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CONVENTION CONCERNING THE PROTECTION OF
THE WORLD CULTURAL AND NATURAL HERITAGE

WORLD HERITAGE COMMITTEE

Thirty-first Session

Christchurch, New Zealand
23 June – 2 July 2007

Item 19 of the Provisional Agenda: Presentation of the report on the
management audit of the World Heritage Centre

**19B. Preliminary observations of the Director General of UNESCO on the
final report on the management audit of the World Heritage Centre**

SUMMARY

This document presents the preliminary observations of the Director General of UNESCO on the final report of the management audit of the World Heritage Centre, which was carried out by the firm Deloitte.

Draft Decision: 31 COM 19B, see Point I

1. As requested by the 30th session of the World Heritage Committee (Vilnius, 2006), a management audit of the World Heritage Centre (the Centre) was conducted between November 2006 and April 2007. The audit was carried out by the firm Deloitte, following a competitive selection process, according to the established UNESCO procedures. The final report on the management audit (the report) was submitted to UNESCO on 16 April 2007, and representatives of Deloitte presented the findings and recommendations to an informal meeting of the World Heritage Committee on 14 May 2007 at UNESCO Headquarters in Paris.
2. Overall, the report underlines the fact that the World Heritage Centre is indeed a centre of excellence in its areas of competence and that the programme it implements is one of the most visible programmes of UNESCO. The report notes a high level of satisfaction in the global World Heritage constituency, both public and private, on the professional competence of the Centre. At the same time, it also draws attention to the increasing demands being made on the Centre's limited human and budgetary resources due to a growing mandate and workload, and on this basis outlines 20 recommendations which are aimed at improving the Centre's operational efficiency, effectiveness and global performance. These 20 recommendations can be grouped into four broad categories: (i) developing a system for knowledge management and information sharing; (ii) improving the accounting and budgetary management; (iii) strengthening management processes and structure; and (iv) improving external relations.
3. While awaiting the results of a detailed examination of the report by the 31st session of the World Heritage Committee (Christchurch, 2007), a preliminary assessment of its main conclusions and recommendations could be made as follows:
 - i. If some of the recommendations of the report can be implemented relatively easily, some others might require a careful consideration to assess their feasibility and resource implications, particularly in the context of the 34 C/5 process. So, in light of the Committee's assessment of those recommendations that it deems valuable, an implementation plan will be prepared for the various recommendations, showing specific time-frames and responsibilities, together with costs and sources of financing, which can be used by the Committee to monitor progress.
 - ii. The Director-General's overriding consideration is to support the Centre and build on its strong foundations so that it continues to function and be regarded as a centre of excellence. It should be recalled that the origin of the management audit lies in the consideration by the Committee of the results-based management framework and roadmap for the World Heritage Centre (*WHC-06/30.COM/INF.12*); the Committee clearly supported the establishment of measurable results and indicators for effective performance appraisal and monitoring of the Centre's activities regarding the implementation of the 1972 *Convention*.
 - iii. As regards the growing imbalance between the resources and workload of the Centre which has been highlighted in the audit report, there is a need to address this problem both through a rationalization of the tasks assigned to it, as well as by its organizational empowerment and strengthening. In this regard, specific reactions from the 31st session of the World Heritage Committee to the following observations would be welcomed:
 - a) One of the key features for the success of the World Heritage Centre is its special status as the Secretariat to the World Heritage Committee. This special status and specificity needs to be maintained, using the management principles of delegation of authority (with corresponding accountability) and administrative flexibility. The details of this administrative flexibility will be specified through a "Blue Note".

