



United Nations
Educational, Scientific and
Cultural Organization

Executive Board

Two hundredth session

200 EX/20 Part I

PARIS, 23 August 2016
Original: French

Item 20 of the provisional agenda

NEW AUDITS BY THE EXTERNAL AUDITOR

PART I – SHORT-FORM REPORT

AUDIT REPORT ON COST RECOVERY FROM VOLUNTARY CONTRIBUTIONS

SUMMARY

This document is the short-form report of the External Auditor's audit report on cost recovery from voluntary contributions as submitted in document 200 EX/20.INF pursuant to Article 12.4 of the Financial Regulations.

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



EXECUTIVE SUMMARY

AUDIT REPORT ON COST RECOVERY FROM VOLUNTARY CONTRIBUTIONS

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

1. **The recommendations from the 2011 report on cost recovery have been implemented or are in the process of being implemented**

1. UNESCO has implemented Recommendation No. 5 from the External Auditor's 2011 report on the general conditions of implementation of the Complementary Additional Programmes (2008-2011) aimed at restoring financial balance to FITOCA,¹ so as to ensure that its balance amounts to at least the equivalent of 18 months of the salaries that it pays.

2. The FITOCA accounts, which posted a \$5.7 million deficit in 2008 and a \$2.3 million deficit in 2009, recovered strongly between 2010 and 2015, when they recorded a surplus of more than \$5.6 million.

3. The account recovery increased the FITOCA reserves by 64.45% between 2010 and 2015, which has helped push the reserves beyond 18 months' of the staff costs it pays since 2012: in 2015 the reserves of \$32.7 million covered almost 36 months of staff costs.

4. This trend was complemented by a sharp increase in the income of the special account for cost recovery, for which the income increased more than tenfold during the same period, from \$184,000 to \$2.02 million.

5. The four methods suggested by Recommendation No. 5 to achieve this result have been implemented or are in the process of being implemented:

- even though the FITOCA financial regulations have not been changed to reduce the programme support costs rate, a working group on the reform of the cost recovery system was launched in late 2012 in the Secretariat;
- the number of projects with a waiver rate for support costs (below the single standard rate of 13%) is declining yearly, falling from nine in 2010 to two in 2015. However, owing to the multi-year nature of most of the extrabudgetary projects, nearly half of the amount for these projects (\$58.4 million out of \$117.7 million) had rates of below 13% in 2015;
- the proportion of FITOCA used to fund administrative support posts at Headquarters or field offices has increased considerably (from 58.87% to 80.95%) but the number of posts that provide administrative support and the total number of FITOCA-funded posts have diminished at the same time;
- FITOCA accounts for Brazil have been rebalanced from a deficit of \$276,000 in 2010 to a surplus of \$1.25 million in 2014 and \$263,000 in 2015.

6. UNESCO has partially implemented Recommendation No. 6: the procedures for the recovery of time spent by regular-programme staff on extrabudgetary projects have been simplified through the implementation of the "Budget for UNESCO" (B4U) application, which helps with the preparation of budgets for extrabudgetary projects, explaining how to calculate each cost

¹ Funds-in-Trust Overhead Cost Account.

component to be recovered. That is why, along the same lines, users would like budget management software in use to be adapted to facilitate budget implementation. The External Auditor recommends that this course of action be followed and that training sessions continue to be held for those responsible for preparing and implementing the budgets for extrabudgetary projects, who do not fully master cost recovery rules and the B4U tool.

Recommendation No. 1. The External Auditor recommends adapting the Organization's financial management software (SISTER and FABS) so as to facilitate and automate cost-recovery operations for extrabudgetary projects under way.

Recommendation No. 2. The External Auditor recommends that training sessions continue to be held for those responsible for preparing and implementing the budgets for extrabudgetary projects.

2. Cost recovery rules must be reformed

7. It would be desirable to rewrite the Guidelines on the Cost Recovery Policy, in order to clarify and update the rules of this policy and make the document more instructive.

Recommendation No. 3. The External Auditor recommends that the Guidelines on the Cost Recovery Policy be rewritten, formalizing practices in force, integrating forthcoming reforms and providing more examples of how to apply the rules properly.

8. To streamline the system, eliminate the risk of overcharging and improve UNESCO's position in relation to other agencies competing for voluntary contributions, there seem to be several possible reform options.

9. One option, which it appears necessary to implement in any event, would be to specify the categories of costs recovered by current support cost rates (13%, 10%, 8%, 7% and 5% for Brazil) to the benefit of FITOCA and to formally prohibit charging direct costs for these cost categories.

10. A second option would be to use only a standard programme support cost rate (through FITOCA) and do away with direct cost recovery.

11. A third option would be to recover the maximum level of direct costs and to adopt a very low programme support cost rate so that UNESCO is at much less of a disadvantage in relation to its competitors.

12. A fourth option, put forward by two field offices in their replies to the External Auditor's questionnaire, would be to enable extrabudgetary project managers to negotiate an ad hoc support cost rate with the donor(s): the rate would be based on the office's estimate of direct costs that could not be charged to each project's budget for whatever reason. All cost categories not included in this support cost rate would be charged to the project as direct costs. The Secretariat is not in favour of this option, as it would run the risk of creating competition among field offices for donors.

13. The fifth option, which is the direction currently preferred by the working group, would be to align the support cost rate for FITOCA on the rate envisaged by a group of international organizations (8%), prohibit waivers from the rate and recover the maximum level of direct costs (as today). To avoid the risk of overcharging, this arrangement studied by the working group would have to be accompanied by the aforementioned reform (to identify cost categories covered by the support cost rate for FITOCA and to reserve direct cost recovery for other cost categories).

14. Finally, this work could be complemented by a trial to simplify calculations in order to minimize management costs.

Recommendation No. 4. The External Auditor recommends: (i) updating the amount of extrabudgetary project management costs to be recovered, according to the project size and complexity; (ii) based on the results of the update, proposing a reform of the cost-recovery method to improve UNESCO's position in relation to organizations competing with it for voluntary contributions, thanks to a reduced support cost rate, while avoiding the risk of overcharging projects by making a clear distinction between indirect variable costs recovered by the support cost rate and FITOCA, on the one hand, and direct costs recovered by charging to project budgets or through the special account for cost recovery on the other; (iii) quickly implementing the reform to avoid accumulating unproductive FITOCA reserves.

Recommendation No. 5. The External Auditor recommends a two-year trial to base the calculation of costs recovered by charging project budgets or through the special account for cost recovery on simplified set rates.

3. The distribution of FITOCA funds should be reviewed

15. The overall distribution of funds between Headquarters and field offices and the distribution of posts among Headquarters offices are purely customary; the use of FITOCA funds by field offices is not always in keeping with the purposes of the cost-recovery policy; the ban on carrying over funds from one year to the next warrants review; field offices sometimes misunderstand the calculation of FITOCA sums allocated to them each year.

Recommendation No. 6. The External Auditor recommends: (i) updating the distribution of FITOCA funds between Headquarters and field offices based on the results of a study into the work time that various offices actually spend on managing voluntary contributions and extrabudgetary funds, and (ii) updating the distribution of FITOCA-funded posts at Headquarters among the various offices at Headquarters based on the results of a study similar to the one in the first part of the recommendation.

Recommendation No. 7. The External Auditor recommends reserving the use of FITOCA by field offices, save exceptions authorized by Headquarters, for the reimbursement of expenditure paid from the regular budget for extrabudgetary projects, in accordance with the purpose of the cost-recovery policy.

Recommendation No. 8. The External Auditor recommends authorizing FITOCA funds to be carried over from one year to the next by field offices for extrabudgetary projects with annual expenditure rates of almost 100%.

Recommendation No. 9. The External Auditor recommends providing field offices, each year, with a detailed written explanation of the calculation of the annual allocation of the FITOCA funds they receive.

4. Information for Member States should be improved

Recommendation No. 10. The External Auditor recommends that, each year, Member States should be provided with information on the distribution of FITOCA funds between Headquarters and the various field offices, the distribution of FITOCA-funded posts among Headquarters offices and the income collected by the special account for cost recovery.

5. Conclusion

16. As the External Auditor has noted in other international organizations, the current cost-recovery system is highly complex and involves many management and control operations. It might therefore be useful to streamline the system and reduce its costs. The ideal solution would be for all United Nations agencies to adopt a common, standardized cost-recovery system. In the absence of such a common system, it would be preferable to adopt quickly any reforms inspired by those recommended by the working group set up by the Secretariat to reform the UNESCO system. The External Auditor has noted that the current approach of the working group corresponds to the fifth and preferred reform option.

Proposed decision

17. The Executive Board may wish to adopt a decision worded as follows:

The Executive Board,

1. Having examined documents 200 EX/20 Part I and 200 EX/20.INF,
2. Expresses its satisfaction to the External Auditor for the high quality of his report;
3. Invites the Director-General to report on progress achieved in the implementation of recommendations in her report on the follow-up to all recommendations made by the External Auditor.

