



United Nations
Educational, Scientific and
Cultural Organization

Organisation
des Nations Unies
pour l'éducation,
la science et la culture

Organización
de las Naciones Unidas
para la Educación,
la Ciencia y la Cultura

Организация
Объединенных Наций по
вопросам образования,
науки и культуры

منظمة الأمم المتحدة
للتربية والعلم والثقافة

联合国教育、
科学及文化组织

Internal Oversight Service

Audit Section

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Audit of UNESCO's International Bureau of Education (IBE- UNESCO)

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Auditors:

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EXECUTIVE SUMMARY

Key Results

IOS conducted an audit of the International Bureau of Education, a UNESCO Category 1 Institute, to assess the functioning and the effectiveness of risk management, internal controls and governance. The audit concluded that the Institute is generally governed and managed as per the criteria established by the Executive Board for Category I Institutes, however there is a need to establish a formal risk management system at the Institute.

The Institute funding mostly comes from extrabudgetary sources (66 per cent). The Swiss contribution to IBE has declined from 600,000 CHF in 2014 to 300,000 CHF in 2017 and there are indications that after 2017, the Swiss authorities will not provide any financial support to the IBE. In light of declining contributions from the host government, the financial sustainability of the Institute is challenged and a longer term funding strategy is needed. In the short term, the Institute can save up to US\$ 520,000 (from reduced maintenance cost and rental income from the sublet space) per year by rationalizing the use of office space.

The programme activities at the Institute are focused on its mandate and are carried out in collaboration with other UNESCO entities.

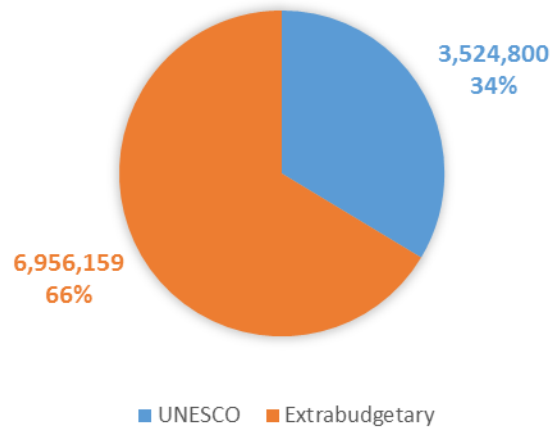
Expenditure, including on procurement and contracting, is in compliance with the Organization's policies and generally follows the best value for money approach. Travel management is also well controlled. Some issues have been identified as needing improvement in the human resources management. The audit also noted that the institute has revised its royalty arrangement for its flagship publication to obtain more favourable terms. Similar arrangements should be pursued for other publications with a view to ensure full cost recovery.

Background

1. The International Bureau of Education (IBE) is the oldest of the UNESCO Institutes, founded in 1925 and fully integrated into the Organization in 1969. It is a UNESCO Category 1 Institute mandated to be an international Centre of Excellence (CoE) in curriculum and related matters, with a mission to support UNESCO Member States in their efforts to enhance the quality of student learning through six core initiatives mapped onto three key programme areas– (i) capacity development and technical assistance; (ii) knowledge creation and management; and (iii) policy dialogue.
2. The governing body of the Institute is the IBE Council, composed of representatives from Member States designated by UNESCO's General Conference for a term of office lasting four years. On the basis of the amended IBE Statutes (37 C/Resolution 14), the number of the Member States constituting the Council was reduced to 20 in 2014-2015, and further reduced to 12 after the 38th session of the General Conference.
3. The Director of IBE and 8 of its personnel (5 Professional and 3 General Service) serve under UNESCO staff contracts. All programme activities are financed through regular programme and extrabudgetary funds. A total of \$10,480,959 was allocated to IBE for the 2014-2015 biennium¹ and the following chart details the budget breakdown:

¹ Report by the IBE Council on the Activities of the International Bureau of Education (IBE) (2014-2015), 38C/REP/1, <http://unesdoc.unesco.org/images/0023/002336/233698e.pdf>

2014-2015 FINANCIAL ALLOCATION



4. The Internal Oversight Service (IOS) had never audited the Institute previously.

Scope, Objective and Methodology

5. IOS conducted an audit of IBE to assess the functioning and the effectiveness of risk management, internal controls and governance at the Institute. The scope of the audit included management of programmes and activities, financial processes, contracting & procurement, human resources, and travel.

