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联合国教育、  
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**IMPLEMENTATION OF THE INTERNAL OVERSIGHT SERVICE (IOS)  
STRATEGY IN 2008-2009 AND ESTABLISHMENT OF  
THE OVERSIGHT ADVISORY COMMITTEE**

**OUTLINE**

**Source:** Decision 181 EX/33 Part II.

**Background:** By Decision 181 EX/33 Part II, the Executive Board recommended that the General Conference, at its 35th session, approve the establishment of the Oversight Advisory Committee and its Terms of Reference as a standing committee (Annex to document 181 EX/33, as amended).

**Purpose:** Through this report, the Director-General informs the General Conference of the activities and results achieved by the Internal Oversight Service in 2008. The Director-General also requests the General Conference to approve the establishment of the Oversight Advisory Committee as a standing committee and its Terms of Reference as contained in the Annex to this document.

**Decision required:** Paragraph 31.

## INTRODUCTION

1. The Internal Oversight Service (IOS) provides an oversight mechanism covering internal audit, evaluation and investigation. IOS is charged with providing assurance that (1) programmes and plans are delivered as intended; (2) continuous improvements are made in programme design and delivery; (3) internal controls are functioning effectively; and (4) financial processes are reliable.

2. Following the departure of the former Director of IOS and a period managed by an external interim Director, Bert Emiel Keuppens took over as Director of IOS on 1 October 2008.

### Progress made towards the achievement of expected results

3. In 2008, IOS made significant progress towards meeting its 34 C/5 expected results. Key achievements are discussed in the next five sections.

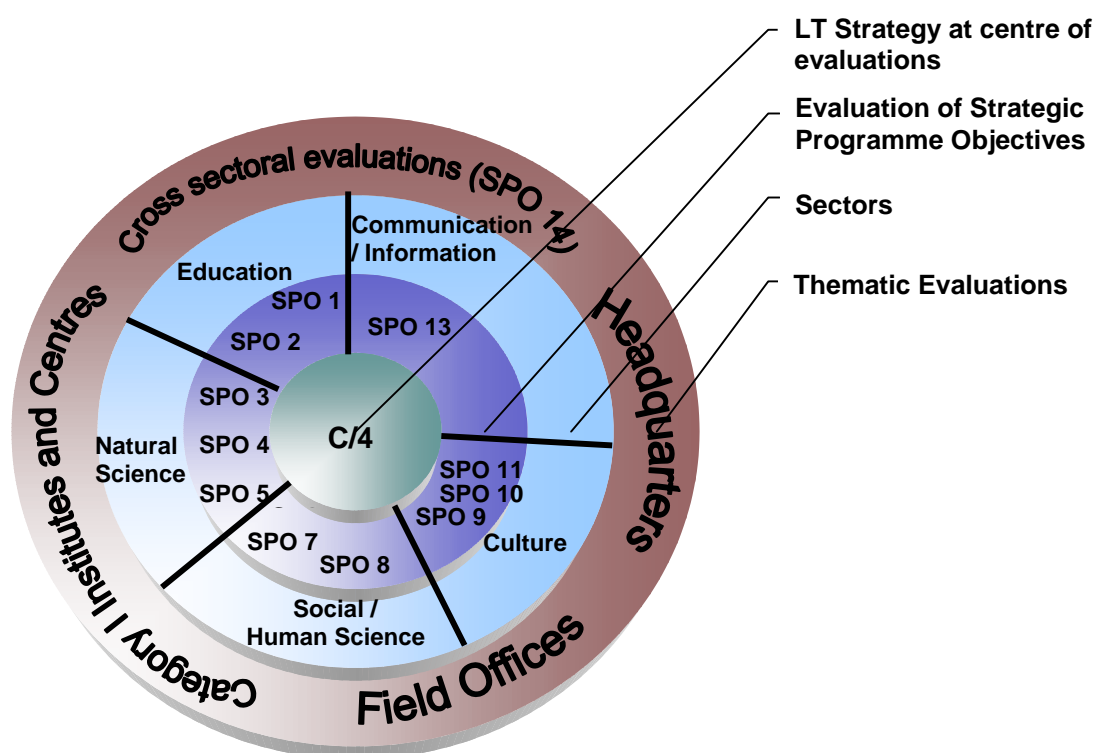


Fig.1

### Quality and cost-effectiveness of evaluation outputs improved

4. Under the 2008-2013 Long-Term Strategy, evaluations are now selected based on their strategic importance. Over time all key activities and all SPOs will be evaluated for the 34 C/4 period. Under this approach (refer to Figure 1), all strategically important areas will be evaluated, including important decentralized bodies such as field offices and category 1 and category 2<sup>1</sup> institutes and key centralized functions such as recruitment. The strategy does not cover the evaluation of UNESCO governance and a number of central services.

