorses this seventh annual report produced by the Service since its establishment in February 2001.

Decision proposed: paragraph 44.

Introduction

1. The Internal Oversight Service (IOS) was established in 2001 to provide a consolidated oversight mechanism which covers internal audit, evaluation, investigation and other management support. It is charged with providing objective assurance that programmes and plans are designed and delivered effectively, that strategic management information is reliable and timely, and that continuous improvements are fostered in methods and procedures so as to enhance the quality of UNESCO's operations. As part of its accountability mechanism, IOS makes evaluation reports publicly available by placing them on the IOS website and it submits an annual report to the Director-General which is shared unchanged with the Executive Board.¹

2. The 2007 IOS Annual Report sets out the strategies and activities of IOS in 2007 and summarizes significant oversight findings, recommendations and action taken. It fulfils two requirements:

- 160 EX/Decision 6.5 and 164 EX/Decision 6.10: encourages the Director-General to ensure that a report on the activities and strategies of the Office of Internal Oversight together with details of its action to implement audit/evaluation recommendations is submitted to the Executive Board for consideration annually.
- IOS Charter (Administrative Manual Item 320.E7): An annual accountability report is provided by the Director of IOS to the Director-General summarizing significant oversight findings, recommendations and action taken in response. The report is distributed unchanged to senior management and made available to Executive Board Members and Permanent Delegates.

3. IOS undertakes its audit functions in accordance with the Standards for the Professional Practice of Internal Auditing and the Code of Ethics both issued by the Institute of Internal Auditors. Investigatory work is undertaken in conformity with Uniform Standards for Investigations.² The management of the evaluation function is guided by the United Nations Evaluation Group (UNEG) norms and standards for evaluation in the United Nations system.

4. The Director of IOS, appointed by the Director-General after consulting the Executive Board, reports to and is accountable directly to the Director-General. This helps to secure the independence of the oversight function, which operates independently from other parts of UNESCO. Apart from providing advice, IOS is not involved in the management of any programmes, operations or functions.³

5. John Parsons, Director of IOS, left UNESCO in December 2007 to join the Global Fund to fight HIV/AIDS, Tuberculosis and Malaria as Inspector General. This report reflects his accomplishments. Mr Peter Maertens took over as the new Director for a six-month period starting in January 2008 pending the finalization of the recruitment process for the Director post. His views on priorities for IOS in 2008 are identified as those of the "new Director IOS".

2001-2007 Medium-Term Oversight Strategy

6. The 2001-2007 Medium-Term Oversight Strategy focused on building the Organization's capacity in various aspects of oversight, including the need for assessment of results and learning from evaluations, exercising proper internal controls and compliance with UNESCO rules and regulations. It also sought to tighten accountability across the Organization and enhance the degree of transparency across UNESCO operations.

¹ Refer to IOS Charter (Administrative Manual Item 320) for the formal text of the mission of IOS and scope of work.

² Adopted by the Third Conference of International Investigators of United Nations Organizations and Multilateral Financial Institutions on 8 March 2002.

³ IOS Charter (Administrative Manual Item 320.E7).

7. The 2006 IOS Annual Report identified that activities under the 2001-2007 Oversight Strategy were having a progressive impact, with varying degrees of success from one unit/office to another. For example, the report identified that there was improved knowledge of UNESCO rules, regulations, procedures and practices. In 2007, the audit function sought to build on this base by expanding into issues of economy, efficiency and effectiveness. In order to do so effectively and in recognition of the analytical overlap between audit and evaluation in assessing results, several audits involved collaboration between the audit and evaluation sections.

8. A key component of the oversight strategy of 2001-2007 was to establish a central evaluation function with IOS managing all strategically significant evaluations, generally commissioned from external evaluation teams. The strategy sought to lift the importance and visibility of evaluation in UNESCO through working with sectors and providing training. It also sought to make evaluation an essential part of the programming cycle, with a focus on establishing guidelines for evaluation and their follow-up.

Results achieved and key oversight issues identified

9. This section is structured around IOS's expected results for the 2006-2007 biennium. Each sub-section discusses the activities IOS undertook and summarizes key findings, recommendations and actions taken.

