



OIOS

Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

Audit of conference management in the UNFCCC secretariat

**Conference management needs to be improved,
especially in the areas of conference planning
and finalization of accounts**

14 July 2009

Assignment No. AA2008/241/02

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

OFFICE OF INTERNAL OVERSIGHT SERVICES - BUREAU DES SERVICES DE CONTRÔLE INTERNE
INTERNAL AUDIT DIVISION - DIVISION DE L'AUDIT INTERNE

TO: Mr. Yvo de Boer, Executive Secretary

DATE: 14 July 2009

A: UNFCCC

REFERENCE: IAD: 09- *DJ670*

FROM: Fatoumata Ndiaye, Acting Director

DE: Internal Audit Division, OIOS

SUBJECT: **Assignment No. AA2008/241/02 – Audit of conference management in the UNFCCC secretariat**
OBJET:

1. I am pleased to present the report on the above-mentioned audit.
2. Based on your comments, we are pleased to inform you that we will close recommendations 2, 8 and 9 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendations 1, 5, 6 and 12), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. Richard Kinley, Deputy Executive Secretary, UNFCCC
Mr. Salwa Dallalah, Coordinator, CAS, UNFCCC
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Ms. Maria Gomez Troncoso, Officer-in-Charge, Joint Inspection Unit Secretariat
Mr. Moses Bamuwanye, Chief, Oversight Support Unit, Department of Management
Mr. Byung-Kun Min, Programme Officer, OIOS
Mr. Normand Ouellet, Chief, Nairobi Audit Service, OIOS

INTERNAL AUDIT DIVISION

FUNCTION

"The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization" (General Assembly Resolution 48/218 B).

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EXECUTIVE SUMMARY

Audit of conference management in the UNFCCC secretariat

OIOS conducted an audit of conference management in the United Nations Framework Convention on Climate Change (UNFCCC) secretariat. The overall objective of the audit was to assess the adequacy of the UNFCCC secretariat's arrangements for conference management. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

The audit concluded that the UNFCCC secretariat's arrangements for conference management were generally adequate. However, there is need for improvement especially in the areas of conference planning and the finalization of accounts. The main findings were as follows:

- There was no formal *feedback mechanism* to evaluate the quality of conference services provided by the UNFCCC secretariat. Consequently, the secretariat was unable to assess its performance and make improvements as needed.
- The secretariat is yet to develop a comprehensive handbook for use by host countries for arranging conferences in accordance with the requirements of United Nations. Such a handbook would considerably improve the effectiveness of conference management.
- In the absence of documented standard operating procedures/manuals for activities in the Conference Affairs Services Programme (CAS), there is a risk that staff actions may be inconsistent, particularly in view of the vacancy situation and the possible recruitment of new staff who may be unfamiliar with CAS operations.
- Two procurement cases requiring review by the Local Committee on Contracts (LCC) in terms of paragraph 12.1.8 of the UN Procurement Manual had not been submitted to the committee. The UNFCCC secretariat needs to ensure compliance with established procurement procedures.
- *The final accounts relating to funds provided by host governments for sessions of the Conference of the Parties had not been completed for the last three sessions. In order to avoid the risk of fraud and to maintain the confidence of donors, the secretariat needs to set timelines for finalizing the accounts and submitting them to the host country in accordance with the provisions of the Host Country Agreement.*

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of conference management in the United Nations Framework Convention on Climate Change (UNFCCC) secretariat. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. According to Article 8 of the UNFCCC Convention, the UNFCCC secretariat is responsible for making arrangements for sessions of the Conference of the Parties (COP) and its subsidiary bodies established under the Convention. The Conference Affairs Services Programme (CAS) in the secretariat facilitates participation by Parties and observers in the intergovernmental process, makes logistical preparations for and provides support to sessions, meetings and workshops, and edits and processes UNFCCC documents.

3. Each year the CAS supports in Bonn and various locations worldwide meetings such as:

- (a) The COP;
- (b) The COP serving as the meeting of the Parties to the Kyoto Protocol (CMP);
- (c) Sessions of the subsidiary bodies of the COP and CMP; and
- (d) Up to 80 meetings of the bodies constituted under the Convention and its Kyoto Protocol, workshops, seminars and other events.