<sup>1</sup> SPO evaluations will cover the contribution of category 2 institutes and centres to the SPO under review.

5. In 2008, 10 evaluations were conducted and completed under the former strategy of selecting specific subjects or programmes (refer to Table 1), three of which were presented to the 180th session of the Executive Board in document 180 EX/27. Seven evaluations were begun in 2008 under the new strategy and were completed in early 2009 (refer to Table 2). The findings of these reports are summarized in documents 181 EX/19, 181 EX/20 and 182 EX/24. In addition, a Review of Publication Capacity was conducted upon the request of the Executive Board, a summary of which is provided in document 181 EX/39. The policy is to publish IOS-managed evaluation reports on the external IOS website (<http://www.unesco.org/ios>).

**Table 1: List of evaluations conducted in 2008**

1	Evaluation of the Nordic World Heritage Foundation (NWHF)
2	Evaluation of the Capacity-Building for EFA (Cap-EFA)
3	Evaluation of UNESCO Santiago's Regional Network of School Leadership Development
4	Evaluation of the Leadership and Change Management Training Programme (LCMP)
5	Evaluation of Nigeria-UNESCO Initiative in Science & Technology Education
6	Evaluation of the Literacy Assessment and Monitoring Programme (LAMP)/UNESCO Institute for Statistics (UIS)
7	UNESCO's Technical Assistance and Capacity-Building Efforts in Measuring Learning Achievement: an Evaluation of the Latin American Laboratory for the Evaluation of Educational Quality (LLECE)
8	Evaluation of the Southern and Eastern Africa Consortium for Monitoring Educational Quality (SACMEQ)/International Institute for Educational Planning (IIEP)
9	Evaluation of the UNESCO Participation Programme
10	Evaluation of the UNESCO Coupons Programme

**Table 2: List of evaluations completed under the new strategy**

1	Evaluation of Strategic Programme Objective 14: Support through UNESCO's domains to countries in post-conflict situations and post-disaster situations
2	Evaluation of UNESCO's capacity to deliver document 34 C/4 – A Risk Assessment Approach
3	Evaluation of UNESCO's Recruitment Policy
4	Evaluation of eight Pilot Locations of the Delivering as One UN initiative
5	Evaluation of Strategic Programme Objectives 1 and 2: Mid-term evaluation of 34 C/5 biennial sectoral priorities
6	Evaluation of Strategic Programme Objective 3: Leveraging scientific knowledge for the benefit of the environment and the management of natural resources
7	Evaluation of the pilot phase of the Merit-Promotion Programme (MPP)

6. In 2009, IOS completed six evaluations of UNESCO field offices including, Bangkok, Beirut, Dakar, Lima, Mexico and Santiago. Four additional field office evaluations will be completed before the end of the year. In 2009, IOS will also manage four external evaluations of Strategic Programme Objectives (SPO 4, SPO 6, SPO 11 and SPO 13). The move to strategic, portfolio-based evaluations has increased overall impact and has improved cost-effectiveness of the evaluation function by allowing for wider evaluation coverage with the same resources.

7. As an addition to the current evaluation work plan, the Executive Board requested preliminary scenarios for a comprehensive external evaluation of UNESCO (181 EX/Decision 19). Three possible scenarios, which are presented in document 182 EX/24, were developed following consultation across the United Nations Evaluation Group (UNEG), a literature review on organizational development, a comparative analysis of comprehensive evaluations of other United Nations agencies and funds, and discussion within the Secretariat. Each scenario provides coverage of the impact of the Organization, governance, stakeholder relations, organizational

structure, human resources, internal management systems and processes, and financial resources. Particular attention will be placed on impact of the Organization, governance, and stakeholder relations.

#### (a) Capacities increased and leveraged

8. IOS prepared a control self-assessment tool for field offices. This focuses on common risk areas and corresponding controls and is designed to support managers in the control of field operations. The tool is now distributed to Heads of field offices upon their assignment and is completed by UNESCO managers as part of the planning phase for each field audit. IOS also held workshops for self-assessment of controls in selected Headquarters units. Based on positive assessment to date, continued application of this methodology is planned.

