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## Internal Oversight Service Audit Section

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## Audit of the UNESCO Office in Kinshasa

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## EXECUTIVE SUMMARY

### Key Results

Notwithstanding the status of post-conflict country in a priority region, UNESCO's biennial Regular Programme in the Democratic Republic of Congo totals only \$774,000. Effort is underway to mobilize extrabudgetary resources in line with the recently revised UNESCO Country Programming Document.

The administrative and financial control in the Office is generally good, and we have made recommendations where improvements are needed. In addition, two investigations were undertaken during the audit indicating a need for close management of the recruitment of temporary personnel and timely disclosure of potential conflicts of interest. These are being addressed separately and do not affect the conclusions of this audit.

The administrative control and future status of ERAIFT, a training institute for forestry management, require attention by both the Science Sector and the Kinshasa Office. ERAIFT is currently being assessed by the Science Sector for possible conversion to a Category 1 Centre; however, such conversion would require a significant and sustained financial investment by UNESCO. Given budgetary constraints and repeated calls for greater programmatic focus, the Sector should pursue alternate solutions for ERAIFT's sustainability after completion of the current project in 2013. These include becoming (i) an independent national institution or (ii) a centre under the auspices of UNESCO (Category 2). In the meantime, better control over ERAIFT's resource mobilization and bank account are needed to address UNESCO's financial and reputational risks.

### Background, Scope and Objective

1. Established in 1964, the UNESCO Office in Kinshasa is a national office for the Democratic Republic of Congo (DRC), a post-conflict country in a priority region with continued insecurity and potential for conflict. DRC was the sixth largest recipient of humanitarian aid between 1995 and 2008 and currently hosts representatives from 17 UN agencies as well as the second largest UN peacekeeping mission worldwide.
2. The Office manages a relatively small portfolio of 16 Regular Programme (RP) activities totalling \$774,000 for the current biennium. Corresponding administrative costs of the Office (primarily the running costs and security) are \$547,000 and Extrabudgetary (EXB) projects for 2010-2011 total \$2.8 million.

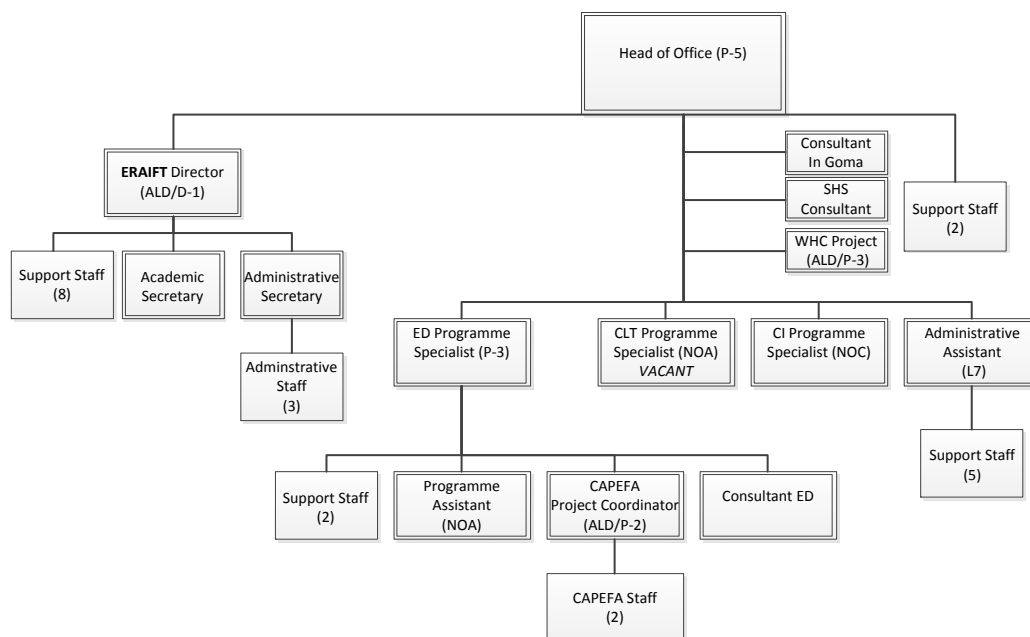
**Table 1:** Regular Programme and Extrabudgetary Budget for 2010-2011 (in US\$)

Sector	Total Projects	Total RP and EXB	2010-2011 Regular Programme			2010-2011 Extrabudgetary		
			Number Projects	Allotment 2010-11	%	Number Projects	Allotment 2010-11	%
ED	6	2,177,405	4	548,955	71%	2	1,628,450	58%
SC	2	1,123,602	1	18,000	2%	1	1,105,602	39%
SHS	2	69,928	0	0	0%	2	69,928	3%
CLT	7	114,600	7	114,600	15%	0	0	0%
CI	4	92,700	4	92,700	12%	0	0	0%
<b>Total</b>	<b>21</b>	<b>3,578,235</b>	<b>16</b>	<b>774,255</b>		<b>5</b>	<b>2,803,980</b>	

3. In addition to these activities and projects directly managed by the Kinshasa Office, UNESCO is also engaged in the following initiatives in the DRC:

- The World Heritage Centre manages a \$4 million project to protect natural sites in the Eastern region of DRC, and a P-3 CLT specialist recently joined the Office to monitor and coordinate project activities.
- A Category 2 Centre for the *Regional Research and Documentation Centre on Women, Gender and Peace Building in the Great Lakes Region* is to be inaugurated in 2011.