A. *Proper and timely identification and monitoring of risks and senior management awareness of organizational risks*

10. In 2005, IOS initiated preparation of a concept paper and educational material to take forward risk management in UNESCO, which had been identified as an important tool for helping the College of ADGs to focus on its role. The role of IOS was consistent with developments in other United Nations organizations. In early 2007, IOS, working with risk management consultants, refreshed the risk material by providing management with:

- a risk management approach for UNESCO which included an action plan;
- a draft risk management policy;
- draft risk management training material; and
- a draft risk management guide.

11. The work undertaken by IOS identified, *inter alia*, that UNESCO did not have a systematic approach to deciding how to manage risks facing the Organization. It also highlighted the importance of integrating risk management with results-based management (RBM), planning and performance assessment and that understanding and ownership by management and all managers of the concept of risk management was the foundation for success. The Director-General subsequently endorsed the approach and designated the Bureau of Strategic Planning to act as a "champion" for risk management. As a result, risk management is beginning to be embedded into strategic work planning and programme monitoring and incorporated into performance agreements, the EX/4 and C/3 documents. Furthermore, UNESCO management is taking significant time individually and as a group to identify and manage the risk aspects of their operations. As one example it has scheduled a three-day reflection session in February 2008 on the risks UNESCO faces and how to manage them.

12. The peer review of the audit function at the end of 2005 identified the need to strengthen the effectiveness of the Oversight Committee. The Committee functioned as an advisory panel to the Director-General and IOS (refer to document 174 EX/29). The Committee was duly reconstituted as the Oversight Advisory Committee in 2006 when it met twice, including with the Director-General to discuss its draft terms of reference and means of further improving internal controls. The Committee did not meet in 2007 as the membership and the draft Terms of Reference were

still under consideration by the Secretariat (refer to document 177 EX/5 Add). While it is important that the terms of reference clarify the purpose of the Committee and take into account the distinction between internal oversight and external oversight, IOS is of the view that the terms of reference and the membership of the Committee must quickly be finalized. In the view of the new Director, at least two meetings must be held in 2008. These should be held, even if under temporary arrangements pending the resolution of the above two issues.

B. Soundness, adequacy and functioning of internal control and programme efficiency and effectiveness

13. In 2007, IOS had planned to undertake 18 audits: 12 of field offices, three of institutes and three in Headquarters. Owing to resourcing constraints and a higher number of investigation cases, IOS was unable to conduct most of the planned field office audits. In 2007, IOS undertook a total of 12 audits:

- three field office audits (Quito, Kabul and Abuja);
- three institute audits (International Centre for Theoretical Physics, Third World Academy of Sciences Follow-up and the Institute for Higher Education in Latin America and the Caribbean); and
- six Headquarters audits (Staff Association Review, Security Review of the UNESCO Network, Headquarters Renovation, STEPS Phase 1 – Post Implementation Review, contractor selection process in the Aksum World Heritage Site Improvement Project, Contracting in Programme Sectors (in progress at the year's end)).

14. The audits identified a significant number of areas that were, as expected, performing well and under appropriate controls. However, they also identified a range of oversight issues, from a lack of internal controls to wider, sometimes more systemic, issues. A number of audits highlighted the importance of strengthening project management, and the need for transparent and clear reporting and sound governance agreements with appropriate legal texts. The following provide examples of the type of issues covered and the significant oversight issues identified:

- In July 2007, IOS commissioned an organization-wide security review of the UNESCO IT network to determine the effectiveness of security measures against potential attacks. This covered Headquarters, three pilot decentralized units (IIEP, UNESCO Bangkok Office, UNESCO Venice Office) and critical applications (FABS, SISTER, FOX, STEPS and Treasury Applications). The review was central to UNESCO for two key reasons: (1) UNESCO depends heavily on knowledge management and its dissemination to deliver its programmes and function efficiently; and (2) UNESCO needs to safeguard its IT systems to maintain its business continuity and protect them from potential vulnerabilities that can make them dysfunctional.