9. Three evaluation tools were released for the use of UNESCO staff to support the evaluation process and to improve the quality of evaluations. In addition, IOS organized five self-evaluation workshops, training a total of 80 participants, and held a training session at IIEP and at three field offices.

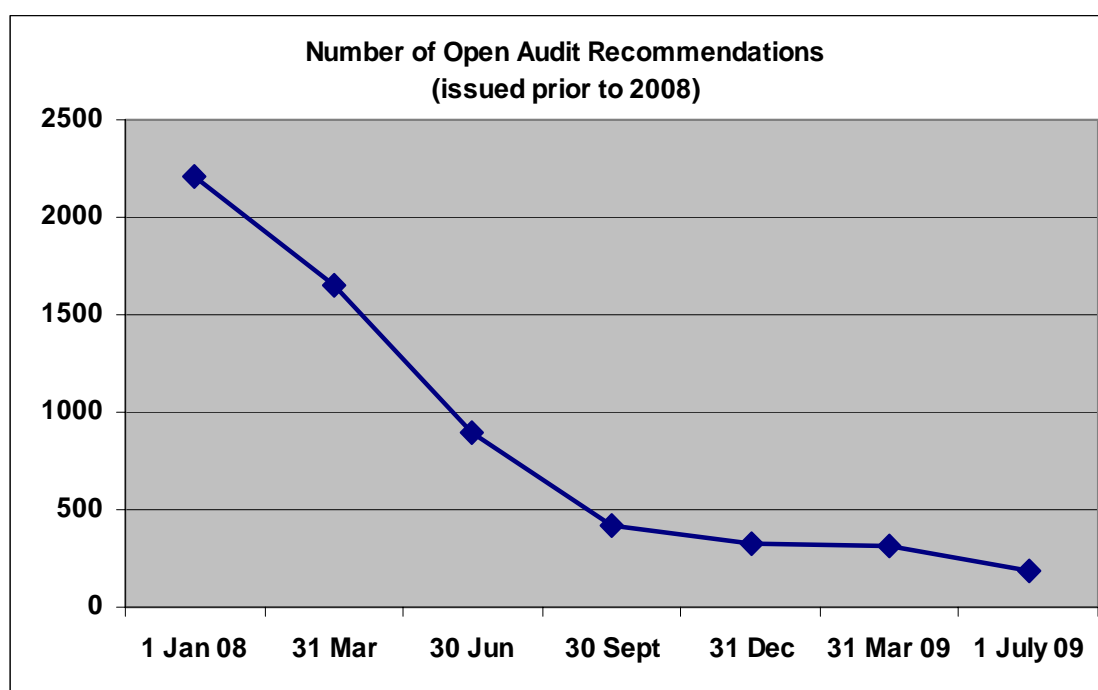
10. IOS plans to continue to work towards clearer articulation of UNESCO's expected results and more specific performance indicators and benchmarks to facilitate subsequent monitoring, evaluation and reporting. The objective is to improve accountability, further increase effectiveness and better integrate evaluations into results-based management processes.

#### (b) Impact enhanced

11. Results of IOS evaluations and audits are used by management to improve programme delivery and operational processes and controls.