4. The number of participants in the meetings range from 100 to 10,000. The CAS facilitates the attendance, active participation and collaboration of the Parties and inputs from observer organizations. The CAS is also responsible for providing a conducive environment for meetings; this includes facilities, services and logistical support.

5. The CAS is headed by a coordinator at the level of P-5 (being upgraded to D-1) and is supported by ten Professional (P) and 18 General Service (GS) staff. Table 1 shows the staffing level of CAS as at February 2009.

Table 1: CAS staffing level as at February 2009

Office of the Coordinator		Logistics Unit		Documents Unit		External Relations and Liaison Unit	
P	G	P	G	P	G	P	G
3	2	2	6	3	4	2	6

-
6. Comments made by UNFCCC secretariat are shown in *italics*.

II. AUDIT OBJECTIVES

7. The main objective of the audit was to assess the adequacy of UNFCCC secretariat's arrangements for conference management. In particular, the audit was focused on the following sub-objectives:

- (a) To assess the adequacy of arrangements for ensuring that conferences are organized in an efficient and effective manner and satisfy the requirements of the Parties;
- (b) To assess the adequacy of arrangements for conducting conference procurement; and
- (c) To assess the adequacy of arrangements for managing conference related funds and accounting of all costs.

III. AUDIT SCOPE AND METHODOLOGY

8. The audit focused on activities of the CAS for the period January 2006 to December 2008 and included review of documentation, interviews with responsible staff, observation of operations at site (e.g. visit to the COP session in Poznan, Poland in December 2008), and analysis and testing of relevant data.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Improving governance of conference management

Scope to improve conference efficiency and effectiveness by seeking formal feedback from the Parties

9. The CAS had organized 14 meetings of the COP in various countries, besides more than 24 subsidiary body meetings. However, a formal feedback mechanism on the level of services received, such as client satisfaction surveys, from the Parties has not been instituted.

10. Even though some Parties provided informal feedback, a formal feedback mechanism in the form of client satisfaction survey would enable the secretariat to evaluate its delivery and quality of services provided to the COP and make improvements where required.

Recommendation 1

- (1) The UNFCCC secretariat should institute a formal feedback mechanism such as client satisfaction surveys on

the quality of services provided in order to evaluate the performance and enable continuous performance improvement.

11. *The UNFCCC secretariat accepted recommendation 1 and stated that the level of satisfaction of the Parties with the work of the secretariat is included as a secretariat-wide performance indicator in the secretariat's work programme for 2008-2009 and the programme budget proposal for 2010-2011, and is intended to be measured through surveys. Recommendation 1 remains open pending receipt of documentation showing that feedback mechanisms have been instituted and are operational.*

Better follow up of actions arising from post mortem reports could improve the quality of conference management

12. The Intergovernmental Planning Committee (IPC) reviews post mortem reports from the focal points of each programme after each session of the COP and its subsidiary bodies. IPC decisions on various issues raised in the post mortem reports are recorded in the minutes.

13. However, these IPC decisions and subsequent actions taken have not been consolidated. Instituting a mechanism to review consolidated decisions for each session of the COP would result in improving operations. It would allow the IPC to track the impact of its decisions on improving conference management and delivery.

Recommendation 2

(2) The UNFCCC secretariat should institute a mechanism to review consolidated Intergovernmental Planning Committee (IPC) decisions on the post mortem reports for each session of the Conference of the Parties to allow the IPC to more effectively monitor improvements in conference management and delivery.

14. *The UNFCCC secretariat accepted recommendation 2 and stated that the IPC Secretary will track the decisions made and action taken at the IPC level and present them in the Status of Action Items to the IPC bi-annually for review before each regular session. The IPC has been working well in the last few years. The recommended action is already in progress. Based on UNFCCC's response, recommendation 2 has been closed.*

B. Improving the Host Country Agreement

Need to formally specify in the Host Country Agreement that procurement expenditure should be incurred in accordance with United Nations Regulations and Rules

15. In accordance with Article 10 of the Host Country Agreement (HCA), the host country is required to bear additional costs directly or indirectly involved

in holding the conference. Such costs include costs of travel and staff entitlements of secretariat officials, costs of preparatory technical missions, and procurement costs relating to shipment of equipment and supplies. The arrangements for travel and actual payment of entitlements for secretariat officials shall be made in accordance with the Staff Regulations and Rules of the United Nations and its related administrative practices regarding the travel standards, baggage allowance, subsistence payments and terminal expenses.