Director-General's comments

The Director-General thanks the External Auditor for his report on cost recovery from voluntary contributions. She accepts the vast majority of the recommendations made therein and will report on the progress of their implementation in accordance with the usual practice.

Details in Annex.

ANNEX
PRELIMINARY IMPLEMENTATION PLAN BY RECOMMENDATION

Audit recommendations	Preliminary implementation plan and comments	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
<p>Recommendation No. 1. The External Auditor recommends adapting the Organization’s financial management software (SISTER and FABS) so as to facilitate and automate cost-recovery operations for extrabudgetary projects under way.</p>	<p>Accepted. Proposed as a part of core system re-design project in the Invest for Efficient Delivery Projects.</p>	<p>Assessment will be made as part of the project design.</p>	<p>January 2018</p>
<p>Recommendation No. 2. The External Auditor recommends that training sessions continue to be held for those responsible for preparing and implementing the budgets for extrabudgetary projects.</p>	<p>Accepted.</p>	<p>YES. Regional training covered by staff cost savings 2015: US \$185,430; 2016: \$129,400 already incurred estimated for future training \$205,000. Second phase cost for production of e-learning materials covered from the Invest for Efficient Delivery funding.</p>	<p>Second phase by December 2017 Maintenance of training beyond Dec 2017 will depend on budget provisions</p>
<p>Recommendation No. 3. The External Auditor recommends that the Guidelines on the Cost Recovery Policy be rewritten, formalizing practices in force, integrating forthcoming reforms and providing more examples of how to apply the rules properly.</p>	<p>Accepted. To be finalized as part of Cost Recovery Policy review</p>	<p>YES. Policy guidelines production and revision of tools. Estimated \$10,000</p>	<p>January 2018</p>

Audit recommendations	Preliminary implementation plan and comments	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
<p>Recommendation No. 4. The External Auditor recommends: (i) updating the amount of extrabudgetary project management costs to be recovered, according to the project size and complexity; (ii) based on the results of the update, proposing a reform of the cost-recovery method to improve UNESCO's position in relation to organizations competing with it for voluntary contributions, thanks to a reduced support cost rate, while avoiding the risk of overcharging projects by making a clear distinction between indirect variable costs recovered by the support cost rate and FITOCA, on the one hand, and direct costs recovered by charging to project budgets or through the special account for cost recovery on the other; (iii) quickly implementing the reform to avoid accumulating unproductive FITOCA reserves.</p>	<p>Accepted.</p> <ul style="list-style-type: none"> (i) The proposed revised cost recovery policy framework will give consideration to a set of differentiated PSC rates, based upon the needs defined by the resource mobilization strategy (ii) While the current policy guidelines need improvement for a better understanding at the budgeting and planning stage, controls are in place to assure appropriate charging. (iii) The proposed revised Cost Recovery Policy framework defines, through cost classification: the management costs recovered by the PSC rate; costs to be charged directly to project budgets; and regular programme posts and other cost which can be recovered for project implementation. The revised policy will take into account the need to maintain an appropriate level. 	<p>NO.</p>	<p>January 2018</p>
<p>Recommendation No. 5. The External Auditor recommends a two-year trial to base the calculation of costs recovered by charging project budgets or through the special account for cost recovery on simplified set rates.</p>	<p>The thrust of the recommendation will be considered in the context of the Revised Cost Recovery Policy</p>	<p>To be established</p>	<p>January 2018</p>
<p>Recommendation No. 6. The External Auditor recommends: (i) updating the</p>	<p>Partially accepted. The JIU report in 2002-03 highlighted that because time</p>	<p>YES if additional time study required</p>	<p>January 2018</p>

Audit recommendations	Preliminary implementation plan and comments	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
distribution of FITOCA funds between Headquarters and field offices based on the results of a study into the work time that various offices actually spend on managing voluntary contributions and extrabudgetary funds, and (ii) updating the distribution of FITOCA-funded posts at Headquarters among the various offices at Headquarters based on the results of a study similar to the one in the first part of the recommendation.	allocation estimations is based on inputs on fixed date these may not be relevant in later years. UNESCO is instead proposing to use the principles of proportionality and cost classification by functional unit as a basis in the new policy as it is simpler to calculate and more transparent to communicate. The revised policy will provide comprehensive guidance to field offices on the charging of costs to projects, including the recovery of Regular Programme Staff costs based on time spent.	Estimated \$15,000	
Recommendation No. 7. The External Auditor recommends reserving the use of FITOCA by field offices, save exceptions authorized by Headquarters, for the reimbursement of expenditure paid from the regular budget for extrabudgetary projects, in accordance with the purpose of the cost-recovery policy.	Partially accepted. Under the current practice, field offices costs incurred by the organization in support of projects are charged either directly to a project or as a part of annual FITOCA allocations. These are not currently charged or reimbursed to the Regular Programme but are supplementary. A review is required to identify the extent to which administrative and overhead costs are funded directly through extrabudgetary projects. The revised policy will provide comprehensive guidance to field offices on the charging of costs to projects.	NO	January 2018
Recommendation No. 8. The External Auditor recommends authorizing FITOCA funds to be carried over from	The thrust of the recommendation will be considered in the context of the Revised Cost Recovery Policy	NO	January 2018

Audit recommendations	Preliminary implementation plan and comments	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
one year to the next by field offices for extrabudgetary projects with annual expenditure rates of almost 100%.	Recognizing that the current timing of release of FITOCA allotments to field offices has had an impact on implementation, 75% of allotments due will be released by January from 2017.		
Recommendation No. 9. The External Auditor recommends providing field offices, each year, with a detailed written explanation of the calculation of the annual allocation of the FITOCA funds they receive.	Implemented. Details of the calculations have been provided to field offices for the 2016 allocation.	NO	2016
Recommendation No. 10. The External Auditor recommends that, each year, Member States should be provided with information on the distribution of FITOCA funds between Headquarters and the various field offices, the distribution of FITOCA-funded posts among Headquarters offices and the income collected by the special account for cost recovery.	Implemented. This is covered by 38th General Conference resolution to provide an annual report on use of FITOCA as part of routine report to the Executive Board.	NO	2016



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Two hundredth session

200 EX/20 Part II Rev.

PARIS, 29 September 2016
Arabic, Chinese, English,
Russian and Spanish only

Item 20 of the provisional agenda

NEW AUDITS BY THE EXTERNAL AUDITOR

PART II – SHORT-FORM REPORT

AUDIT REPORT ON THE INTERGOVERNMENTAL OCEANOGRAPHIC COMMISSION (IOC)

SUMMARY

This document is the short-form report on the External Auditor's audit of the Intergovernmental Oceanographic Commission (IOC) (2013-2016) as submitted in document 200 EX/20.INF.2 pursuant to Article 12.4 of the Financial Regulations.

Action expected of the Executive Board: decision in paragraph 20.



EXECUTIVE SUMMARY

AUDIT REPORT ON THE INTERGOVERNMENTAL OCEANOGRAPHIC COMMISSION (IOC)

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

Presentation of IOC

1. The Intergovernmental Oceanographic Commission (IOC) was established by the General Conference of the United Nations Educational, Scientific and Cultural Organization (UNESCO) in 1960. In accordance with Article 1 of its Statutes, IOC has functional autonomy, embodied by governing bodies separate from those of UNESCO. In 2016, the IOC Assembly comprised 148 Member States and the Executive Council was composed of 40 Member States.
2. The purpose of the Commission is to promote international cooperation and to coordinate programmes in research in order to learn more about the nature and resources of the ocean and coastal areas. IOC thus has general competences in the fight against global warming relating to oceans and tsunami risk prevention.

Strategy

3. In 2013, the IOC Assembly adopted a multi-year strategy paper, for 2014-2021, specifying all the Commission's objectives. The document sets four targets:
 - healthy ocean ecosystems and sustained ecosystem services;
 - effective early warning systems and preparedness for tsunamis and ocean-related hazards;
 - increased resiliency to climate change and enhanced effectiveness of ocean-based activities;
 - enhanced knowledge of emerging ocean science issues.
4. Furthermore, in June 2015, the Assembly adopted another multi-year strategy paper, for 2015-2021, setting targets to improve the practices and capacity development of the Commission. Together, these two strategy papers describe, in particular, the current functioning of IOC. They do not explain how its action is linked with other international organizations and are not policy briefs.

2. Activities and programmes

5. Some reports are submitted to the UNESCO governing bodies before they have been submitted to the IOC governing bodies, owing to the lower frequency of the IOC Assembly and Executive Council meetings.
6. IOC performance indicators relate more to organization than substantive issues, which are, by definition, more cross-cutting in the areas of sustainable development and environmental conservation. It is not always clear which section of the Organization is in charge of which performance indicator. Performance indicators do not ensure the proper allocation of resources.
7. The Commission's activities are well distributed between IOC sections in terms of the volume of publications and activities undertaken. Nonetheless, management does not have a dashboard to

assess and control its activities with regard to the number of publications, activities undertaken and missions carried out.