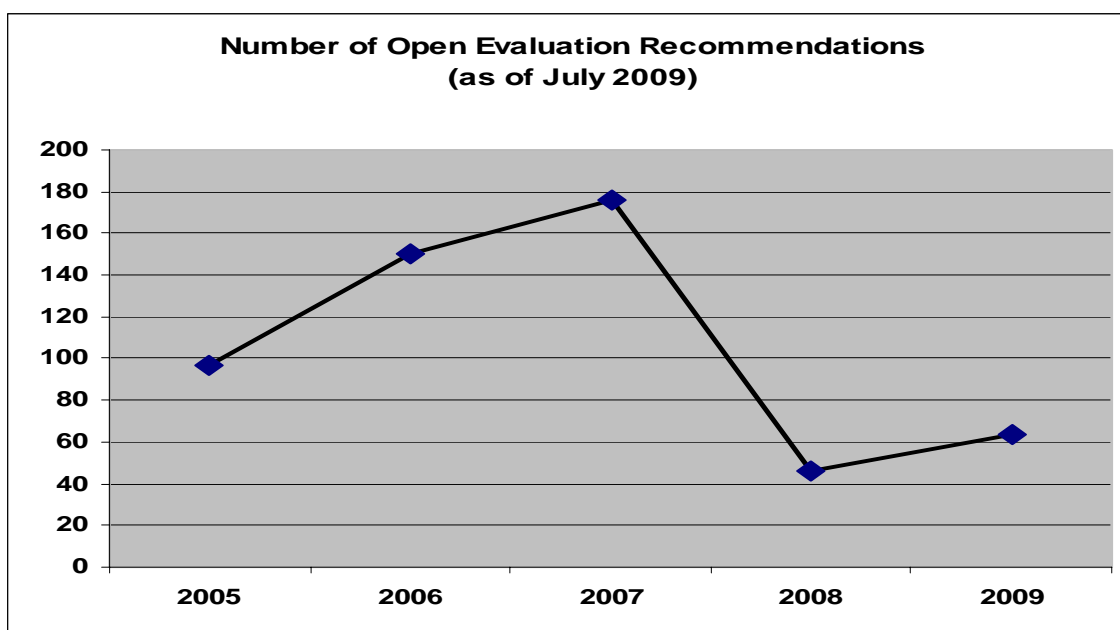
12. IOS systematically follows up on all recommendations to ensure that appropriate action is taken. This has been a high priority, resulting in a sharp fall in the number of long-outstanding open audit recommendations from 2,200 at the beginning of 2008 to 186 as of July 2009 (refer to Figure 2).

**Figure 2: Status of internal audit recommendations**



13. IOS completed a comprehensive review of action plans and progress reports on the implementation of recommendations for all evaluations submitted to the Executive Board from 2004 to 2007. The number of open evaluation recommendations fell from 176 to 46 at the end of the review exercise. IOS is currently monitoring 64 open recommendations from evaluation reports submitted in 2008-2009. A set of *Guidelines for Follow-up to Evaluation Report Recommendations* was made available to UNESCO staff and other stakeholders. The status of evaluation recommendations is presented in Figure 3 below.

**Figure 3: Status of evaluation recommendations**



**(c) More effective and efficient programme delivery**

14. IOS completed 26 audits and other engagements during 2008 and the first half of 2009. Field coverage included four regional offices (Dakar, Venice, Santiago and Bangkok), seven national or cluster offices (Kathmandu, Accra, Yaoundé, Hanoi, Mexico City, Lima and Harare) and two institutes (IESALC in Caracas and IITE in Moscow). Headquarters audits included activity financing and fee contracts, Headquarters renovations, transportation services, Participation Programme and procurement of goods. Information technology audits included the SISTER 2 project, IT governance, email services, and data ownership and data classification. In addition, three advisory engagements were undertaken. These were a review of the administrative unit of IIEP, a study of long-term use of temporary assistance and a combined audit/evaluation review of the publication capacity at UNESCO.

15. Specific audit recommendations during the period included strengthening project management and governance of information technology; improving priority setting, result-planning and performance management of field offices; and addressing long-term use of temporary assistance contractors at Headquarters. IOS also directed recommendations to field offices to improve controls over advance payments, ensure competitive procurements and monitoring and reporting on extrabudgetary projects.

16. To assist in the implementation of the ongoing risk management programme at UNESCO, IOS facilitated a workshop for senior managers to identify and assess corporate risks. These risks were then classified according to relevance, impact and probability. This exercise was a part of the Risk-Based Evaluation of the Capacity to Deliver 34 C/4.

17. The evaluation concluded that UNESCO had a fragmented risk management approach in place and recommended the establishment of a risk management committee to formulate action plans to mitigate these risks. The establishment of the risk management committee was strongly supported and has been holding regular meetings since December 2008. The adoption of the risk management committee puts UNESCO in a best practice position in the United Nations family. IOS will monitor the effectiveness of risk management throughout 2009.

**(d) Highest quality standards in IOS**

18. Professional standards governing the conduct of the internal audit and evaluation functions require periodic assessment as to their adherence to international standards. For internal audit, these are the International Standards for the Professional Practice for Internal Auditing and the Code of Ethics issued by the Institute of Internal Auditors (IIA). For evaluation these are the Norms and Standards in Evaluation, issued by the United Nations Evaluation Group (UNEG).