4. The Office comprises 36 personnel of which nine are on fixed-term posts. Of these, 21 are in the Kinshasa Office, 14 are located at the University of Kinshasa funded by the ERAIFT project and one consultant is posted in Goma. The Head of the Kinshasa Office is a P-5, and ERAIFT is led by a Director (D-1) on an appointment of limited duration (ALD). Following is the Office organizational chart:



5. The Office experienced increased staff turnover in 2010 with the departure of the previous Head of Office in April, arrival of the ED Programme specialist in January and departures of both the CI and CLT programme specialists. The current Head of Office took up position in October 2010.

6. The audit objective was to assess the functioning and controls of the Office including reporting and compliance with UNESCO rules and procedures. The audit included activities undertaken from January 2010 to June 2011 and was performed in accordance with the *International Standards for the Professional Practice of Internal Auditing*. The methodology was based on a risk assessment conducted during the planning phase of the audit and included substantive testing of a sample of projects, contracts, travel and financial transactions. The auditors also interviewed UNESCO personnel, a member of the National Commission and representatives of other UN agencies, and discussed the issues raised in this report with Office managers and staff.

7. As part of this audit we reviewed the Control Self-Assessment performed by the Office in March 2011 and concluded that (i) it fairly assessed the Office's controls and (ii) the corresponding action plans were effective and being implemented.

## 8. Key Achievements

- The Office recently revised the UNESCO Country Programming Document for the DRC to better reflect current priorities and to facilitate more focussed resource mobilization.
- Administrative controls within the Office are generally in place and operating effectively. One instance of recruitment was the subject of an IOS investigation for irregularities. Audit tests of other selection processes did not show further problems; however, closer management and better documentation of the selection of temporary personnel is needed.

## 9. Principal Challenges and Opportunities

- Alternative proposals should be explored for the institutionalization and sustainability of the ERAIFT forestry institute. These would include the feasibility of becoming a national institution or a Category 2 Centre under the auspices of UNESCO and should not be limited to integrating ERAIFT into UNESCO as a Category 1 Centre.
- Roles and administrative procedures with regard to UNESCO's ERAIFT project need to be clarified and strengthened. The institute mobilizes resources and maintains a bank account outside of UNESCO's control framework. Contributions in some instances make specific reference to UNESCO but are not received in a UNESCO bank account. These contributions are not recorded in UNESCO's financial accounts nor are UNESCO's cost recovery principles applied.
- Continued progress is needed in implementing an effective performance management system for Heads of UNESCO Field Offices.

### Table of recommendations

**Recommendation 1:** Natural Science Sector to defer proposal of ERAIFT as a Category 1 Centre and formally assess alternatives for its institutionalization as (i) an independent institution and (ii) a centre under the auspices of UNESCO (Category 2).

**Recommendation 2:** Kinshasa Office, in coordination with BFM and BSP/CFS, to ensure that all contributions to UNESCO's ERAIFT project are subject to UNESCO requirements, including cost recovery, and received in an authorized UNESCO bank account. Should direct fundraising by ERAIFT, as an independent institution, be determined to be a necessary element of the institution's operations, an appropriate control framework should be introduced including (i) clear delegation to the ERAIFT Director, (ii) a statement in the contribution agreement that the accountable recipient is ERAIFT and not UNESCO and (iii) an annual independent audit of the ERAIFT account be undertaken by a local public accounting firm and presented to the ERAIFT Administrative Council.

**Recommendation 3:** Kinshasa Office to initiate cross-training with the ERAIFT administrative unit to gain a better respective understanding of ERAIFT operations and UNESCO rules and procedures. The Office should also recover from the extrabudgetary resources its direct costs related to the administration of ERAIFT.

**Recommendation 4:** Kinshasa Office to improve transparency in the recruitment and selection of consultants by ensuring complete files and effective maintenance of the local consultant roster.

**Recommendation 5:** Kinshasa Office to ensure that (i) the ED staff is relocated from the Ministry of Education to the Office, (ii) fuel containers are adequately stored and secured and (iii) general access rights to the inventory database are read-only and periodical physical verification of inventory is performed by an individual independent of the recordkeeping and custodial functions.

**Recommendation 6:** Kinshasa Office to implement the outstanding security improvements and periodically review status of security checklist.