16. However, the HCA does not specify that the procurement expenditures incurred by the secretariat shall be in accordance with the relevant United Nations Financial Regulations and Rules and United Nations procurement practices. Whereas the secretariat is expected to follow standard United Nations rules and procedures relating the procurement, there is a risk of non-compliance without a specific provision in the HCA. The audit found instances of non-compliance with procurement practices in regard to accommodation arrangements for staff at conference venues. Such a provision would also provide assurance to the host country that procurement carried out by the secretariat is subject to clear rules and regulations.

Recommendation 3

(3) The UNFCCC secretariat should amend the Host Country Agreement to include provisions ensuring that all expenditures are incurred in accordance with the United Nations Financial Regulations and Rules.

17. *The UNFCCC secretariat accepted recommendation 3 and stated that Article 11 - Financial Arrangements – of the model HCA will be amended to incorporate the suggested statement. Recommendation 3 remains open pending receipt of amendment to the HCA.*

Need for qualified and experienced host country focal points in conference management

18. The HCA stipulates that the host country has to designate a focal point to interact with the UNFCCC secretariat and for carrying out the administrative and personnel arrangements for conferences. The host country normally nominates a civil servant from the Ministry of Environment as a focal point to oversee conference arrangements. The secretariat pointed out that these civil servants are experts in substantive areas but do not have an expertise in organizing large conferences such as COP sessions, which undermine efficient and effective conference management. If a host country nominates a person having expertise in conference management as a focal point, it would facilitate effective interaction with the secretariat and improve efficiency in conference management.

Recommendation 4

(4) The UNFCCC secretariat should incorporate a provision in the Host Country Agreement requesting the host government to nominate a person having expertise in

conference management as a focal point responsible for conference arrangements in order to improve the efficiency of conference management.

19. *The UNFCCC secretariat accepted recommendation 4 and stated that Article 8 of the model HCA will be amended to incorporate the recommended action. Recommendation 4 remains open pending receipt of the amendment to the HCA.*

Conference efficiency and effectiveness could be improved through the development of a handbook for host countries

20. The focal point for the COP session in Poznan, Poland pointed out that provisions in the HCA are too general. The secretariat officials make planning visits to the host country prior to the session of COP to sort out the finer points and clarifications on various issues. Even though the UNFCCC is mandated to make arrangements for the sessions of the COP, it is the host country through the HCA that executes the arrangements by entering into contracts for goods and services. Over a period of time the secretariat has developed the expertise in organizing large scale conferences and meetings, which could be a challenge for some host countries to organize for the first time.

21. The absence of comprehensive guidelines has an impact on efficient conference arrangements by the host country. The secretariat could develop a handbook with a mechanism for updating ongoing improvements by incorporating lessons learned from the post mortem reports. This would enable the host countries to better understand clearly what is expected of them, and improve the efficiency and effectiveness of conference management. The secretariat explained to OIOS that due to pressure of work, the development of such a handbook could not be given priority.

Recommendation 5

(5) The UNFCCC secretariat should develop a handbook for host countries detailing the specific requirements for the sessions of the Conference of the Parties in order to improve efficiency and effectiveness of conference management.

22. *The UNFCCC secretariat accepted recommendation 5 and stated that the more generic requirements for a session are exhaustively captured in the annexes to the HCA. Any specific requirements vary greatly between locations and are extensively explored in the technical missions and continuous exchange with the host country. Recommendation 4 to address the requirement of qualified event manager from the host country will also further assist in reducing the risk. This is an important area that the secretariat gives priority to ensure consistency and high quality. Recommendation 5 remains open pending receipt a copy of the handbook for the host countries.*

C. Planning and organizing conferences

Internal control can be improved by creating formal operating procedures and ensuring adequate staffing

23. One of the main responsibilities of the CAS is to ensure that all staff receive proper guidance and are informed about what they are expected to achieve, how they should perform assigned tasks and what they are accountable for in carrying out their duties. This should be accomplished by establishing documented processes and procedures governing the work of the programme. Formal processes and procedures also serve as control tools contributing to improved consistency in CAS operations and successful achievement of its objectives.