19. The outcome of the 2006 review of the IOS evaluation strategy formed the basis for the 2008-2013 Long-Term Evaluation Strategy, articulated in document 177 EX/27 and adopted in 177 EX/Decision 27. In 2008, IOS further addressed the key priorities raised in the review, namely to improve the quality of evaluations, strengthen the follow-up to evaluation recommendations, and improve evaluation capacities. These priorities have been articulated in the form of expected results in the 2008-2009 Evaluation Plan and significant progress has been made in achieving them.

20. IOS initiated a quality assurance review of its evaluation function in December 2008 consisting of an in-depth self-assessment based on the UNEG Norms and Standards in Evaluation, followed by a validation by an external expert and submission to the Oversight Advisory Committee. The purpose was to assess the operations of the evaluation function, its independence, credibility, and usefulness for learning.

21. The review showed that there was general compliance with the Standards. It noted widespread acknowledgement of increasing usefulness of evaluations with opportunities to leverage this further by wider dissemination of key lessons. The review also concluded that IOS had taken positive steps towards implementing a more strategic approach to evaluation planning. With regard to independence, it noted that IOS had benefited from adopting a participatory approach and having a close relationship with programme sectors, while safeguarding its independence.

22. IOS also actively followed up on the results of a quality assessment of the internal audit function completed in 2006. This review concluded that, while the internal audit function generally conformed to the International Standards for the Professional Practice of Internal Auditing, a number of improvements could be made. Sixteen of the 17 recommendations addressed to IOS have now been implemented, with one currently still under way. Progress made during the period included the preparation of an internal audit manual, the development of a customer feedback mechanism and clarification of job descriptions and responsibilities.

**Investigation function**

23. Investigations into irregularities, potential misconduct and violation of rules have always been a component of IOS work. Towards the end of 2008, IOS created a separate investigative function and engaged a senior investigator on a contractual basis. To further strengthen the investigative function, a permanent position is being re-designated within the existing staff complement.

### **Functioning of the Oversight Advisory Committee in 2008-2009**

24. The Oversight Advisory Committee met twice each year during 2008-2009. The purpose of the Committee is to advise the Director-General on risk management, financial and internal controls, and the related functions of Oversight.

25. Following their meeting in June 2008, the Director-General issued a public announcement (Flash Info No. 092-2008 – 08/07/2008) setting out the key points of this meeting. The Committee commended the senior management's strong commitment to evaluation and risk management, and it stressed the need to formalize enterprise risk management and issue operational guidelines. Furthermore, it welcomed the introduction of the internal control framework and urged management to take immediate steps to implement the policy and the framework. While the Committee was impressed by the progress made towards the implementation of IPSAS, it highlighted the need for raising awareness. In the October meeting the Committee followed up on these issues and inquired about the progress being made in establishing an ethics function.

26. During the June 2009 meeting, IOS briefed the Committee on the operation of the audit, evaluation and investigation functions, including the status of open recommendations, the quality assessment review of the evaluation function, the risk management process in UNESCO, and progress on IPSAS implementation. The Committee welcomed the progress made in delivery of the IOS strategy and work plan, and supported the initiative to transform the Oversight Advisory Committee into a standing committee and, therefore, a permanent feature of internal oversight at UNESCO.

### **Terms of reference for a standing Oversight Advisory Committee**

27. In 2000, as part of the reform agenda of the Director-General, IOS was established (see 160 EX/Decision 6.5, para. 2). In his initial design, the Director-General proposed an Internal Oversight Committee, comprising the sectors' ADGs and the Directors of Central Services, participating in person. This Committee was to function as an advisory panel to IOS and help gain house-wide acceptance of oversight and develop a "culture of evaluation".

28. In 2005, following 174 EX/Decision 28, the Director-General modified the model to take advantage of external and independent professional expertise. The responsibilities of the new Committee included assessing the adequacy of IOS resources and advising the Director-General accordingly. The Committee would also provide an annual report to the Director-General, information from which would be shared with the Executive Board. As was mentioned in document 174 EX/29, the Director-General invited the following to sit on the Committee: John Fox (Chairperson, United States, a former Joint Inspection Unit Inspector); Emmie Heyn (South Africa, a former head of internal audit in both the public and private sectors); Pierre Spitz (France, former head of evaluation in IFAD [International Fund for Agricultural Development] and a former member of the Committee); Hans Lundgren (Sweden, head of evaluation and effectiveness in the Organization for Economic Co-operation and Development [OECD] and Verasak Liengsriwat (Thailand, Special Assistant for Management to the Director-General, International Atomic Energy Agency [IAEA] and former Director, Oversight Services, IAEA).