The assessment concluded that UNESCO generally benchmarked with other organizations which, like UNESCO, had never conducted a security assessment before, i.e. critical deficiencies and basic vulnerabilities were identified. The critical deficiencies require timely remedial action in order to provide adequate protection from unauthorized users and authorized users with malicious intent. Based on the audit recommendations, management has responded by planning remedial actions to counter the critical deficiencies identified and a follow-up review in one year will take stock of progress made.

- The Post-Implementation Review of STEPS Phase I (ERP for Human Resources) was undertaken to draw out valuable lessons to improve management of STEPS Phase II and future major IT projects under development. The review showed that, although STEPS Phase I had been delivered in 13 months – a creditable achievement despite obstacles – there was a need to strengthen the funding approach, procurement strategy, project

management, and the functioning of the Steering Committee as the project moves to Phase II. In addition, the audit recommended that the Committee of Information Systems and Services (CISS) be reconstituted to better coordinate IT and IS developments within UNESCO.

- The audit of the International Centre of Theoretical Physics (ICTP) was a joint undertaking between the audit and evaluation sections in focusing on controls and questions of economy, efficiency and effectiveness. The audit identified a number of strengths as well as opportunities for improving the effectiveness and efficiency of the Centre, which is a very active research centre producing several hundred scientific papers every year.

As UNESCO's largest category 1 institute/centre, governance is particularly important and the audit identified a number of improvements needed in the governance arrangements. It also identified a need for the Centre's legal texts to be updated, given the evolution of the ICTP programme into new areas. Communication, along with formal reporting was also identified as an area for more attention that could lead to even greater success for the Centre. The audit also identified a number of significant risks concerning human resources management.

- The Kabul audit was another collaboration between the audit and evaluation functions. It identified the importance of programme/project planning and sound programme/project management to successful implementation. While operating in a post-conflict environment such as that in Afghanistan, poses many constraints and difficulties for staff, the basic stages and steps of results-based management cannot be neglected. Headquarters sections need to ensure that clear and transparent requirements are laid down, accompanied by detailed guidelines, and that field offices are duly aware of them.

15. As in previous years, IOS requested audited entities to provide an action plan containing actions taken and actions planned. At the beginning of 2006, a new software package (*TeamMate* and *TeamCentral*) was rolled out to allow IOS to record audit observations, recommendations, reports and other documents. All audits conducted in 2007 used *TeamCentral* and a total of 75 entities can now access their audit recommendations via the system. To ensure effective use of the system, IOS continued to offer training sessions to users as in 2006. *TeamCentral* has provided for a more transparent process for follow-up by allowing the audited entity to directly record actions in the database that have been or will be taken in response to the recommendations. Further improvements are planned for early 2008 to facilitate reporting from the system.

16. A significant proportion of IOS audit resources was invested in following up audit recommendations issued and agreed during the implementation of the 2001-2007 strategy. Despite the efforts made, the situation at the end of 2007 was similar to that at the end of 2006. A significant percentage of recommendations still remain open:⁴

- 16% of recommendations issued in 2001-2002 (18% Headquarters, 12% field offices and 88% institutes).⁵
- 23% of recommendations issued in 2003-2004 (35% Headquarters, 21% field offices and 8% institutes).⁶
- 57% of recommendations issued in 2005-2006 (81% Headquarters, 54% field offices and 35% institutes).

⁴ Figures as at 12 December 2007.

⁵ The equivalent figure at the end of 2006 was also 16%.

⁶ The equivalent figure at the end of 2006 was 25%.

17. In the view of the new Director of IOS, this is a situation that must change, and IOS resources will be assigned to this end in the first half of 2008. The intention is to identify those that represent an unacceptable risk to the Organization and to compile statistics and introduce performance measures for the implementation of recommendations and report on them. The new Director of IOS gives a commitment to work with the service to find the most practical ways to strengthen the controls and achieve the improvements recommended in the audit reports. In doing so, a flexible approach will be adopted, while safeguarding the needed internal control structure and ensuring that identified risks are addressed, with priority given to the more significant ones.