8. The field offices' activities are unevenly distributed, however. The Perth Programme Office (PPO) and the IOC Sub-Commission for the Caribbean and Adjacent Regions (IOCARIBE) manage a limited number of projects with low financial volumes.

9. Project management could be improved by better use of the competitive process. It is clear that in the highly specialized field covered by the Commission, expertise and skilled providers are limited in number. However, owing to the lack of effective use of the competitive process the neglect for the search for new partners, IOC risks falling short of its mission of capacity building and the transfer of technologies. It also runs the risk of missing out on the new skills that are emerging around the world.

10. There is no common database for all marine sciences, which is certainly unattainable when one considers the amount, complexity and heterogeneity of the information to be assembled, but there is also no common portal for all marine sciences that connects all websites and relevant disciplines through web links. IOC could submit a draft resolution calling for Member States to work together to construct a universal information system and ocean data portal.

3. Budget management

11. Following withdrawal of the United States of America's funding to UNESCO, IOC's expenditure plan amounted to 72% of its budget for the 2014-2015 biennium. The budget decrease mostly affected the operational budget, which was cut by 53%, from \$3.855 million to \$1.816 million. IOC staff costs amounted to \$6.827 million, which represents 79% of the expenditure plan. Budgetary control efforts resulted in a very significant reduction in the operational budget, while staff costs were maintained without a correlation with the level of activities.

12. The planned level of extrabudgetary funding at IOC is significantly lower than the average at UNESCO. This funding is proposed from commitments that have been or are being acquired. The fulfilment of these commitments considerably exceeds expectations, which could encourage IOC to aim for more ambitious extrabudgetary funding.

13. The reading of financial documents could be improved by more concise reconciliation of forecasts and actual values in terms of both budgets and activities.

14. IOC management could be improved by implementing dashboards for monitoring the achievement of its strategic objectives.

4. Human resources management

15. Human resources management is a weakness at the Commission. IOC is facing a situation of continuous understaffing.

16. Reporting to the IOC Assembly of Member States on the management and cost of human resources could be significantly improved.

17. On average, IOC staff members work for the Commission for more than 11 years. This is longer than the standards defined by UNESCO, adversely affecting their career development and the updating of practices at the Commission.

18. In 2016, half of IOC staff members were working in the field. This significant presence abroad requires the Commission to strengthen the management tools for these staff members in order to set them specific and assessed work objectives.

19. Lastly, the Commission frequently uses external consultants in order to conduct a number of its tasks. However, the conditions for the use of these consultants are often contrary to UNESCO's rules. Without competitive tendering, some consultants are working on a permanent basis at the Commission. Beyond the irregularity of these recruitments, systematic renewal does not facilitate the updating of its administrative and scientific practices.

Proposed decision

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

The Executive Board,

1. Having examined documents 200 EX/20 Part II and 200 EX/20.INF.2,
2. Expresses its satisfaction to the External Auditor for the high quality of his report;
3. Invites the Director-General to report on progress achieved in the implementation of recommendations in her report on the follow-up to all recommendations made by the External Auditor.

Director-General's comments

The Director-General thanks the External Auditor for his report on the Intergovernmental Oceanographic Commission (IOC) (2013-2016). She accepts all of the recommendations made and will report on the progress of their implementation in accordance with the usual practice.

Details in Annex II.

ANNEX I: LIST OF RECOMMENDATIONS

Recommendation No. 1. The External Auditor recommends that Article 3 of the Statutes of the Intergovernmental Oceanographic Commission (IOC) be amended to include the “requirements” relating to the United Nations Framework Convention on Climate Change (UNFCCC); likewise, IOC’s medium-term strategy should take into account the Sustainable Development Goals of the 2030 Agenda adopted by the United Nations General Assembly.

Recommendation No. 2. In liaison with the respective governing bodies, conduct a study of the potential pooling of periodic reports to the governing bodies of the United Nations, UNESCO, the Commission and its subsidiary bodies.

Recommendation No. 3. The External Auditor suggests that the autonomy and specificity of IOC, with regard to governance, decision-making, partnerships, funding, operating and external reporting, should be better reflected in the presentation of UNESCO’s budgetary and accounting documents.

Recommendation No.4. The External Auditor recommends a review of the organization of the work of the IOC’s Assembly and Executive Council to enable them to make more strategic decisions on the key issues and challenges facing IOC. To that end, he recommends, in particular, a review of the Commission’s programmes and activities, starting with the analysis, which has already started with regard to the Sustainable Development Goals (SDGs) of the 2030 Agenda, of the main international agreements and conventions with an impact on IOC’s mandate and objectives, in order to propose an overall strategy.

Recommendation No. 5. The External Auditor recommends that the quality of the information provided to the Executive Council and the Assembly be improved by:

- ensuring consistency between the presentation of budget implementation and the expenditure plan and reconciling the two in a single table;
- providing information on the use of the surplus balance of the Special Account;
- for IOC bodies only: establishing dashboards specifically for IOC to monitor its strategic actions and budget.

Recommendation No. 6. The External Auditor recommends that reporting to the Assembly be improved with respect to human resources management by providing detailed information, in each budget implementation and activity report, on:

- the present situation: number of staff working for the Commission, corresponding number of full time equivalents, corresponding total expenditure and funding sources, table of planned and actual staffing levels, including a comparison with the previous consolidated financial period;
- performance indicators with respect to human resources management, including expected trends in staffing and payroll, as well as a short-term and medium-term goal regarding the share of staff costs under the regular budget.

Recommendation No. 7. The External Auditor recommends a comprehensive review of the Headquarters-field staff ratio, given the challenges, workload and new tasks that lie ahead for the Commission.

Recommendation No. 8. The External Auditor recommends that the Bureau of Financial Management (BFM) improve the monitoring, accounting and annual reporting of overtime paid to UNESCO staff members performing ad-hoc tasks for IOC.

Recommendation No. 9. The External Auditor recommends a return to compliance with the Organization's rules of geographical mobility and contract renewal, as defined by UNESCO's Staff Regulations and Staff Rules.

Recommendation No. 10. The External Auditor recommends that the question of reactivating the mobility mechanism for the staff of UN-Oceans' member organizations be raised at a future meeting of UN-Oceans.

Recommendation No. 11. The External Auditor recommends, without delay, a return to strict compliance with recruitment conditions for external consultants, by confining waivers to the competitive process to the exceptional circumstance justifying such waivers, in accordance with the UNESCO Human Resources Manual. He recommends, in particular, putting a stop to the recruitment of consultants for functions for which there is a continuing need at the Commission and for multi-year extrabudgetary assignments, and returning to strict compliance with the applicable texts.

Recommendation No. 12. The External Auditor recommends that IOC staff be reminded of their obligation to write a substantial report upon their return from a mission. These reports should be reviewed periodically to verify the appropriateness of certain categories of mission.

Recommendation No. 13. The External Auditor recommends that the achievement of expected results and performance indicators be clearly distributed between the sections of IOC.

Recommendation No. 14. The External Auditor recommends establishing partnerships with new universities or research centres in order to end the oligopoly with current partners and enable an effective competitive bidding process when launching and renewing projects.

Recommendation No. 15. The External Auditor recommends that a draft resolution be submitted to the IOC Assembly calling for Member States to work together, with the support of IOC, to construct a universal information system and ocean data portal, along with a cost-benefit analysis prepared in advance by the IODE project.

ANNEX II

PRELIMINARY IMPLEMENTATION PLAN BY RECOMMENDATION

Audit recommendations	Preliminary implementation plan and comments	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
<p>Recommendation No. 1. The External Auditor recommends that Article 3 of the Statutes of the Intergovernmental Oceanographic Commission (IOC) be amended to include the “requirements” relating to the United Nations Framework Convention on Climate Change (UNFCCC); likewise, IOC’s medium-term strategy should take into account the Sustainable Development Goals of the 2030 Agenda adopted by the United Nations General Assembly.</p>	<p>It is the Secretariat’s opinion that inclusion of the reference to the UNFCCC and the 2030 Development Agenda in Art. 3.1 (c) of the Statutes of the IOC is not necessary, as this Article already reads “and other international instruments relevant to marine scientific research, related services and capacity-building”. The General Conference of UNESCO can however amend the Statutes as recommended by the external auditor, if desired, “following a recommendation of, or after consultation with, the Assembly of the Commission” (Art. 12 of the Statutes).</p> <p>The Secretariat concurs that the UNFCCC and the 2030 Development Agenda will provide the guiding principles for IOC’s strategic planning for the years to come and ADG/IOC is one of the members of the UNESCO 2030 Development Agenda Task Force set up by the Director-General. But so will the Sendai Framework, the Samoa Pathway and the UNFCCC COP processes. These global agenda’s will be duly reflected in the review of IOC’s Medium Term Strategy (2014-2021) during the coming IOC Assembly meeting in 2017, when the Draft Programme and Budget for 2018-2021 (39 C/5) will be</p>	<p>No</p>	<p>June 2017 – The External Auditor’s report and recommendations will be submitted for review and decision by the IOC Assembly at its 29th session. Among other documents, the IOC Medium Term Strategy will be updated to integrate in it the most recent developments in the international development agenda.</p>