29. Since 2005, the reconstituted Oversight Advisory Committee has been operating on an ad hoc basis as a category VI expert committee. This means that it can only operate for a finite term, namely until the 35th session of the General Conference, because the UNESCO regulations for the general classification of the various categories of meetings are explicit and prescribe the types of advisory committees and their composition. The reconstituted Oversight Advisory Committee, if it is to be established on a permanent basis, could not come under these regulations due to its external composition.

30. Therefore, the Director-General proposed, for consideration by the Executive Board at its 181st session, draft statutes and Terms of Reference (Annex to Document 181 EX/33) to change

the status of the Committee so that it becomes a standing committee. This proposal entails constituting the Committee as an internal committee to advise management consisting of independent external specialists appointed by the Director-General and serving in a private capacity. The Executive Board decided that Article 7 of the Terms of Reference (see Annex) must foresee that the Oversight Advisory Committee submit to the Director-General an annual report of its work, for transmittal to the Executive Board, with the Director-General's comments thereon.

### **Proposed draft resolution**

31. The General Conference may wish to adopt a resolution, regarding the implementation of the Internal Oversight Service Strategy in 2008-2009 and the establishment of the Oversight Advisory Committee, along the following lines.

The General Conference,

Recalling 160 EX/Decision 6.5, 164 EX/Decision 6.10, 176 EX/Decision 38 and 181 EX/Decision 33,

Having examined document 35 C/47,

1. Takes note of the contributions made by the Internal Oversight Service (IOS),
2. Recognizes the importance of formalizing the establishment of the Oversight Advisory Committee as a permanent standing committee in order to ensure that the Director-General and his management team can benefit from independent professional advice and expertise,
3. Welcomes the Director-General's proposal on the terms of reference for the Oversight Advisory Committee and the Board's endorsement thereof,
4. Approves the establishment of the Oversight Advisory Committee and its Terms of Reference (Annex to document 35 C/47) as a standing committee with respect to which the relevant provisions of the applicable regulations on UNESCO meetings are not applicable.

## ANNEX

### STATUTES AND TERMS OF REFERENCE FOR THE UNESCO OVERSIGHT ADVISORY COMMITTEE

#### Article 1

The Oversight Advisory Committee, referred to as “the Committee”, is hereby established within the United Nations Education, Scientific and Cultural Organization, referred to as “the Organization”.

#### Article 2 – Purpose

1. The Committee shall operate in a purely advisory capacity to the Director-General of the Organization to assist the Director-General in fulfilling his/her oversight responsibilities, including on the effectiveness of risk management, internal control, and other internal oversight related matters with respect to the Organization’s operation.
2. The Committee shall function as a standing committee.
3. The Committee shall not infringe on the functions and responsibilities of any existing oversight entities of UNESCO.

#### Article 3 – Responsibilities

The responsibilities of the Committee are:

##### Internal oversight

1. To advise on the adequacy and effectiveness of the Internal Oversight Service (IOS) and its strategies, priorities and work plans and suggest potential areas to address the Organization’s risks;
2. To review and discuss with management the internal control and risk management issues that may arise from IOS oversight activities;
3. To review and advise on the IOS charter, authority, operational independence and resource requirements to carry out effectively IOS responsibilities;
4. To advise on the implementation by management of IOS recommendations;

##### Management of risk

5. To review and discuss with management the Organization’s policies and practices with respect to risk assessment and risk management and internal control systems;
6. To advise the Director-General on the quality and overall effectiveness of risk management policies and procedures;

##### Internal controls

7. To advise management on potential weaknesses in the internal control framework of UNESCO;

8. To review and discuss with management the policies significantly impacting accounting and financial reporting issues, use of resources and the effectiveness of the Organization's internal controls;
9. To stay informed on the reports of the External Auditor and the state of implementation of his/her recommendations.

#### **Article 4 – Access**

The Committee may request:

1. Through the Director-General, all information and/or documents necessary to perform its responsibilities;
2. To meet individually with the Director-General, the Director of IOS, the Director of BOC and other senior managers in private sessions.