C. *Proper application of international auditing standards*

18. The 2006 Annual Report discussed the internal review of the audit unit that took place at the end of 2005. Follow-up to the review's recommendations has continued in 2007, although at a slower pace, due to the absence of a P-5 auditor and the current status of the Oversight Committee on which many of the recommendations depended.

19. However, some progress has been made. For example, two major IT audits were completed, data on auditable entities was updated for the risk model, auditors continued the process towards CIA/CISA certification and Organization-wide Standards of Conduct were issued in January. In addition, IOS developed a standard reporting template to improve the structure and readability of audit reports. The follow-up applicable to recommendations affecting IOS itself will be a priority for the new Director in the first half of 2008.

D. *Staff capacity-building in strengthening internal control*

20. In 2006, IOS extensively revised its audit guidelines to prepare for the shift of emphasis to help the Organization secure intermediate results through enhanced programme effectiveness and efficiency. Consequently, 2007 was a year of consolidation and putting into practice the new approach which was adopted for several audits, through closer collaboration between audit and evaluation functions, given that both are working towards providing an assurance on the performance of the Organization in delivering its programme.

21. Owing to the launch of the CD-ROM, which was very well received,⁷ IOS placed less emphasis on staff capacity-building in strengthening internal control and risk assessment in 2007. That said, IOS continued to provide informal training during field audits and IOS held one specific training session for staff from a UNESCO institute. IOS continued to provide verbal and written explanations to field staff on policy and internal control issues as requested. In addition, Director, IOS participated in a training workshop for around 35 field office and institute administrative staff in Bangkok.

E. *Appropriate investigation for possible misconduct, mismanagement, violation of rules*

22. An important component of IOS work is to conduct investigations into allegations of possible misconduct, mismanagement and violation of rules. In 2007, IOS undertook six investigations, a number above the average over the last several years. Being resource-intensive, the investigation cases diverted resources away from audit activities. In most United Nations organizations, the audit and investigation functions are separate so that audit priorities are maintained. This possibility will be investigated by the new Director.

23. As part of the Ethics Programme, IOS had planned to establish and implement a Voluntary Disclosure Channel (VDC) for reporting suspected or actual cases of waste, fraud, abuse and mismanagement. However, because the Ethics Programme did not eventuate, the VDC was not developed. Funding has been provided for the programme in the 2008-2009 budget and it is expected that the VDC will form part of the work of the Ethics Office.

⁷ Refer to paragraph 37, 176 EX/38.

F. Effective collaboration with UNEG, JIU and United Nations agencies

24. UNESCO IOS is an active member of the United Nations Evaluation Group. It is co-Chair of the UNEG Evaluation Capacity Development Working Group, which brings together the expertise of the various United Nations evaluation units. IOS was the facilitator of the workshop *Evaluation and RBM in the UN-CEB High-Level Committee on Management (HLCM) and High-Level Committee on Programmes (HLCP)*, which 70 participants from UN agencies attended.

25. IOS represents UNESCO in the management group of the *Evaluation of the Delivery as One Pilot*. The group oversees the design and implementation of the evaluation. IOS has contributed to the UNEG proposal containing the basic design and overall framework of the evaluation. The initial phase of the evaluation – the evaluability assessments – began with a UNEG mission to Viet Nam in November 2007. IOS participated in a UNEG Management Group meeting in December to finalize the report. Significant further involvement is foreseen for 2008.

26. IOS participated in “Delivering as One” programme meetings and provided comments, particularly on programme and financial accountability and governance issues. Along with the internal audit entities of other United Nations bodies/specialized agencies, IOS participated in the Audit Working Group on Multi-Donor Trust Funds which finalized a framework for auditing multi-donor trust funds in 2007. The Working Group also agreed that the internal audit services of the participating organizations would prepare summaries of their internal audit reports which would be shared with the administrative agent, who would then prepare a consolidated report for the various stakeholders.

27. IOS continued to act as the UNESCO focal point for the work of the JIU by coordinating and bringing together UNESCO input and responses to JIU reports. In 2007, the JIU issued five reports of relevance to UNESCO relating to results-based management, voluntary contributions, staff medical coverage, age structure and knowledge management in the United Nations system (refer to document 179 EX/39). As input into 2008 JIU activities, IOS proposed areas of focus for the JIU, including risk management, progress towards the Millennium Development Goals and environmental policies and practices in the United Nations system.