Audit recommendations	Preliminary implementation plan and comments	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
	discussed. In addition, the Assembly's opinion will be sought on the External Auditor's recommendation to amend the IOC Statutes to include references to requirements deriving from UNFCCC.		
Recommendation No. 2. In liaison with the respective governing bodies, conduct a study of the potential pooling of periodic reports to the governing bodies of the United Nations, UNESCO, the Commission and its subsidiary bodies.	The concept of "mutualization" in the reporting area is unclear. While efforts are always made to avoid cumbersome and unnecessary reporting, it is recalled that the format of reporting to UNESCO's Executive Board and General Conference is the prerogative of these Governing Bodies respectively. It is focused on C/5 expected results and other elements of the C/5 results chain for which reporting is mandated in a specific format. The reports required by subsidiary organs and their format are not the subject of discussion at UNESCO's Executive Board and General Conference. It is acknowledged that they may be more specialized and/or detailed than those reported to UNESCO's governing bodies. IOC will review this issue as well as that of reporting to UN bodies, consulting as necessary the relevant central services.	No	Study to be completed and presented to the 29th session of the IOC Assembly in June 2017.
Recommendation No. 3. The External Auditor suggests that the autonomy and specificity of IOC, with regard to governance, decision-making, partnerships, funding, operating and external reporting, should be better	The Secretariat takes on board this recommendation. It is worth noting that a certain autonomy and specificity of IOC is already reflected today in the C/5 budget presentation, i.e.:	No	November 2017 – Subject to adoption of the 39 C/5 by the UNESCO General Conference.

Audit recommendations	Preliminary implementation plan and comments	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
reflected in the presentation of UNESCO's budgetary and accounting documents.	<ul style="list-style-type: none"> • In the preparation process of the 38 C/5, a specific budget envelope for IOC was determined by the DG independently of SC sector. • In the presentation of the 38 C/5, while IOC programme figures under Major Programme II (MLA 3), the specific budget amount for IOC is clearly indicated in all the budget tables. • Internal control is provided to ensure that no budget transfer is made out of IOC. (Budget transfers across MLAs or MPs are subject to approval by BFM who verifies that such transfers do not involve IOC.) <p>On the accounting side: A note disclosure will be added in the consolidated 2016 financial statements addressing the specific nature of IOC.</p>		
Recommendation No.4. The External Auditor recommends a review of the organization of the work of the IOC's Assembly and Executive Council to enable them to make more strategic decisions on the key issues and challenges facing IOC. To that end, he recommends, in particular, a review of the Commission's programmes and activities, starting with the analysis, which has already started with regard to the Sustainable Development Goals (SDGs) of the 2030 Agenda, of the main international agreements and	The Secretariat takes on board this recommendation. The IOC Secretariat has already begun this exercise and the June 2016 session of the Executive Council was largely built around the guiding principles of the 2030 Development Agenda, the UNFCCC agenda, the Sendai Framework and the Samoa Pathway. The Executive Council provided guidance to the IOC Secretariat with a view of preparing a fully-developed proposal for the IOC Assembly in 2017.	No	June 2017 – fully developed proposal to be submitted for approval by the IOC Assembly at its 29th session.

Audit recommendations	Preliminary implementation plan and comments	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
conventions with an impact on IOC's mandate and objectives, in order to propose an overall strategy.			
<p>Recommendation No. 5. The External Auditor recommends that the quality of the information provided to the Executive Council and the Assembly be improved by:</p> <ul style="list-style-type: none"> - ensuring consistency between the presentation of budget implementation and the expenditure plan and reconciling the two in a single table; - providing information on the use of the surplus balance of the Special Account; - for IOC bodies only: establishing dashboards specifically for IOC to monitor its strategic actions and budget. 	<p>The Secretariat takes note of the recommendation, related to the quality of information given to the IOC Governing Bodies. The second item is already addressed through the adoption by the IOC Executive Council at its 49th session, 7-10 June 2016, of the budgetary appropriations for 2016-2017 for the IOC Special Account and further implementation is foreseen with the 2016 financial statements of the IOC Special Account.</p> <p>With regards to the third item of the recommendation, the Secretariat would prefer to continue to use the dashboard common to all programme sectors to enable Governing Bodies' Members to have a more global view and comprehensive approach in its monitoring of the Organization's strategic actions and budgets.</p>	No	June 2017 – IOC Assembly at its 29th Session
<p>Recommendation No. 6. The External Auditor recommends that reporting to the Assembly be improved with respect to human resources management by providing detailed information, in each budget implementation and activity report, on:</p> <ul style="list-style-type: none"> - the present situation: number of staff working for the Commission, corresponding number of full time 	<p>The Secretariat notes with interest the recommendation and would bring to the attention of the External Audit team the following information:</p> <ul style="list-style-type: none"> • Targets in terms of ratio between operational budget and staff allocation and staffing priorities under RP are already set by IOC Governing bodies • As regards the first sub-item, a new Annex showing expenditure by IPSAS 	No	March 2017

Audit recommendations	Preliminary implementation plan and comments	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
<p>equivalents, corresponding total expenditure and funding sources, table of planned and actual staffing levels, including a comparison with the previous consolidated financial period;</p> <ul style="list-style-type: none"> - performance indicators with respect to human resources management, including expected trends in staffing and payroll, as well as a short-term and medium-term goal regarding the share of staff costs under the regular budget. 	<p>category thus showing distinction between personnel and other costs will be included in the IOC Special Account financial statements. Furthermore, BFM and HRM will assist IOC Secretariat in exploring the possibility of including such information under the Regular Budget and other XB sources</p> <ul style="list-style-type: none"> • With regard to workforce planning and staff costs, this is already undertaken by IOC in consultation, where applicable with HRM and BFM. 		
<p>Recommendation No. 7. The External Auditor recommends a comprehensive review of the Headquarters-field staff ratio, given the challenges, workload and new tasks that lie ahead for the Commission.</p>	<p>In line with the recommendation, the IOC Secretariat, in consultation with the relevant central services, shall conduct such a scoping exercise and prepare a working document on this matter, to be considered by the IOC Assembly at its 29th session in June 2017.</p>	No	June 2017 (29th session of the IOC Assembly)
<p>Recommendation No. 8. The External Auditor recommends that the Bureau of Financial Management (BFM) improve the monitoring, accounting and annual reporting of overtime paid to UNESCO staff members performing ad-hoc tasks for IOC.</p>	<p>This recommendation concerns overtime worked by staff and temporary hires of services other than IOC in supporting IOC's events and activities. A specific General Ledger (GL) account for overtime allows the identification of the overtime charges, across all sources of funding, thus complying already to part of the recommendation. BFM, in close consultation with the Administrative Officer of IOC who is certifying overtime charges, will work further on the implementation of this recommendation.</p>	No	N/A

Audit recommendations	Preliminary implementation plan and comments	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
<p>Recommendation No. 9. The External Auditor recommends a return to compliance with the Organization’s rules of geographical mobility and contract renewal, as defined by UNESCO’s Staff Regulations and Staff Rules.</p>	<p>The Secretariat takes note of this recommendation and would wish to bring to the attention of the External Audit team the following information:</p> <p>With regard to HR Manual Item 5.11 F on geographical mobility; this Item applies only to international professional staff and above categories holding fixed-term appointments on posts specifically identified as being subject to geographical mobility regardless of the source of funding of the post. A geographical mobility move is carried out at equal-grade. It should also be noted that the number of IOC staff subject to geographical mobility is relatively low and that the number of posts in the “Field Offices” – in fact - <i>mainly project offices</i> – are very limited; this coupled with the very specialized fields of competence and the different grade levels may prove difficult to move IOC staff to and between different duty stations.</p> <p>This being said, please note that a new managed mobility programme for all staff (both geographical and functional) in support of operational needs and staff development will be developed in the context of the new HR Strategy for 2017-2022.</p> <p>Indeterminate contracts have not been granted since 1987 (ref. document 142</p>	<p>Financial implications and cost/benefit analysis to be determined in relation to the mobility policy</p>	<p>2018</p>

Audit recommendations	Preliminary implementation plan and comments	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
	EX/34, Annex II). Within the context of the new HR Strategy 2017-2022, a review of contractual modalities is planned for January 2018 in particular the adjustment of the duration of contracts especially the 2-year renewable fixed-term contract. It is planned to introduce contracts of up to 5 year's duration.		
Recommendation No. 10. The External Auditor recommends that the question of reactivating the mobility mechanism for the staff of UN-Oceans' member organizations be raised at a future meeting of UN-Oceans.	The Secretariat notes with interest this recommendation and would like to recall that an inter-agency mobility mechanism exists since 2003 – the Inter-Organization Agreement concerning transfer, secondment or loan of staff amongst the UN Organizations. It considers, however, that there is limited opportunity for such mobility, given that high level of specialisation of IOC staff and the differences in mandates (and therefore staff profiles) between UN-Ocean members.	No	The IOC Secretariat will include this aspect in the review working document to be prepared to address recommendation no. 7 above for review and guidance by the IOC Assembly at its 29th session in June 2017.
Recommendation No. 11. The External Auditor recommends, without delay, a return to strict compliance with recruitment conditions for external consultants, by confining waivers to the competitive process to the exceptional circumstance justifying such waivers, in accordance with the UNESCO Human Resources Manual. He recommends, in particular, putting a stop to the recruitment of consultants for functions for which there is a continuing need at the Commission and for multi-year	The selection and hiring of individual consultants shall be carried out in strict respect of the UNESCO HR Manual Item 13.10; whilst the authority to grant any derogations on hiring of individual consultants remains with DIR/HRM. The Secretariat fully agrees that all selection and hiring actions will be done in strict conformity with the relevant administrative rules	No	Internal memo will be issued by ADG/IOC by end of July 2016 to recall applicable rule and procedures, implementation starts immediately.