24. The audit found that the CAS is yet to develop comprehensive documented processes and procedures to guide the staff in the day-to-day work. For example, there were no standard operating procedures for the External Relations and Liaison Unit and no comprehensive checklists for the Logistics Unit. At present, the CAS has the benefit of experienced staff members who possess the knowledge and capability to document the internal processes and develop guidelines which would enhance internal controls. The CAS explained that due to staff shortages and pressure of work, it could not prioritize documentation of the internal processes and operations. Staff vacancies (see Table 2) emphasize the need for such procedures as reliance may need to be placed on short term staff with limited experience of UNFCCC operations. Standard operating procedures/manuals would help the staff to perform consistently and reduce the learning curve for new staff.

Table 2: Vacancies in CAS

Unit	Authorized posts	Encumbered posts	Vacant posts	Vacancy rate (%)
Coordination Unit	3	2	1	33
Logistics Unit	8	5	3	37.5
Documents Unit	7	7	0	0
External Relations and Liaison Unit	8	7	1	12
Total	26	21	5	19

25. As is evident from Table 2, some units have a high vacancy rate, which increased the work burden on the existing staff and resulted in the coordinator having to devote considerable time on the operational issues. CAS could not focus on the recruitment during the second half of last year because of preparations for the COP sessions. Moreover, the requisite funding from core and supplementary sources was not made available before April 2008.

Recommendations 6 and 7

The UNFCCC secretariat should:

(6) Establish an action plan for preparing standard operating procedures/ manuals in the functional areas of the Conference Affairs Services programme in order to ensure consistency and to strengthen the internal control framework; and

(7) Prioritize the filling of vacancies in the Conference Affairs Services programme in order to ensure that it is equipped with adequate resources to carry out its functions efficiently and effectively.

26. *The UNFCCC secretariat accepted recommendation 6 and stated that CAS uses project management tools to plan and monitor, which document goals and deliverables, work packages and milestones, organizational set up tasks and responsibilities, timelines and resource requirements. Their standardization /codification is a useful suggestion, however it is not a priority. Tools are already in place which serve the recommended purpose and refinement will be undertaken on an ongoing basis to the extent that resources allow, weighing against the cost benefit and the associated risk. Recommendation 6 remains open pending receipt of a copy of the suggested standard operating procedures/manuals.*

27. *The UNFCCC secretariat accepted recommendation 7 and stated that the filling of vacant positions and recruitment of temporary staff had already resumed and was given a high priority, in spite of high work load and unexpected pressures. Filling of vacancies is a major management challenge affecting the whole secretariat, and indeed the whole UN system. Concerted effort has been ongoing to address the unpredictable funding, strain on staff caused by exploding work load and inability to readily attract suitable staff on short term basis without making longer term commitments. Recommendation 7 remains open pending receipt of documentation showing that it has been implemented.*

Opportunities for training were limited

28. Lack of technical training, especially in the area of conference management, could have an impact on effective conference arrangements. Training is an effective tool to improve staff performance. Training needs assessment is a tool for developing a training plan. The CAS did not have a training plan based on a training needs assessment. The CAS coordinator explained that the staff are able to avail themselves of the training programmes organized by the United Nations. Due to limited funding for training, external training could not be provided to staff. Staff thus had no opportunities to obtain training in the latest conference management techniques available externally.

Recommendation 8

(8) The UNFCCC secretariat should allocate financial resources to the Conference Affairs Services programme to implement a staff training plan based on a training needs assessment in order to maintain and improve staff efficiency.

29. *The UNFCCC secretariat accepted recommendation 8 and stated that moderate financial resources have been made available together with Human Resources' assistance on generic training. Specialized technical skills will be enhanced using various training/staff development options including practical training and exchange e.g. with other conference service providers. Work on this issue had begun with the recruitment in 2008 of a new staff member in Human Resources Management, fully dedicated to training needs, as the issue had already been fully recognized for the whole secretariat. Based on UNFCCC's response, recommendation 8 has been closed.*

Security of registration could be enhanced through a formal training plan for local staff

30. In accordance with the HCA, the host country provides local staff to perform various conference related activities including registration of participants.