G. Accountability for results and enhancing organizational learning

28. In the 2006–2007 biennium, IOS had planned 23 major programme activity evaluations funded by regular programme and extrabudgetary resources and strategic and thematic evaluations which address a specific UNESCO development priority or address a topic that has significant corporate implications. Fifteen of these 23 programme and thematic evaluations were completed.⁸ Six evaluations⁹ had been added, one of which had been completed. Thus a total of 16 evaluations were conducted and completed in the 2006-2007 biennium. In 2007, eight evaluation reports were posted on the IOS website and sent to stakeholders. In addition, the evaluation section joined with the audit section in reviews of several UNESCO decentralized bodies.

⁸ The following evaluations were cancelled: (1) Evaluation of UNESCO's contribution to the learning needs of young people; (2) Evaluation of UNESCO's contributions of non-formal education (NFE) to Education for All (EFA); (3) Evaluation of ICTP; (4) Mid-term evaluation of the integration of the principles of the Universal Declaration on Cultural Diversity into the cultural policies designed by Member States; (5) Interim evaluation of the Medium-Term Strategy; (6) Mid-term evaluation of UNESCO's contribution to human rights development, the fight against racism and discrimination and the promotion of human security and peace. The Evaluation of UNESCO's technical assistance and capacity-building efforts in measuring learning achievement had not been completed as at the end of 2007. The Evaluation of WHC activities funded by United Nations foundations was transferred to the 34 C/5 period.

⁹ (1) Evaluation of the Nordic Countries Memorandum in Support of the Capacity-Building for EFA extrabudgetary programme; (2) Evaluation of International Council for Science (ICSU); (3) Evaluation of Nigeria – UNESCO Project on Science and Technology Education; (4) Evaluation of Nordic World Heritage Foundation (category 2); (5) Evaluation of UNESCO's Leadership and Change Management Programme (LCMP); (6) Evaluation of UNESCO's Results-based Management Training Programme.

29. The evaluations undertaken in 2007 typically covered questions of relevance, efficiency, effectiveness, impact and sustainability. In line with the next evaluation strategy, many contained an emphasis on lessons learnt, results achieved and impacts. Feedback from the users of the evaluations suggests that many were well received and contained useful findings and recommendations of wide application. The following examples serve to illustrate the kinds of issues and findings identified, recommendations given, the feedback received from the key users of the evaluations and actions taken in response to the recommendations:

- At the 177th session of the Executive Board, the UNESCO Institute for Statistics (UIS) stated that the Evaluation of UIS was well done. It was timed well because it was important to take stock after a period of rapid expansion. UIS stated that the evaluation had been a useful instrument for its strategic planning, and that the report had been widely distributed.

Already, the evaluation has had some impact. The Statistical Capacity-Building Programme has been restructured to make the programme more sustainable by developing a new model of delivery. The Literacy Assessment and Monitoring Programme has also been restructured by making the programme more realistic, thus lessening financial risks, and the implementation strategy was changed by involving more stakeholders and making much more use of partners in the implementation phase. In addition, the evaluation was a major input into the UIS Medium-Term Strategy 2008-2013.

- The Evaluation of the Information for All Programme (IFAP) reaffirmed the importance of the issues at the heart of the IFAP programme, namely the digital divide, information literacy, open access to information, information preservation, knowledge use and dissemination. However, the evaluation found that the accomplishments of the programme had been limited in its six years of operation. It recommended that a strategic planning process be undertaken to develop a clearly defined mission, a set of objectives, a strategy for pursuing the objectives and a means for assessing the achievement of the objectives.

In responding to the evaluation at the 34th session of the General Conference, the President of the IFAP Council accepted the need for a strategic planning activity. He informed Member States that the IFAP Bureau had already made a start at its September meeting by approving a process and timetable for developing a new strategic results-based plan which would be presented to the 179th session of the Executive Board in 2008 (refer to document 179 EX/14).