#### **Article 5 – Composition**

1. The Committee shall be composed of four members, appointed by the Director-General.
2. The members, all of whom shall be external and independent of the Organization, shall reflect the highest level of integrity and professionalism and shall serve in their private capacity. In performing their duties, they shall not seek or receive instructions from any Government. They should not have held a staff and/or consultancy position with the Secretariat for a consecutive five years prior to their appointment and shall not hold any position or engage in any activity that could impair their independence from the Secretariat or from companies that maintain a business relationship with the Organization, in fact or perception while serving on this committee.
3. The members of the Committee must have skills, knowledge and experience to fulfil their responsibilities. In particular, they must have recent and relevant senior-level managerial, financial, audit and/or other oversight-related experience and competencies, including:
  - (a) Experience in preparing, auditing, analysing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues faced by the Organization, including an understanding of relevant accepted accounting and auditing principles and international standards;
  - (b) An understanding of and, if possible, relevant experience in the inspection, monitoring and evaluation and investigative processes;
  - (c) An understanding of internal control and risk management procedures;
  - (d) A general understanding of the Organization and the structure and functioning of the United Nations system;
  - (e) At least one member should be a professionally qualified accountant, auditor or finance professional.
4. Each member shall serve for a period of two years, renewable once for the second and final term of two years after the initial term, on a phased basis so as to provide continuity. In the event of resignation, incapacity, death or any other circumstance in which the term of office of a Committee member is cut short, the Director-General shall appoint a replacement for the remainder of his or her term of office.

5. The appointed Committee members shall elect their own Chairperson from within their number to serve for the duration of his/her term. If the Chairperson is unable to attend a meeting, the members present shall elect an Acting Chairperson for that meeting from among themselves.

6. Former officials of the Organization shall not be eligible for appointment to the Committee for five years following their separation from service. The members of the Committee shall not be eligible for appointment in the Organization for five years following the expiry of their terms.

#### **Article 6 – Meetings**

1. The Committee shall meet at least once a year. The Director-General, Chairperson, any committee member and/or the Director IOS may request additional meetings. It is expected that members will be present for meetings. Meetings may be conducted by videoconference.

2. Three members shall constitute a quorum. Members cannot be represented by an alternate.

3. Provisional agendas are prepared by the Committee's secretariat in consultation with the Chairperson. The Chairperson will approve a provisional agenda for the meeting that should be circulated together with the invitations at least 14 days prior to the date of the session. The supporting documents will be circulated to Committee members at least seven days prior to the date of the session.

4. The Committee shall work on the basis of consensus. When this is not possible, voting will be used and should the votes be equally divided, the Chairperson shall have the casting vote. Dissenting opinions may be attached to any report if those in dissent so desire.

5. The Dir/Office of the Director-General (ODG) and Dir/IOS may attend Committee meetings. The Comptroller and other management representatives may attend the meetings or parts of the meeting as requested by the Committee or its Chairperson.

6. The IOS Director and the Comptroller shall have unrestricted and confidential access to the Chairperson of the Committee.

#### **Article 7 – Recommendations and Reporting**

1. After each session, the Committee shall submit to the Director-General a report on its work and recommendations.

2. The Committee shall also submit to the Director-General an annual summary report of its activities, issues and results, including on its own effectiveness in discharging its duties, for transmittal to the Executive Board, with the Director-General's comments thereon.

#### **Article 8 – Secretariat Support**

The secretariat service for the Committee shall be provided by IOS.

#### **Article 9 – Status of Members**

Members shall act in an independent, non-executive capacity with no managerial powers while performing these terms of reference. As such, members shall not be held personally liable for the decision taken by the Committee acting as a whole.

### **Article 10 – Fees and Costs**

1. Members shall not receive remuneration for their services.
2. The members of the Committee shall receive a daily subsistence allowance and shall be reimbursed at standard Organization entitlement for travel expenses incurred to attend the sessions of the Committee.

### **Article 11 – Confidentiality of Meetings and Minutes**

1. All members of the Committee shall sign a statement of confidentiality at the time of appointment.
2. The deliberations of the Committee and the minutes of its meetings are confidential unless otherwise decided. The documents and informational material circulated for the consideration of the Committee shall be used solely for that purpose and treated as confidential.

### **Article 12 – Disclosure of Conflicts of Interest**

Where actual or potential conflict of interest arises during the conduct of a meeting, the interest will be declared and will cause the member(s) to be excused from the discussions and abstain from voting on the matter.