31. The secretariat supervises the local staff and provides on the job training. There was no documented plan to train the local staff involved in the registration of participants. The secretariat did not feel the need to document the training because there has never been any problem with the existing informal arrangements. As the size of conferences grows, and there is a continued security threat to participants attending conferences, there is a need to ensure a minimum standard in conducting the registration process. This can only be done through some form of formal training. Absence of such training exposes the secretariat to security and reputational risk arising from unauthorized personnel gaining entry to a conference.

Recommendation 9

(9) The UNFCCC secretariat should document a training plan for the local staff involved in the registration of participants to ensure consistency and minimize risks of unauthorized registration.

32. *The UNFCCC secretariat accepted recommendation 9 and stated that training of, and close oversight over, local staff takes place. Documentation of the plan is not a priority. The risk of unauthorized registration or any error by local staff is minimal as they are closely supervised by more experienced regular staff. Based on UNFCCC's response, recommendation 9 has been closed.*

D. Compliance with procurement procedures

Advance payments to travel agents without any formal agreement in Poznan, Poland

33. Financial Rule 105.19 of the United Nations stipulates that "Except where normal commercial practice or the interests of the United Nations so require, no contract or other form of undertaking shall be made on behalf of the United Nations which requires a payment or payments in advance of the delivery of products or the performance of contractual services. Whenever an advance payment is agreed to, the reasons therefore shall be recorded". Similarly Financial Rule 105.18 states that "Written procurement contracts shall be used to formalize every procurement action with a monetary value exceeding specific thresholds established in ST/SGB/2003/7 by the Under-Secretary General for management".

34. The COP 14 session in Poznan was held from 1 to 12 December 2008. Arrangements for hotel accommodation for the secretariat staff started in May 2008 with the visit of two representatives of Administrative Services Programme (AS) to Poznan. As per the mission report, the AS representatives expressed concern over prices of the hotels and proposed that the Government of Poland (GoP) pay directly for accommodation, and that the secretariat would pay staff 50 per cent of the regular Daily Subsistence Allowance (DSA). The GoP had initially agreed to the secretariat's proposal, however, upon further reflection, the host country preferred the original arrangement in which it would transfer the entire amount to the secretariat. It did not object to its responsibility to cover the higher DSA that resulted from accommodation costs.

35. The IPC discussed the high cost of accommodation in Poznan but did not approve any deviation from procurement procedures. The secretariat made advance payments to two travel agents authorized by the GoP, without any written agreement. Although GoP officials were involved in the discussions, the secretariat should have entered into a formal arrangement with the travel agents in accordance with the United Nations Procurement Manual. The Local Committee of Contracts was not requested for ex-post facto approval as required by paragraph 12.1.8 of the United Nations Procurement Manual.

36. The secretariat explained that the booking process for United Nations staff assigned to the COP 14 session in Poland was not subject to a standard procurement process for the following reasons:

- (a) The venue chosen for the conference, the city of Poznan, Poland provided limited hotel capacity for a conference of this scale.
- (b) Due to these limitations, hotels not only required early bookings but also advance payments up to 100 per cent of the expected occupancy. Initially such payments were required by 30 June i.e. five months before the start of the conference.

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- (c) Given the high demand and limited availability of hotel space, the hotels increased their prices exorbitantly such that in many cases, especially for the hotels near the conference centre, the price was not within the standard DSA for Poznan.
 - (d) In light of these facts, the GoP initially agreed to book and pay for hotels in advance. However, the decision was later reversed and the secretariat was required to secure bookings itself. With the help of the representatives of the GoP, the secretariat had made arrangements to use the services of the travel agents and private accommodation operators selected by the GoP.

Recommendation 10

(10) The UNFCCC secretariat should present the case ex post facto to the Local Committee on Contracts in order to comply with the paragraph 12.1.8 of the United Nations Procurement Manual.

37. *The UNFCCC secretariat accepted recommendation 10 and stated the booking of hotel rooms in Poznan by the secretariat for staff servicing COP 14 will be presented to the Joint Local Committee on Contracts (JLCoC) ex-post facto. Various options have been identified and are being put in place for imminent sessions as appropriate under given circumstances and market conditions, including: reservation of room contingents for staff by host government and individual bookings by staff through government appointed agents; reservation of and fully refundable security deposits for rooms by the secretariat and individuals bookings by staff with the hotels; and reservation, booking and room allocation by secretariat.* Recommendation 10 remains open pending receipt of confirmation that case has been presented to the Joint Local Committee on Contracts ex post facto.