Audit recommendations	Preliminary implementation plan and comments	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
extrabudgetary assignments, and returning to strict compliance with the applicable texts.			
Recommendation No. 12. The External Auditor recommends that IOC staff be reminded of their obligation to write a substantial report upon their return from a mission. These reports should be reviewed periodically to verify the appropriateness of certain categories of mission.	Taking into account this recommendation, the Secretariat will take appropriate action to ensure conformity with the Administrative Manual provisions	No	Internal memo will be issued by ADG/IOC by end of July 2016 to recall applicable rules and procedures, implementation starts immediately.
Recommendation No. 13. The External Auditor recommends that the achievement of expected results and performance indicators be clearly distributed between the sections of IOC.	The Secretariat takes on board the comment. While internally, in the bottom up process of building the C/5 programmatic structure the input from each section/unit appears to be clear, a more explicit mapping outside the SISTER tool may be useful for quick external understanding.	No	The 39 C/5 proposal to be presented to the IOC Assembly at its 29th session in June 2017 will be accompanied by such a 'mapping document'.
Recommendation No. 14. The External Auditor recommends establishing partnerships with new universities or research centres in order to end the oligopoly with current partners and enable an effective competitive bidding process when launching and renewing projects.	The Secretariat wishes to point out that the related contract with University of Hawaii (paragraph 152) is not a partnership agreement, but rather a procurement contract issued based on a competitive bidding process (Request for Proposal) carried out in 2005 covering both the initial installation/upgrade of a minimum of 14 sea level measurement stations and a minimum of five-year maintenance period. The Contracts Committee, while providing its clearance to the initial 2005	No	December 2016

Audit recommendations	Preliminary implementation plan and comments	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
	<p>contract, has requested separate submissions for the subsequent contracts per year/phase to be submitted to the Contracts Committee, to ensure satisfactory performance of the contractor and value for money. The subsequent contracts, including the one reviewed by the external auditor (March 2013), are based on 2005 pricing, duly cleared by the Contracts Committee.</p> <p>Value for money is a guiding principle of UNESCO contracting. It should however be noted that the current Administrative Manual Item 7.5 on Implementation Partnership Agreements (IPA) does not require formal competition: “An implementation partner should be selected after careful comparison with other potential implementation partners on the basis of its specific technical expertise, professional skills, adequate staff resources and reasonably sound financial status and geographic coverage”. Instead, a comparison process has been put into place designed to respect the best value for money principle. Secondly, it should be recalled that due to the highly technical and specific expertise required, the market place may not have more than one suitable candidate.</p> <p>In line with the proposed recommendation, in the ongoing revision</p>		

Audit recommendations	Preliminary implementation plan and comments	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
	of the current Administrative Manual Item 7.5, it has been proposed to introduce a competitive selection process for all implementation partnership agreements of US \$50,000 and over.		
Recommendation No. 15. The External Auditor recommends that a draft resolution be submitted to the IOC Assembly calling for Member States to work together, with the support of IOC, to construct a universal information system and ocean data portal, along with a cost-benefit analysis prepared in advance by the IODE project.	The Secretariat welcomes the intent behind this recommendation, but would like to suggest that a proposal be submitted together with a cost benefit analysis to the next session of IODE, as the relevant technical subsidiary body of the IOC Assembly for review and recommendation	To be determined, based on the IODE review	April 2017.



United Nations
Educational, Scientific and
Cultural Organization

Executive Board

Two hundredth session

200 EX/20 Part III

PARIS, 26 August 2016
Original: French

Item 20 of the provisional agenda

NEW AUDITS BY THE EXTERNAL AUDITOR

PART III – SHORT-FORM REPORT

AUDIT REPORT ON THE COMMUNICATION AND INFORMATION SECTOR

SUMMARY

This document is the short-form report of the External Auditor's audit report on the Communication and Information Sector as submitted in document 200 EX/20.INF.3 pursuant to Article 12.4 of the Financial Regulations.

Action expected of the Executive Board: proposed decision in paragraph 36.



EXECUTIVE SUMMARY

AUDIT REPORT ON THE COMMUNICATION AND INFORMATION SECTOR

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

1. The Communication and Information Sector (CI) has been one of UNESCO's five programme sectors since the 1992-1993 biennium (document 26 C/5). It represented **4.7% of regular programme expenditure** for the 2014-2015 biennium, putting it fourth place among the sectors in terms of budget expenditure, ahead of the Social and Human Sciences Sector (SHS).

(a) The **definition of the responsibilities of a programme sector** is somewhat laconic in the Organization's normative texts, and clarity in the UNESCO Administrative Manual about their responsibilities vis-à-vis the field offices and about the mechanisms for arbitrating between sectors is deemed necessary.

(b) **Leadership of the Sector**

2. The leadership of the CI Sector has faced major challenges in recent years against the background of the Organization's reform and overall financial constraints. In autumn 2013, the Director-General proposed, as part of the examination of the Medium-Term Strategy for 2014-2021 (document 37 C/4), the realignment of the thematic programmes, including the proposed **merger of the major programmes on communication and culture** as a way of addressing the budgetary constraints, and in response to a request from Member States for innovative proposals for dealing with the situation. Following the examination by the Member States of those preliminary proposals, a reformulation was submitted at their request, under which the Sector and Major Programme V retained their independent status. Under the expenditure plan approved by the Member States, **the funding for the post of Assistant Director-General (ADG)** was withdrawn from the budget in 2014, and the CI Sector was placed under the responsibility of the Deputy Director-General (DDG) from January 2014 to February 2016 before a new ADG was appointed.

3. It is observed that the ADG of a sector does not receive a **written mandate** or terms of reference from the Director-General at the time of appointment. Although their tasks fit naturally into the strategic objectives approved by the governing bodies, such a practice, common to many organizations, could be helpful in more effectively implementing the Organization's priorities in each sector.

(c) **Internal organization of the Sector**

4. Following the reorganization of the CI Sector, in May 2014, in addition to an Executive Office and an Administrative Office, it comprises **two divisions**: the Division of Freedom of Expression and Media Development (CI/FEM), comprising two sections (the Section for Freedom of Expression (CI/FEM/FOE) and the Section for Media Development and Society (CI/FEM/MAS)), and the Knowledge Societies Division (CI/KSD), also comprising two sections (the Section for ICT in Education, Science and Culture (CI/KSD/ICT) and the Section for Universal Access and Preservation (CI/KSD/UAP)). This internal organization appears well suited to carrying out Major Programme V, which the Sector implements, and its resulting activities. Nonetheless, a greater degree of synergy between the two divisions would make for better integrated implementation of the different pillars of Major Programme V.

(d) Strategic positioning of the Sector

5. The Organization's multi-year strategy is formalized in the C/4 document, adopted in autumn 2013 for the 2014-2021 period, which assigns one of its nine strategic objectives (SO) to the CI Sector in its own right, SO 9: "*Promoting freedom of expression, media development and access to information and knowledge*". The Sector also participates in other strategic objectives (SO 1 and SO 6), as well as the Organization's crosscutting priority areas of action (Africa and gender equality). SO 9 of the Medium-Term Strategy (C/4) includes **13 items**, some of which are **common and interdependent** or **shared with other sectors** of the Organization. Clarification of some of these items and the development of modalities for effective cross-sectoral implementation of these objectives is deemed necessary.

6. The CI Sector implements **Major Programme V** – Communication and Information, which comprises two main lines of action (MLA)¹ and four **expected results** (ER), corresponding respectively to each of the divisions and each of the Sector's sections. A **review of these MLAs and ERs** must be conducted **by 2017**, which must be planned without delay. Since the last biennium, the expected results have been broken down into **performance indicators**, which have **targets/benchmarks** for 2017. The establishment of a tool to allow summary monitoring of six-monthly performance indicators, common to all sectors, would be welcome.