- b) A key element for maintaining the effectiveness and efficiency of the Centre is the use of budgets from different sources (regular programme, World Heritage Fund, Extrabudgetary) in a complementary and coordinated manner. The Centre presents annually the budgetary information (from all sources) to the World Heritage Committee in a consolidated table, and while the formats for such presentation may be reviewed and revised (Recommendation 3.1), it is crucial to maintain the complementary nature of the different budgets. In this regard, the ADG/CLT will examine, in consultation with the Central Services of UNESCO, the need for additional flexibility to support temporary staff.
- c) The recommendation to introduce a management accounting approach and cost-based monitoring of activities (Recommendation 5.4) is most welcomed, especially as it would also lead to the implementation of the results-based management (RBM) approach. However, the implementation of this recommendation will have to be considered over a certain time-frame (such as one year), as it would entail consultations with the central services of UNESCO, in the framework of the existing budgeting and accounting procedures in order to build an analytical accounting system which would enable to assess the resources needed to accomplish a specific task. This analytical system doesn't exist at UNESCO. And in this sense, an attempt to build such a system for the World Heritage Centre could be seen as a pilot exercise for the whole Organization.
- d) The recommendation to reorganise the Centre and its activities (Recommendation 6.1) is considered appropriate, since there is a need to establish clear reporting lines. The creation of an *ad hoc* task team of professionals to address special assignments is considered an innovation which will foster inter-disciplinary cooperation using a matrix management approach. The reinforcement of the nature team will have to be addressed as a part of this overall effort.
- e) There are a set of recommendations which aim at improving the knowledge management function to facilitate decision making (Recommendations 1.1 to 1.4) and these are considered useful in improving the institutional memory of the Centre. However, in implementing these recommendations it will be ensured that the accent is not confined only to IT or web-based tools.
- f) The recommendation to clarify the roles and responsibilities between the Centre and the Advisory Bodies (Recommendation 4.1) will be implemented by developing a protocol delineating the various functions between the two, so as to avoid any confusion or misunderstanding in the future.
- g) The audit report has analysed the 20 recommendations in terms of their expected gains, implementation costs and associated risks. Consequently, the implementation of the 7 recommendations (Recommendations 1.2, 1.3, 2.1, 4.1, 4.3, 4.4, and 5.2) which have been assessed as representing an optimal trade-off can be initiated, if endorsed by the Committee.
- h) In relation to the 4 recommendations which have been identified as having the potential to yield the highest gains (Recommendations 3.2, 5.4, 5.5, and 6.1), it is noted that two of them (5.4 and 5.5) are the most costly to implement. Therefore, while the other two recommendations (3.2 and 6.1) can be implemented, if endorsed by the Committee, the financial implications of the remaining recommendations will have to be assessed and an implementation plan drawn up on that basis. Appropriate financial and technical support from member states in helping UNESCO to implement these and other costly recommendations would be most welcomed.

4. The Director of the Internal Oversight Service (IOS) has submitted his professional evaluation on the work conducted by Deloitte. It is presented in Annex of this document.
5. Based on the discussions and reactions of the World Heritage Committee, a Director-General “Blue Note” outlining the internal restructuring of the Centre and ways and time-table for implementing the various recommendations of the audit report will be issued.

I. Draft Decision

Draft Decision: 31 COM 19B

The World Heritage Committee,

1. *Having examined Document WHC-07/31.COM/19B,*
2. *Recalling Decisions **30 COM 6** and **30 COM 12** adopted at its 30th session (Vilnius, 2006),*
3. *Welcomes the preliminary observations of the Director-General of UNESCO on the findings and recommendations of the audit report;*
4. *Invites the Director General of UNESCO to issue a “Blue Note” to implement the various recommendations, including to clarify the specific elements of the administrative flexibility available to the World Heritage Centre, particularly to enable it to use budgets from different sources in a complementary and efficient way to deliver the identified results;*
5. *Appeals to the State Parties to the Convention to support UNESCO technically and/or financially in the implementation of the recommendations of the management audit, specially recommendations 1.1, 1.3, 3.1, 5.3, 5.4 and 5.5;*
6. *Requests the Director of the World Heritage Centre to present a report, in the form of a table for monitoring progress, on the implementation of the management audit recommendations for examination by the World Heritage Committee at its 32nd session in 2008.*