- The Review of UNESCO's Capacity-Building Function, released in February 2007, was a strategic, intersectoral evaluation that was of relevance to all sectors of UNESCO. In conducting the evaluation, UNESCO management showed strong support for the evaluation in recognizing the importance of capacity-building to UNESCO. However, the follow-up to the recommendations has yet to materialize significantly, mostly due to the fact that the evaluation was not owned by any sector. IOS is only aware of one example where the evaluation was used: it provided a valuable input into the terms of reference for the Review of Capacity Development for Achieving EFA Goals.

The evaluation identified a number of significant issues for UNESCO. Capacity-building activities needed to move beyond conventional activities, such as training and technical assistance, in order to bring about sustainable change within institutions. The evaluation also called for a multi-layered, multidimensional framework for understanding capacity and a holistic, long-term approach to its development. The review also noted that the bulk of UNESCO's programming under the rubric of capacity-building consisted of small, discrete, short-term projects involving mainly technical inputs with little evidence of institutional change.

To improve follow-up to strategic, cross-cutting evaluations such as this capacity-building evaluation in the future, IOS will make more use of cross-organization evaluation reference groups. Identifying a sector or a champion within senior management to take forward a cross-cutting evaluation is a possibility for overcoming the problem of a lack of ownership. Making use of the intersectoral platforms, or establishing a specific platform at the conclusion of an evaluation, is also a possibility for ensuring that UNESCO maximizes the benefit and learning from evaluations.

- The evaluation of the UNESCO-IHE Institute for Water Education was an independent external evaluation that dovetailed with an IOS risk assessment of the Institute. As complementary undertakings, the evaluation focused on results and effectiveness, with the risk assessment concentrating on financial and administrative matters.

The evaluation identified that UNESCO-IHE offered a wide range of expertise in support of institutional and organizational reform in water management. It was the only institution in the United Nations system with the right to confer accredited M.Sc. degrees in water and environment. A key challenge identified by the evaluation was the need to develop a concrete plan on how to improve cooperation between UNESCO and UNESCO-IHE. The IOS risk assessment identified several risks associated with the implementation of the cooperation agreement between the IHE-Foundation and UNESCO, financial authority and the future financial position of the Institute.

- The evaluation will form an important input to the work of the task force, to be established by the Director-General in January 2008, to deal with the renewal of the two agreements concerning the UNESCO-IHE Institute for Water Education.

30. Several of the above examples show that evaluations can have significant impact in UNESCO. As in 2006, the evaluation function has placed significant emphasis on improving responses and actions to evaluations. IOS developed guidelines on the follow-up of evaluation recommendations with a plan to report to the Executive Board on the progress made in follow up. It is important to note that a number of the evaluations¹⁰ conducted in 2006 and 2007 were of a strategic, forward-looking nature, with their real value in influencing the policy debate. Consequently, their impact on policy development typically emerges at a later stage.

H. Capacity-building for sound evaluation results

31. In order for UNESCO to be a learning organization, evaluation must be a central part of internal processes and imbued with the culture. IOS recognizes that there is still some way to go to achieve this goal and for evaluation and the programmatic development cycle to be seamless and mutually reinforcing. In 2007, IOS did the following to build evaluation capacities in UNESCO:

- IOS developed an evaluation handbook, which will be published in early 2008, to further understanding among UNESCO staff and key stakeholders on what evaluation is, why it is important and who is responsible for what in the evaluation process.
- IOS developed six evaluation tools to support the evaluation process and improve the quality of evaluations: Guidelines for managing external evaluations, Desk study checklist, Guidelines for developing terms of reference, Guidelines for selection of evaluators, Guidelines for inception reports, Follow-up to recommendations.
- IOS trained 10 UNESCO staff and 10 consultants, and field office directors were recipients of a presentation on monitoring and evaluation.

¹⁰ Review of UNESCO's Capacity-Building Function, Evaluation of UNESCO's Results-Based Management Training Programme, A Practice Review of UNESCO's Exit and Transition Strategies, and Evaluation of the Cross-Cutting Themes: Poverty and ICTs.