Non-compliance with procurement procedures

38. Financial and operational arrangements for organizing COP 12 in Nairobi, Kenya in November 2006 differed from that of previous sessions, in that the host country declared that it would not cover the full costs of the conference from its own resources.

39. In order to secure sufficient funds, the Government of Kenya (GoK) assisted by the secretariat and the United Nations Office at Nairobi (UNON), issued a call for contributions to potential donor governments. Based on the request, a number of donors made contributions and some donors transferred their contributions directly to the secretariat and UNON for them to manage on behalf of the GoK.

40. The GoK contracted a vendor called "The Collective", trading as Blue Sands Trading (South Africa), to be the general contractor for conference structures, fixtures, furniture, equipment and related services for COP 12. The

agreed contract value was a flat \$1.4 million. The secretariat provided the GoK the requirements underlying the contract.

41. In addition to the contract between the GoK and the vendor, the secretariat placed orders for certain services directly with the vendor without any formal contract. This happened on an emergency basis when the GoK was not able to deliver on tasks that were originally assigned to it, such as provision of security equipment and generators. Based on discussions with the GoK, the secretariat paid \$92,947 to the vendor on account of orders for services placed directly with the firm.

42. Immediately after the closure of COP 12, the vendor claimed cost overruns from GoK due to variations to the contract (qualitative and quantitative changes to the items, changes in agreed schedules and timing, etc). The vendor added a mark up (administrative costs and profit margin) to the excess costs, which was contested by the GoK.

43. During 2007, the vendor and its subcontractors repeatedly attempted to assign responsibility to the secretariat and tried to involve it in the dispute. The secretariat rejected the claim stating that it had no legal responsibility because it was not a party to the contract.

44. By September 2007, the vendor submitted claims totaling \$1.1 million in excess of the contract amount of \$1.4 million. After intensive discussions among the GoK, UNFCCC and UNON, the vendor revised the claim amount from \$1.1 million to \$911,563. The GoK continued negotiations with the vendor and finally arrived at a negotiated settlement for \$557,633 in September 2008. This amount was paid to the vendor by the secretariat.

45. The secretariat did not comply with procurement procedures in this case. The secretariat asked the vendor to deliver services without establishing a written contract, and the payment of \$557,633 was made to the vendor without a written contract in place. Furthermore, the case was not submitted to the Local Committee on Contracts for its review, as required by paragraph 12.1.8 of the United Nations Procurement Manual.

Recommendation 11

(11) The UNFCCC secretariat should submit the case ex post facto to the Local Committee on Contracts in order to comply with paragraph 12.1.8 of the United Nations Procurement Manual.

46. *The UNFCCC secretariat accepted recommendation 11 and stated that the emergency procurement by the secretariat of security and power generation equipment in Nairobi for COP 12 was a way to find a pragmatic solution, and will be presented to the Joint Local Committee on Contracts (JLCoC) ex-post facto. Recommendation 11 remains open pending receipt of confirmation that the case has been presented to the JLCoC ex-post facto.*

E. Accounting of conference funds

Delay in submission of final accounts to host countries

47. Article 10, paragraph 6 of the HCA stipulates that the secretariat shall provide the host country with a detailed set of accounts showing the actual additional costs incurred by the secretariat and to be borne by the host country. The secretariat, on the basis of the detailed set of accounts, shall refund to the host country any funds unspent from the amount deposited.

48. The audit noted that during the three sessions of the COP, the secretariat received amounts from the Governments of Kenya, Indonesia and Poland. As of 31 March 2009, the final account statements were yet to be finalized and sent to the respective host countries (see Table 3).

Table 3: Status of final accounts

Month and Year	COP location	Host country	Amount deposited \$ in millions	Status
Nov 2006	Nairobi	Kenya	1.0	Not yet finalized
Dec 2007	Bali	Indonesia	2.5	Not yet finalized
Dec 2008	Poznan	Poland	1.5	Being finalized

49. The secretariat stated that the HCA does not specify any timeframe under which such accounts should be submitted to the host country. In view of the fact that the secretariat has not yet finalized the accounts for the last three sessions, OIOS is of the opinion that the secretariat should set timelines for finalizing the accounts without undue delay.

50. Delays in submission of accounts increase the risk of the secretariat failing to detect any anomalies, which could increase the likelihood of fraud. They could also lead to reduced confidence among host countries.