Annex IOS observations on the WHC Management Audit

1. The following paper contains the UNESCO Internal Oversight Service's (IOS) observations on the Management Audit of the UNESCO World Heritage Centre (WHC) conducted by Deloitte. The Terms of Reference for the management audit call on IOS to take on a quality assurance role¹.
2. In IOS's view, the report is not fully responsive to the Terms of Reference. Certain conclusions are not evidence based and therefore do not constitute a sound basis for improved decision making by the Director-General, the UNESCO World Heritage Committee, and World Heritage Centre senior management.
3. The following table highlights the key issues areas that have not been adequately examined in the audit report.

Terms of Reference	Report Conclusions	IOS Observations
Issue 1: The Terms of Reference asked the audit team to "review and clarify the WHC's funding situation and sources and assess its financial requirements in relation to its work load".	The report concludes that: There had been an increase in the WHC's workload Problems persist with budgetary matters and workload There is a growing imbalance between resources and work load There had been an increase in the number of activities carried out at the behest of the Committee or at the WHC's own initiative and financed by extra budgetary funds.	• The report does not conclude on one of the central questions of the management audit namely, is the WHC adequately resourced to fulfil the tasks assigned to it. • The report does not identify and analyze the past, current and expected future levels of workload. The audit might have yielded important information on, for example, what effect will 40 new inscriptions on the World Heritage List have on the Centre's workload. • The report states that WHC management accounting oversight was inadequate (i.e. the absence of activity based costing by the WHC). In the absence of this information, the audit team by its own admission states that it was unable to undertake a proper assessment of the fit between resources and WHC's main tasks.

¹ The overall mission of the IOS is to provide the Director-General with independent, objective assurance; systematic review; and advice; designed to add value and improve programme design, delivery and operations. It helps UNESCO accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk and results based management, control and governance processes. - IOS Charter.

		• Therefore, there is no basis for the conclusion that there is a growing imbalance between resources and work load. Nor is the call for the creation of more fixed posts based on a sound analysis.
Issue 2: The Terms of Reference asked “is there an overall satisfactory relationship between resources spent and results produced by the WHC?”	The report concludes that improvements in quality do not appear as significant as they were over the past 10 years.	• The question essentially calls for an examination of efficiency (defined as a measure of how economically resources / inputs are converted to results) which would be one indicator of how well the Centre is managed. The question is not answered. • The report does not identify or analyze the significance of the results produced by the WHC versus what was planned. Annex 6 to the report identifies the main evolutions since 2000 in a number of key process areas. But this mainly identifies a mix of completed activities and does not constitute a proper analysis. • This information is essential if the Committee is to determine whether to increase or decrease human and / or financial resources to a particular area of work, to identify which work processes and activities are efficient and lead to the achievement of expected results, etc.
Issue 3: The Terms of Reference asked the audit team to “map out and review the full range of tasks and functions discharged by the WHC and assess them in relation to its mandated roles and	The report concludes that the WHC is unable to fulfil all the major tasks assigned to it due, in part, to the inadequacy of posts.	• There are weaknesses in the analysis leading to the conclusion. While the report clearly identifies the 9 main tasks assigned to the Secretariat of the WHC, it does not follow with an analysis of how much time or effort each of the various sections of the WHC spends in carrying out the main tasks. • While the WHC may not be fulfilling all the major tasks assigned to it, the absence of a proper analysis does not help us to understand in which specific areas they are

responsibilities”.		performing below expectations, in what areas they are performing above expectations, and of course the reasons why. • The report ignores the role that field office staff and consultants might play in the execution of the mandated tasks. The report does not provide a satisfactory explanation as to why they should not have been included as part of the analysis. • The assessment does not go far enough in determining whether the staff has the appropriate qualifications to fulfil the main tasks assigned to the WHC. This too was called for in the Terms of Reference.
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