(e) Budget management

7. The Sector's initial budget for the 2014-2015 biennium was **\$37,138 800**, broken down into expenditure plan resources of \$23,513,000 for the regular programme (RP) and extrabudgetary resources (EXB) of \$13,625,800, or 63.3% and 36.6% of the total respectively, and **\$40,364,300 for the 2016-2017 biennium**, broken down into expenditure plan resources of \$23,651,700 under the regular programme and extrabudgetary resources of \$16,712,600, or 59% and 41% of the total respectively. The Sector's share of the Organization's total budget is constant at between 4.5% and 5%.

8. After **apparently falling very sharply** between the 2012-2013 and 2014-2015 biennia, the Sector's budget has recovered its stability, increasing by 8.7% between the current and previous biennia. Growth in resources from the regular programme was a mere +0.6% but this was made up for by a rise in extrabudgetary resources (+22.7%). The Sector's budget includes a **significant portion of staff costs** (76.1% of the regular programme budget and 48.2% of total resources for the 2014-2015 biennium), although this proportion has been contained since the 2012-2013 biennium. **Less than half of the regular programme** (41.5% for the current biennium) is **decentralized** into the field network, which is a significantly below the average for the Organization (63.7% of allotments in 2015).

9. Budget expenditure on activities, monitored monthly, works satisfactorily. The CI Sector is in the **middle of the range for financial management** given the different parameters.

10. The breakdown of regular programme resources and expenditure is very evenly split between the two MLA; ER1 dominates with 34.1% of allocations but is slightly less dominant for expenditure (28.8%). For the extraordinary budget, on the other hand, there is a pronounced **imbalance between the two MLAs**, with MLA 1 accounting for almost two thirds of the total (74.3% of allocations and 73% of expenditure). Overall, MLA 1 represented over 55% of regular programme expenditure for the previous biennium and the extraordinary budget for 2015, with ER1 alone accounting for 33.8% of the total.

11. It should be noted that after the date of the audit, some \$3 million additional extrabudgetary funds were received to strengthen the implementation of MLA 2.

¹ Freedom of information and the media, on the one hand, and universal access to information and knowledge, on the other.

(f) Human resources management

12. The reduction in the Organization's overall budget has entailed a 16.7% cut in staff under Major Programme V, or **a reduction of 13 posts** between the approved programme and budget for 2012-2013 (36 C/5) and for 2016-2017 (38 C/5). Nonetheless, the Sector has managed to enhance its presence and expertise in sub-Saharan Africa, with its presence in the field going from 37% of total staff numbers in 2012 to 43% in 2016, meaning that it achieved the general goal in document 38 C/5 (Approved) and the 38 C/5 expenditure plan of a Headquarters/field split of 60%/40%.

Table 1: Evolution in staffing funded from the regular programme

(Funded posts)	36 (2012-2013)	37 (2014-2015)	38 (2016-2017)
Budgeted staff	79.12	71.33	74.5
<i>Headquarters (vacant)</i>	47.83 (+2)	42 (+2.33)	43 (+4)
<i>Field (vacant)</i>	27 (+2.29)	25 (+2)	31.5 (+10.5)
<i>Total vacant</i>	4.29	4.33	14.5

Source: External Auditor.

13. Since the last biennium, the choice has been made to stop abolishing posts while complying with the budgetary constraint of staff cost reduction. The first option explored by the Sector was the proposed **sharing of certain posts in local offices** with other sectors. Following the Social and Human Sciences Sector's refusal to replicate the post-sharing trial conducted during the 37th biennium, the CI Sector decided to **downgrade posts becoming vacant**, almost on a systematic basis.

14. Since 2012, the **salary of one grade P-4 official** has been charged to the CI Sector, while the official was in fact assigned to public relations and communication duties in the UNESCO Liaison Office in New York and Headquarters. The Secretariat stated that this situation was owing to a transition of duties between two officials, and that the post should be re-allocated to the Sector in September 2016. It is important to ensure that this happens in order to avoid repeating this situation so that the budget reports reflect the reality of staff employed by the Sector.

15. The quality of **performance appraisals** conducted by the CI Sector should be strengthened, as the completeness of the reports consulted by the auditors varied widely.

16. Headquarters has only a **fragmented view of the value of consultancy contracts** entered into by the Sector as a whole. While the selection and appraisal procedures appear to have been complied with, it would seem useful to equip the sectors with a monitoring tool.

(g) Management of the portfolio of activities and projects

17. UNESCO's budget crisis has had a severe impact on the CI Sector, with the activities share of the regular programme suffering major cutbacks between the 35th and 37th biennia. The predominance of extrabudgetary funds in financing activities therefore became even more marked.

Table 2: Evolution of budgets implemented since 2010 (in United States dollars)

	35th biennium	36th biennium	37th biennium
Extrabudgetary funds	22,273,000	33,020,000	13,625,800
RP staff	20,049,200	18,012,750	17,898,500
RP activities	13,108,800	4,010,250	5,614,500

Source: EX/4 documents.

18. The CI Sector managed a **portfolio of almost 300 projects** in 2015,² representing actual expenditures of \$14.2 million. While the 20 largest projects (mainly funded with extrabudgetary resources) represented 42% of total actual expenditure in 2015, most of the projects managed by the Sector represented relatively small amounts of expenditure (**109 projects showed an amount of actual expenditure of less than €10,000** in 2015 and mainly corresponded to pilot projects, particularly from the International Programme for the Development of Communication (IPDC). A limited number of projects appeared under-implemented at the end of the 2015 accounting period: seven of the 303, all financed from extrabudgetary funds, showed an implementation rate below 30%. There were a variety of reasons, such as the political impossibility of awarding the UNESCO-Guillermo Cano World Press Freedom Prize, the inability of the Abidjan Office to disburse the funds within the time limit required, and the difficulty for the Cairo Office of carrying out a regional project involving six countries.

19. The CI Sector **publishes a significant amount of material** (48 publications for the 2014-2015 biennium), but does not have an overview enabling it to measure the number of copies published, distributed or downloaded, which is a precondition for measuring the impact of its work. The establishment of a dashboard, in collaboration with the Sector for External Relations and Public Information (ERI), is deemed useful.

(h) **Mobilization of extrabudgetary resources**

20. The CI Sector benefited from **extrabudgetary funding** of \$41.9 million for the 2012-2013 biennium and \$36.6 million for the 2014-2015 biennium.

Table 3: Evolution of extrabudgetary funds raised by the CI Sector and the Organization (in millions of United States dollars)

	2012-2013	2014-2015
CI Sector	41.9	36.60
UNESCO	553.53	506.29
CI share/UNESCO	7.5 %	7.2 %

Source: EX/4 documents.

21. As provided in the Administrative Manual, the CI Sector has drawn up an Extended Strategic Sectoral Framework (ESSF), which presents to potential donors the partnership opportunities the CI Sector offers, and a note in September 2014 as a preliminary to the action plan. The Sector has also set resource-mobilization goals for each biennium, which seem less than ambitious (\$14 million for 2016-2017, although funding mobilized in 2014-2015 reached \$36.6 million).

22. **The extrabudgetary resources** collected by the Sector **come for the most part from Member States** (64% of the extrabudgetary resources granted in 2016, not including multi-donor funds and the voluntary contribution of Brazil), particularly the Nordic countries, international organizations and the European Union (16% and 13% respectively), and marginally from the private sector (6%). The CI Sector, like the Organization as a whole, thus remains highly dependent on “traditional” donors (Member States, mainly from the West, and multilateral organizations), and is struggling to diversify its sources of funding, with the private sector in particular.

23. The **field offices**, which account for almost 50% of the extrabudgetary resources mobilized by the Sector for the 2014-2015 biennium, showed **wide variations in performance**, with 87% of the total resources mobilized by ten offices in the previous biennium.

² The number of activities does not include activities implemented by the field as part of projects managed directly from Headquarters (for example, the Swedish International Development Cooperation Agency (Sida) & Finland project).

24. The performance of the CI Sector in mobilizing extrabudgetary resources during the 2014-2015 biennium looks honourable compared to the other sectors. Despite the vacant post of the ADG, the CI Sector was able to increase the amount of resources it received in more or less comparable proportion to the other sectors. Given that extrabudgetary funds make up an ever-increasing part of the resources of the Organization, the Sector still needs to introduce greater structure and professionalism into its fundraising processes around an action plan, developed with the support of the Bureau of Strategic Planning (BSP), to give it the capacity to increase and diversify its resources: drawing up a **strategic planning document on resource mobilization**; setting targets for the chiefs of section in building the Sector's capacities for mobilization of resource; and closer monitoring of the field offices' work in resource mobilization.

(i) Management of relations with the field

25. At the time of the audit, the CI Sector had a **permanent presence in 30 of the Organization's field offices**, enabling it to cover 60% of the network. There is a specific budget for activities carried out in the field, which is discussed with each office and harmonized with all the offices to ensure regional coherence in terms of impact. While the heads of field offices are in theory "accountable for the decentralized programme implementation to the substantively responsible sector ADGs", centralized control of the Organization's field network in that region has been reduced: staff assigned to the field now report to their local office directors, rather than to the sectors to which they are attached. The Sector asserts, in that regard, that **certain heads of field offices do not have a clear understanding of its mission and the role of its local correspondents**, sometimes using them, as well as the funds made available, for public relations activities. There are also cases where the field offices take initiatives and form partnerships without previously informing the sections concerned at Headquarters.