6. More specifically, the audit ascertained whether the Institute:

- Is in conformity with the guidelines approved by the Executive Board for the Category I Institutes;
- Manages its risks adequately and effectively manages performance and assets
- Efficiently and effectively manages its programme activities;
- Travel management system is effectively monitored;
- Expenditure, including on procurement and contracting, is in compliance with the Organization's policies and follows the best value for money approach;
- Human resources are effectively managed to optimise the programme delivery.
- Fraud risks are effectively managed

7. The audit was performed in accordance with the International Standards for the Professional Practice of Internal Auditing and covered activities undertaken during the period January 2014 to October 2016. The audit was conducted based on a walkthrough of processes, document reviews, stakeholder interviews and meetings, and system data reviews. Methodology was based on a risk assessment conducted during the planning phase of the audit and substantive testing of samples of financial transactions, contracts, travel and personnel actions. Fieldwork was conducted during the IOS mission from 28 November to 9 December 2016.

Internal controls

8. As part of the audit, IOS validated the most recent self-assessment of internal controls completed by the Institute. The purpose of this validation is to reinforce the self-assessment methodologies and resultant assurance as this process continues to evolve. We concluded that the self-assessment was largely representative of the status of the Institute's controls.

| Functional Area | Self-Assessment (2015) | IOS assessment |
|--------------------------------------|------------------------|---|
| Governance | Globally Under Control | Globally Under Control (Ref: Recommendation 1, 2, 3) |
| Programming and Programme Management | Globally Under Control | Globally Under Control (Ref: Recommendation 4) |
| Financial Control | Globally Under Control | Globally Under Control (Ref: Recommendation 5,11) |
| Supply of Goods, Works & Services | Globally Under Control | Globally Under Control (Ref: Recommendation 6) |
| Human Resource Management | Globally Under Control | Needs Improvement (Ref: Recommendations 7,8,9) |
| Travel Management | Globally Under Control | Globally Under Control (Ref: Recommendation 10) |

Table of recommendations

We recommend that:

Recommendation 1: IBE prepare, in consultation with ED Sector, a financial sustainability document taking into account the Institute needs and likely funding sources and present it to its governing council for discussion and decision.

Recommendation 2: IBE rationalize its office space after assessing the space requirement. The space assessment should take into account the number of existing staff/other personnel and the office space norms as established by UNESCO. Any excess space should be sublet in order to reduce the net operating expenses on Institute premises.

Recommendation 3: IBE establish a risk register by identifying different categories of risks and periodically report these risks to its governing council along with the actions taken to mitigate the risks.

Recommendation 4: IBE, in collaboration with the ED sector, identify new areas of opportunities for IBE as well as potential overlap of activities with other Institutes or divisions of ED sector and prepare a plan to tap the new opportunities and reduce potential overlaps.

Recommendation 5: IBE establish clear guidelines for charging administrative and support cost to project/programme activities and clearly disclose such charges in its financial reports.

Recommendation 6: Director IBE issue instructions to all staff highlighting the need for competitive selection in hiring of external consultants, in accordance with UNESCO policies.

Recommendation 7: HRM review the current practice at IBE of hiring junior consultants directly from a pre-established roster and provide necessary guidance on the matter.

Recommendation 8: Director IBE approach the Director General (via ADG/ED) for the approval to engage in outside activities.

Recommendation 9: AO/IBE establish an internal procedure to ensure that all absence (leave, mission etc.) are captured in the leave management system, TULIP.

Recommendation 10: AO/IBE should inform all staff of the requirement to book the mission tickets 14 days in advance and that any exception to the rule should be specifically approved by the Director/IBE based on relevant justification.

Recommendation 11: IBE review the royalty arrangements for all its publications with a view to ensure full cost recovery.