Recommendation 12

(12) The UNFCCC secretariat should ensure timely finalization of the Conference of the Parties' accounts and set timelines for submission of the accounts to the host countries in compliance with the provisions of the Host Country Agreement.

51. *The UNFCCC secretariat accepted recommendation 12 and stated that CAS and AS, in particular Finance and Programme Planning & Budget, are clarifying responsibilities and working together to speed up the processes of settlement of pending invoices from supporting UN organizations and donor reporting. While this is partly caused by capacity issues within the secretariat*

and delays in getting feedback from supporting organizations, the secretariat will strive to clear the backlog and bring the donor reporting up to date as soon as possible. Recommendation 12 remains open pending confirmation that the accounts in question have been finalized.

V. ACKNOWLEDGEMENT

52. We wish to express our appreciation to the Management and staff of UNFCCC secretariat for the assistance and cooperation extended to the auditors during this assignment.

STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
1	The UNFCCC secretariat should institute a formal feedback mechanism such as client satisfaction surveys on the quality of services provided in order to evaluate the performance and enable continuous performance improvement.	Governance	High	O	Documentation showing that feedback mechanisms have been instituted and are operational.	July 2010
2	The UNFCCC secretariat should institute a mechanism to review consolidated Intergovernmental Planning Committee (IPC) decisions on the post mortem reports for each session of the Conference of the Parties to allow the IPC to more effectively monitor improvements in conference management and delivery.	Governance	Medium	C	Action completed.	Implemented
3	The UNFCCC secretariat should amend the Host Country Agreement to include provisions ensuring that all expenditures are incurred in accordance with the United Nations Financial Regulations and Rules.	Operational	Medium	O	Copy of the amendment to the HCA.	July 2009
4	The UNFCCC secretariat should incorporate a provision in the Host Country Agreement requesting the host government to nominate a person having expertise in conference management as a focal point responsible for conference arrangements in order to improve the efficiency of conference management.	Operational	Medium	O	Copy of amendment to the HCA.	July 2009
5	The UNFCCC secretariat should develop a handbook for host countries detailing the specific requirements for the sessions of the Conference of the Parties in order to improve efficiency and effectiveness of	Operational	High		Copy of the handbook for host countries.	June 2010

Recom. no.	Recommendation	Risk category	Risk rating	C/O	Actions needed to close recommendation	Implementation date ²
6	conference management. The UNFCCC secretariat should establish an action plan for preparing standard operating procedures/manuals in the functional areas of the Conference Affairs Services programme in order to ensure consistency and to strengthen the internal control framework.	Operational	High	O	Copy of standard operating procedures/manuals.	December 2010
7	The UNFCCC secretariat should prioritize the filling of vacancies in the Conference Affairs Services programme in order to ensure that it is equipped with adequate resources to carry out its functions efficiently and effectively.	Human Resources	Medium	O	Documentation showing that the recommendation has been implemented.	December 2009
8	The UNFCCC secretariat should allocate financial resources to the Conference Affairs Services Programme to implement a staff training plan based on a training needs assessment in order to maintain and improve staff efficiency.	Human Resources	Medium	C	Action completed	Implemented
9	The UNFCCC secretariat should document a training plan for the local staff involved in the registration of participants to ensure consistency and minimize risks of unauthorized registration.	Human Resources	Medium	C	Action completed	Implemented
10	The UNFCCC secretariat should present the case ex post facto to the Local Committee on Contracts in order to comply with paragraph 12.1.8 of the United Nations Procurement Manual.	Operational	Medium	O	Confirmation that the case has been submitted to the JLCoC.	March 2010
11	The UNFCCC secretariat should submit the case ex post facto to the Local Committee on Contracts in order to comply with paragraph 12.1.8 of the United Nations Procurement Manual.	Operational	Medium	O	Confirmation that the case has been submitted to the JLCoC.	March 2010
12	The UNFCCC secretariat should ensure timely finalization of the Conference of the	Financial	High	O	Documentation confirming that the accounts have been finalized.	December 2009

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
	Parties' accounts and set timelines for submission of the accounts to the host countries in compliance with the provisions of the Host Country Agreement.					

1. C = closed, O = open
2. Date provided by UNFCCC in response to recommendations.