26. While the office directors and CI staff in the field with whom the auditors spoke expressed a generally positive evaluation of the support provided by Headquarters, the sharing of responsibilities between Headquarters and the field gives rise to certain difficulties. The centralization at Headquarters of the management of certain projects in a limited geographical area can thus be the source of misunderstandings in the field.

27. While it is true that a number of the Sector's activities with a global scope require centralization, greater involvement of the field network is deemed necessary. That is why the Sector is currently studying the implementation of a decentralized structure with poles of expertise (CI focal points) in each region.

28. The monitoring of field activities by Headquarters relies on various tools, above all the SISTER software. The quality of information entered in SISTER seems to vary in the auditor's view, based on a sample of 20 projects analysed. It was also deemed negative that the services at Headquarters are no longer involved in the **appraisal of field staff** responsible for implementation of the Sector's activities.

(j) Programmes subject to specific governance (IPDC and IFAP)

29. The Sector provides the secretariat of two programmes with specific governance, the **International Programme for the Development of Communication (IPDC)**, established in 1980, and the **Information for All Programme (IFAP)**, established in 1999.

30. IPDC had an operating budget of \$430,000 (including staff costs) for the 2014-2015 biennium, added to which is an operating budget financed solely by extrabudgetary contributions allocated to the **Programme's Special Account** (\$854,562 in 2014 and \$645,601 in 2015). At 31 December 2015, the Programme was funding **six projects**, allowing the payment of relatively modest sums (\$10,000 to \$20,000), over a period of one to two years, to local initiatives to finance media and journalist associations in countries of the South (a total of **196 micro-projects in 2015**).

The **database** for the projects, which the secretariat is supposed to maintain, would benefit from being updated.

31. Independently of its role of allocating local grants, in recent years IPDC has launched several “special initiatives”, including the United Nations Plan of Action on the Safety of Journalists and the Issue of Impunity, launched by IPDC in March 2008 and approved by the United Nations in April 2012, which establishes the submission by the Director-General to the Intergovernmental Council (IGC) of a biennial report on Safety of Journalists and the Danger of Impunity, and the publication of Media Development Indicators (MDI) since 2008, accompanied each year by some assessments of the situation of the media in a given country.

32. IFAP had funding from the regular programme (excluding staff costs, estimated at \$262,000) of \$455,600 in 2014-2015, and, unlike its sister programme, it also received \$194,898 from the emergency programme. Like IPDC, it has a **Special Account**, from which total expenditure for the 2014-2015 biennium amounted to \$116,413.

33. Much of the Programme’s work is centred on the digital dimension of information. In that connection, it invested, for example, in themes such as access to ICTs by persons with disabilities, youth radicalization via the Internet and linguistic and cultural diversity in cyberspace. The report of the 8th session of the Intergovernmental Council (IGC) indicates that the Programme seems to be trying to adapt its positioning to reflect its transformation into a think tank and advisory body for implementation of the Organization’s regular programme in its field of competence. Even though it is self-governing, the various documents presented at the 8th session of the IGC reveal that IFAP suffers from a **chronic lack of visibility**.

34. IPDC and IFAP are both subject to specific governance, **provided by an Intergovernmental Council (IGC)** and a Bureau. The added value of such governance is not obvious for IPDC, given the low frequency of the IGC meetings on the one hand, and the transfer of effective responsibility to the Bureau of this body alone on the other. Without calling into question the very content of the actions undertaken, **a study of the costs and benefits of maintaining specific governance** for this Programme should be submitted to the Executive Board.

35. IFAP, on the other hand, would benefit from guidance through a **strategic plan** following on from the Medium-Term Strategy adopted for 2008-2013, which will make it possible to highlight the real contributions of the Programme, distinguished from the other activities of the CI Sector in the same fields.

Proposed decision

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

The Executive Board,

1. Having examined documents 200 EX/20 Part III and 200 EX/20.INF.3,
2. Expresses its satisfaction to the External Auditor for the high quality of his report;
3. Invites the Director-General to report on progress achieved in the implementation of recommendations in her report on the follow-up to all recommendations made by the External Auditor.

Director-General's comments

The Director-General thanks the External Auditor for his report on the Communication and Information Sector (CI). She accepts the vast majority of the recommendations made and will report on the progress of their implementation in accordance with the usual practice. She wishes, nonetheless, to draw attention to recommendations No.1 and No. 2 for which detailed comments are provided in response to the issues raised.

Details in Annex II.

ANNEX I: LIST OF RECOMMENDATIONS

Recommendation No. 1. The External Auditor recommends that the Administrative Manual give a more precise definition of the roles and responsibilities of a programme sector.

Recommendation No. 2. The External Auditor recommends that senior management issues terms of reference to each Assistant Director-General upon appointment, and that each ADG does the same for the directors of division under his or her authority.

Recommendation No. 3. The External Auditor recommends setting up a process or clear methodology for intersectoral work as requested by the General Conference.

Recommendation No. 4. The External Auditor recommends ensuring that the review evaluating the main lines of action (MLA) and expected results (ER) by 2017 required by the General Conference resolution of 17 November 2015 has been put in place.

Recommendation No. 5. The External Auditor recommends putting a tool in place to allow summary six-monthly follow-up of the performance indicators and targets for 2017 using SISTER.

Recommendation No. 6. The External Auditor recommends ensuring that the P-4 post previously assigned to New York is once more attached to the CI Sector and avoiding any repetition of cases where the employment of staff does not conform to the budget reports.

Recommendation No. 7. The External Auditor recommends improving the quality of performance appraisals of staff members in the Sector, including by the systematic setting of specific, personalized objectives.

Recommendation No. 8. The External Auditor recommends that the sectors be given a tool for the consolidated monitoring of all contracts entered into by Headquarters and the field, covering both regular and extrabudgetary funding.

Recommendation No. 9. The External Auditor recommends the setting up, with the cooperation of the External Relations and Public Information Sector (ERI), of a dashboard showing the CI Sector's publications so that their real impact can be measured.

Recommendation No. 10. The External Auditor recommends drawing up a more ambitious CI Sector resource mobilization action plan, based on a thorough analysis of the Sector's "products", their fields of implementation and potential donor profiles.

Recommendation No. 11. The External Auditor recommends better identification of roles and responsibilities within the Headquarters teams for the mobilization of resources, by setting targets for the directors, chiefs of section and directors of field offices that have a CI Sector specialist.

Recommendation No. 12. The External Auditor recommends involving programme sectors more closely in the performance appraisals of field staff under their budget.

Recommendation No. 13. The External Auditor recommends updating the projects database of the International Programme for the Development of Communication (IPDC) for 2014 and 2015.

Recommendation No. 14. Without calling into question the actions undertaken, the External Auditor recommends submitting to the Executive Board a study of the costs and benefits of maintaining specific governance for the International Programme for the Development of Communication (IPDC).

Recommendation No. 15. The External Auditor recommends inviting the States Members of the Intergovernmental Council of the Information for All Programme (IFAP) to prepare and adopt a strategic plan for the Programme for the coming years that will make it possible to highlight the concrete contributions of the Programme, distinguished from the other activities of the CI Sector in the same fields.

ANNEX II

PRELIMINARY IMPLEMENTATION PLAN BY RECOMMENDATION

Audit recommendations	Preliminary implementation plan and comments	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
<p>Recommendation No. 1. The External Auditor recommends that the Administrative Manual give a more precise definition of the roles and responsibilities of a programme sector.</p>	<p>The recommendation as formulated cannot be implemented.</p> <p>The responsibilities of a sector are defined in the Organization's strategic and programmatic documents (C/4 and C/5 documents) which reflect the mission of Major Programme V, fulfilled by the Sector's Assistant Director-General (ADG), who ensures implementation of the programme approved by the General Conference, based on those same documents.</p> <p>It should indeed be noted that, since the establishment of a programme in charge of communication and information, a number of changes have been made to its name and fields of action (communication, information and informatics). For example, in 1988-1989 (document 24 C/5) there were 14 major programmes implemented by four sectors, one of which was entitled "Culture and Communication". In 1990-1991 (document 25 C/5), there were seven major programmes implemented by four sectors, again including the fields of communication and culture under a single sector entitled "Culture and Communication". It was not until 1992-1993 (document 26 C/5) that the "new" Communication, Information and</p>	-	-