- IOS identified that 15 UNESCO field offices would be examined as part of the total of 32 evaluations of activities in 2008-2009. Technical support and backstopping, as well as quality assurance of final reports, has been programmed into the 34 C/5 Evaluation Plan.

32. Since September 2007, IOS has been actively working towards establishing a Consultant Roster in collaboration with HRM, which was tasked by the Director-General with setting up an institution-wide roster for consultants earlier in 2007. This initiative forms part of a policy to rationalize and improve the contracts for consultants and replace the old system of consultant and fee contracts. The database will be based on that recently developed by the Science Sector and adapted to each sector's individual needs, starting with the evaluation section as the pilot.

33. Based on a review of existing rosters and best practices in procurement within the United Nations system, IOS has been able to provide HRM with inputs into the design of the consultant roster, with the aim of providing access to a well-engineered, user-friendly online database facility. To accommodate the specific needs of the evaluation function, a "needs assessment" has been completed. The Consultant Roster is expected to be operational by early 2008, at which point IOS will call for expressions of interest to join the roster.

I. Sound and quality programmes through clear articulation of expected results and performance indicators

34. Early in 2007, IOS collaborated with BSP in providing comments and suggestions on how to improve the performance indicators for document 34 C/5. In several cases, IOS input improved specification and clarity. IOS also worked with ERC to improve the evaluation section of the revised extrabudgetary guidelines which now also contain a provision for extrabudgetary activities to develop a transition or exit strategy.¹¹ This new measure was spawned from the IOS-commissioned Practice Review of UNESCO's Exit and Transition Strategies.

35. IOS notes that UNESCO results are still not always articulated clearly and are sometimes not expressed in a way that facilitates subsequent monitoring, evaluation and reporting. Indeed, document 34 C/3, jointly prepared by BSP and IOS, stated: "Often what appeared as expected results were actually the activities to be undertaken by UNESCO. Also, the performance indicators often refer to activities."¹² Many project documents for extrabudgetary projects still require performance indicators. Monitoring must be built into most programmes and projects to respond to the 34 C/3 finding that "monitoring is low or non-existent".¹³

J. Governing bodies well informed on programme implementation, progress, delivery, achievements, lessons, constraints and innovations

36. In 2007, IOS presented summaries of six external evaluations to the Executive Board (176 EX/28 and 177 EX/26) and an addendum on cost-effectiveness. The cost-effectiveness analysis showed that:

- a number of evaluations concluded that the programme or activity concerned was generating significant results for the allocated resources;
- planning is often weak because effective RBM practice is not yet fully internalized by the Organization;
- a common thread running through many evaluations was the need to undertake a small number of larger, more strategic projects rather than many small ad hoc projects;

¹¹ Refer to 1.2.3 and 2.3.1 of Administrative Circular No. 2285.

¹² Report of the Director-General, 2004-2005 (34 C/3), p. 78.

¹³ *Ibid.*

- *ex ante* assessments and forward-looking assessments of the likely future effects of new programmes were found to need improvement;
- many evaluations pointed to the need to improve dissemination practices.

37. In an effort to improve evaluations, IOS will ensure that cost-effectiveness analysis is included in future evaluations to the extent possible. It will also continue to emphasize the importance of *ex ante* assessment and strong results-based management, which are necessary preconditions for cost-effective activities and programmes. As the cost-effectiveness analysis paper highlighted the importance of improving dissemination practices, for its own part, IOS has sought to raise the visibility of evaluation findings through new measures. One example was the information meeting during the 34th session of the General Conference on the evaluation of UNESCO's Contribution to the World Water Assessment Programme.

K. Support provided in improving management methods and processes

38. Well-functioning management methods and processes are fundamental for enabling an organization to be effective and efficient. In 2007, IOS participated in the Decentralization Review Task Force and the Task Force on Global Climate Change (still ongoing), and was an observer on the Review Committee for Major Programmes II and III. An IOS staff member was the Secretary of the Special Committee of the Executive Board and Secretary for the Working Group to prepare the report of the Executive Board to the 34th session of the General Conference. In addition, IOS attended the technical committee meetings convened by the Bureau of Field Coordination to prepare an accredited list for the Administrative Officers in the UNESCO field offices.