Audit recommendations	Preliminary implementation plan and comments	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
	<p>Informatics Sector was established. It should also be noted that in 2000-2001 (document 30 C/5) there were four major programmes and five sectors (the Natural Sciences Sector (SC) and the Social and Human Sciences Sector (SHS) were together in one major programme). Since 2002-2003 (document 31 C/5), there have been five major programmes and five sectors.</p>		
<p>Recommendation No. 2. The External Auditor recommends that senior management issues terms of reference to each Assistant Director-General upon appointment, and that each ADG does the same for the directors of division under his or her authority.</p>	<p>The recommendation as formulated cannot be implemented.</p> <p>Assistant Directors-General (ADGs) do not have job descriptions as such (ADG posts are not classified in the United Nations system); like all other staff members, the post vacancy notice defines the mission and mandate of the sector and the responsibilities and functions expected of the occupant of the post. In addition, ADGs are subject to a performance agreement with the Director-General in which their expected results and objectives are recorded and evaluated. ADGs do not receive a written mandate or terms of reference from the Director-General owing to the fact that their mission is within the strategic and programmatic goals approved by the Organization's governing bodies (General Conference and Executive Board) in the related documents (UNESCO's Medium-Term Strategy (C/4) and Approved</p>	-	-

Audit recommendations	Preliminary implementation plan and comments	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
	<p>Programme and Budget (C/5)).</p> <p>With regard to directors of divisions, a job description is provided at the time of appointment, indicating their tasks and responsibilities; they also receive performance appraisals – their objectives and expected results are discussed with their direct supervisors at the beginning of the performance cycle, then monitored and assessed.</p>		
<p>Recommendation No. 3. The External Auditor recommends setting up a process or clear methodology for intersectoral work as requested by the General Conference.</p>	<p>Recommendation accepted.</p> <p>The Secretariat has already recognized the growing importance of intersectoral work, particularly in the context of the 2030 Agenda for Sustainable Development. This recognition is reflected in the preliminary proposals for the 39 C/5 document and this aspect will be assessed six months after the adoption of the new C/5 document and the initial conclusions drawn.</p>	NO	July 2018
<p>Recommendation No. 4. The External Auditor recommends ensuring that the review evaluating the main lines of action (MLA) and expected results (ER) by 2017 required by the General Conference resolution of 17 November 2015 has been put in place.</p>	<p>Actions have been taken addressing the concerns expressed in the recommendations.</p> <p>The strategic results report (SRR), prepared by the Secretariat and discussed by the Executive Board at its 199th session in April 2016, contains an overall strategic assessment of the results for each major programme, as well as for the UNESCO Institute for Statistics (UIS), and associated proposals for the future to improve,</p>	NO	2017

Audit recommendations	Preliminary implementation plan and comments	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
	<p>redirect or adjust, if necessary, certain programmes or areas of work; detailed evaluations by expected result or theme; and, in annex, a matrix providing an overview of programme performance, in which each expected result is assessed against five criteria approved by the Executive Board at its 197th session, on the basis of a rating scale of “high/medium/low”. The CI Sector will call upon the Bureau of Strategic Planning (BSP) and the Internal Oversight Service (IOS) again after the 200th session of the Executive Board for their assistance in revising the formulation of objectives and expected results.</p>		
<p>Recommendation No. 5. The External Auditor recommends putting a tool in place to allow summary six-monthly follow-up of the performance indicators and targets for 2017 using SISTER.</p>	<p>Recommendation accepted. The Secretariat welcomes this recommendation, which is in line with the objectives of the Organization to improve its programming and monitoring tools, including by developing a clear system for monitoring the implementation of work plans. Provided that the necessary funding is available, a technical solution could be developed as part of the process of redesigning the basic systems.</p>	<p>Costs yet to be determined. (In-house development)</p>	<p>December 2017</p>
<p>Recommendation No. 6. The External Auditor recommends ensuring that the P-4 post previously assigned to New York is once more attached to the CI Sector and avoiding any repetition of</p>	<p>Recommendation accepted.</p>	<p>NO</p>	<p>September 2016</p>

Audit recommendations	Preliminary implementation plan and comments	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
cases where the employment of staff does not conform to the budget reports.			
Recommendation No. 7. The External Auditor recommends improving the quality of performance appraisals of staff members in the Sector, including by the systematic setting of specific, personalized objectives.	Recommendation accepted. The CI Sector will work closely with the Bureau of Human Resources Management (HRM) to improve the quality of performance objectives when they are set for the next biennium.	NO	March 2018
Recommendation No. 8. The External Auditor recommends that the sectors be given a tool for the consolidated monitoring of all contracts entered into by Headquarters and the field, covering both regular and extrabudgetary funding.	Actions have been taken addressing the concerns expressed in the recommendations. The sectors already have transparent and detailed access to all the contracts entered into by Headquarters and the field, covering both regular and extrabudgetary funding (contracts management tool).	-	-
Recommendation No. 9. The External Auditor recommends the setting up, with the cooperation of the External Relations and Public Information Sector (ERI), of a dashboard showing the CI Sector's publications so that their real impact can be measured.	Recommendation accepted. The Sector for External Relations and Public Information (ERI) will work with CI and other sectors, as well as the Bureau of Strategic Planning (BSP) and the Internal Oversight Service (IOS), to go further in the monitoring of downloads from the UNESCO website and evolve towards a measurable system based on qualitative and quantitative indicators.	Costs yet to be determined. (In-house development)	End-2017
Recommendation No. 10. The External Auditor recommends drawing up a more ambitious CI Sector resource mobilization action plan, based on a	Recommendation accepted. The Section for Mobilizing Government Partner Resources (BSP/MGP) has actively engaged with a number of key	NO	June 2017

Audit recommendations	Preliminary implementation plan and comments	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
<p>thorough analysis of the Sector's "products", their fields of implementation and potential donor profiles.</p>	<p>donors, to support the priorities of the CI Sector and, during the last biennium, has provided training opportunities in fund raising at the same time as the review meeting in Tunis concerning the CI Sector's major regional programme (mainly covering the Arab States) funded by Sweden and Finland. A preliminary mapping of relevant donors for the expected results of the CI Sector was prepared by the Bureau of Strategic Planning (BSP) for document 37 C/5, and BSP also provided comments on the CI concept notes and assisted in the development of communication documents and material on the priorities of the CI Sector (a webpage on partnerships and a booklet on priority themes – for all sectors including CI). Moving forward, BSP will work closely with CI to support the Sector's efforts to develop a resource mobilization strategy for CI, in the same way that it is currently helping the Natural Sciences Sector (SC) to design a resource mobilization strategy for SC within the framework of a working group.</p>		
<p>Recommendation No.11. The External Auditor recommends better identification of roles and responsibilities within the Headquarters teams for the mobilization of resources, by setting targets for the directors, chiefs of section and directors of field offices that have a CI Sector specialist.</p>	<p>Recommendation accepted.</p>	<p>NO</p>	<p>2017</p>

Audit recommendations	Preliminary implementation plan and comments	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
<p>Recommendation No. 12. The External Auditor recommends involving programme sectors more closely in the performance appraisals of field staff under their budget.</p>	<p>Recommendation accepted. According to DG/Note/14/3 of 3 January 2014 aiming to improve the delegation of authority in UNESCO field offices and revise reporting lines: <i>“All staff working in field offices, including programme officers out-posted in UNESCO desks and programme antennas, report directly to the directors/heads of their respective office concerning all aspects of programme design and implementation. Directors/heads of field offices will consult the concerned programme ADG when assessing the performance of international programme staff”</i>. Further efforts will be made to ensure such consultation.</p>	NO	2017
<p>Recommendation No. 13. The External Auditor recommends updating the projects database of the International Programme for the Development of Communication (IPDC) for 2014 and 2015.</p>	<p>Actions have been taken addressing the concerns expressed in the recommendations. The database was updated in May 2016. http://www.unesco-ci.org/ipdcprojects/</p>	NO	May 2016
<p>Recommendation No. 14. Without calling into question the actions undertaken, the External Auditor recommends submitting to the Executive Board a study of the costs and benefits of maintaining specific governance for the International Programme for the Development of Communication (IPDC).</p>	<p>Recommendation accepted. Note that the IPDC Intergovernmental Council had already requested an assessment at its 29th session, after the completion of the general audit of all the governing bodies. The next session of the IPDC Intergovernmental Council in November will study the terms of reference, including the aspects noted in the recommendation, following which</p>	Approximately \$60,000	June 2017 (depending on the availability of funds).

Audit recommendations	Preliminary implementation plan and comments	The recommendation will require additional resources for implementation (YES/NO)	Estimated date for the implementation of the recommendation
	the evaluation is planned to start.		
<p>Recommendation No. 15. The External Auditor recommends inviting the States Members of the Intergovernmental Council of the Information for All Programme (IFAP) to prepare and adopt a strategic plan for the Programme for the coming years that will make it possible to highlight the concrete contributions of the Programme, distinguished from the other activities of the CI Sector in the same fields.</p>	<p>Recommendation accepted. The recommendations made by Member States at the 9th session of the IFAP Intergovernmental Council provide for the development of a strategic plan that will engage the IFAP network. The Council might be able to approve such a strategic plan in June 2017, by virtual communication, or alternatively in 2018, at a physical meeting.</p>	<p>Documentary study, consultations and drafting of a strategic plan - \$10,000; validation process - \$25,000. Total \$35,000.</p>	<p>June 2017 (depending on the availability of funds)</p>