39. In a bid to raise the awareness of environmental practices throughout the Organization and in response to pressure to manage operations with due care for the environment, IOS launched a "green audit" in June. Against the background of calls for a "climate neutral" United Nations, the audit aimed to provide management and staff with the necessary information to make decisions on how to improve practices towards the development of UNESCO's environmental management system.

40. The audit was split into two phases: (1) a baseline assessment; and (2) greenhouse gas emission analysis. In November, IOS held a special 90-minute information session on the audit and preliminary findings. The report for Phase I was delivered to the Director-General in December 2007 with Phase II scheduled to be completed by March 2008. Within the framework of ISO 14001, the audit covered procurement of office supplies, printing, building renovation and maintenance, transport, travel, restaurant services, the UNESCO Commissary, energy consumption and waste management.

41. It is clear from Phase I of the audit that much needs to be done across the Organization to bring activities up to standards compatible with those of the many French and international organizations which subscribe to ISO 14001 and the newer ISO 14064 related to greenhouse gas emissions. Recommendations from the audit related to: establishing an environmental management system which complies with French regulations, norms and standards; rationalizing the procurement system; enhancing the recycling scheme; raising awareness; and improving statistics to enable monitoring of progress.

Preparation for the second Medium-Term Oversight Strategy 2008-2013

42. The second long-term strategy focuses on enhancing accountability for the effective and efficient achievement of programme results. The audit activities will focus on determining whether processes and controls exist in acquiring, managing and using resources economically, efficiently and effectively. While the first strategy focused on field audits, the second strategy will give increased coverage to Headquarters with a focus on economy, efficiency and effectiveness. For the 2008-2009 biennium, IOS plans to undertake a number of Headquarters audits, field office

audits, institute audits and IT audits. The risk model that was developed as a result of the quality assurance review will be used to identify which entities to audit.

43. The evaluation function will be guided by the 2008-2013 evaluation strategy which contains eight results (refer to documents 175 EX/26 and 176 EX/27). In general, the new strategy continues the work already started under the 2001-2007 strategy (refer to document 165 EX/19). Four results in particular continue the work under the former strategy: developing a strong evaluation culture; ensuring high quality of evaluations; increasing evaluation capacity; and more effective management of evaluations. The remaining four results represent newer areas of focus: comprehensive evaluation coverage; strong contribution to strategic management; increased funding for evaluation; and implementation of recommendations. IOS has already begun preparing for these by:

- developing the 34 C/4 Indicative Evaluation Plan (refer to document 177 EX/27), which contains evaluations of all UNESCO's 14 strategic programme objectives (SPOs), three strategic evaluations and a number of evaluations of decentralized bodies and category 1 institutes/centres for 2008-2013;
- developing a general approach for the management of the SPO evaluations with a reference group established for the evaluation of SPO 14 and mapping of SPO 3 already under way;
- undertaking desk study work for two of the strategic evaluations (Capacity to Deliver and Recruitment Policy and Practice);
- developing guidelines on the follow-up of evaluation recommendations, with a plan to report to the Executive Board on the progress made in follow-up; and
- securing a quarterly slot (in principle) in the meeting of the College of ADGs to discuss evaluation plans as a mechanism to encourage action across the Organization and to ensure follow-up to evaluation recommendations in a systematic manner.¹⁴

Proposed draft decision

44. Having considered the above, the Executive Board may wish to adopt a decision along the following lines:

The Executive Board,

1. Recalling 160 EX/Decision 6.5 and 164 EX/Decision 6.10,
2. Having examined document 179 EX/30,
3. Takes note of the contributions made by the Internal Oversight Service (IOS) to improving the management of the Organization as part of its ongoing reform;
4. Takes note of the further actions that need to be taken by the Secretariat to improve the culture of learning, the culture of accountability and governance of the oversight functions;
5. Requests the Director-General to initiate those actions.

¹⁴ Refer to minutes of the College of ADGs meeting on 2 July 2007, p.3.