



Review of Management and Administration in the Universal Postal Union



UPU UNIVERSAL
POSTAL
UNION

WHAT THE JIU FOUND

I. Background

The JIU review examines the management and administration in UPU, mindful of the highly complex environment in which the organization operates and the multiple challenges it faces, mainly generated by economic and technological developments, fundamental market changes and an erosion of its financial base. In past years, the organization has undergone several reforms to secure its operational capacity and relevance. The JIU review aims to promote good governance, oversight and accountability and reinforce the management framework of UPU. The report is designed to assist both member countries and the executive management of UPU in adjusting to the evolving environment and in achieving the organization's goals.

II. Reviewing the Management Framework of UPU

The International Bureau serves as an organ of execution, support, liaison, information and consultation, and acts as the secretariat of the UPU governing bodies. The Director General is the head of the International Bureau with responsibility for the overall administration and management of the organization, for which he is accountable to member countries. The report identifies certain areas for improvement in the internal management of the organization and calls for reviewing the framework of its committees and boards, including their working procedures, to enhance transparency and accountability and ensure synergy and complementarity.

III. Consolidating Support Functions

Since 2013, the International Bureau has been restructured on four different occasions, resulting in major changes with regard to its organization and the distribution of tasks and activities. The review found the set-up of support functions to be suboptimal for efficient and cost-effective management and administration and therefore recommends UPU to further streamline the structure of the International Bureau and consolidate support functions into one administration directorate to enhance efficiency and effectiveness. Such a proposal should be included in the framework of the preparation of the Programme and Budget for 2019.

IV. Clarifying the Delegation of Authority

Delegation of authority within UPU takes place in practice with no formal instruments in place. Most decisions are taken at the highest level. The review underlines the need to formalize delegation of authority by issuing relevant administrative instructions and internal memorandums aimed at improving the transparency and accountability of the decision-making process. The option of lower-level delegated authority as an effective management tool should be considered.

V. Enhancing Control and Compliance with UPU General and Financial Regulations

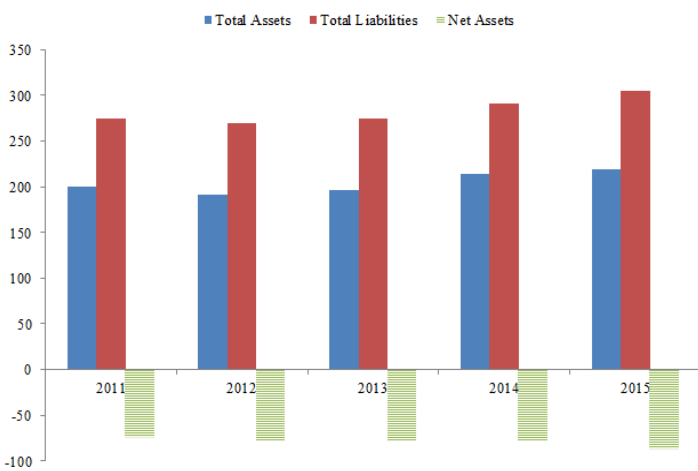
With regard to the approval of the annual financial statements by the Council of Administration, a recurring practice has been followed in years in which UPU holds its Congress, whereby the Chair of the Council of Administration approves the financial accounts without the full report of the external auditor being presented and approved by the Council of Administration. This practice is justified on the grounds of urgency, provided for in article 12 of its rules of procedure. However, the establishment of the budget and exercising of financial control are core activities of the Council of Administration. Therefore, the discussion and approval of financial statements should remain within its authority even in years of Congress. Being a matter of principle the Inspector recommends the discontinuation of the application of article 12 of the rules of procedure for the approval of the financial accounts to ensure that the Council of Administration discusses and approves the financial statements in years of Congress.

VI. Improving Financial Stability

The financial situation of UPU has been the focus of attention in recent years. UPU has operated under a zero nominal growth budget for two decades. Specific areas, such as the ethics function or internal oversight, but also training of staff, have suffered from this situation. The stagnation of available resources and the continuous increase in liabilities have seriously affected the financial health of the organization. In the light of the disproportionate volume of liabilities related to after-service health insurance and the Provident Scheme, amounting to approximately CHF 128 million at the end of 2015, the Inspector recommends that the Council of Administration request the elaboration of a policy aimed at containing the costs of after-service health insurance. The policy should take into account the reports of the United Nations Secretary-General on this issue and the related decisions of the General Assembly.



The financial situation of the Provident Scheme raises considerable concern, inter alia owing to a sharp increase in net pension costs from CHF 4.9 million to CHF 11.2 million between 2014 and 2015. The 2016 Congress instructed the Council of Administration to include in its study on how to ensure the continued stability and sustainability of the Scheme, a comprehensive analysis of its possible transfer to the United Nations Joint Staff Pension Fund. The Inspector found such an option worth exploring, since it may lead to considerable savings. Furthermore, a transfer would relieve the International Bureau of its responsibilities related to the administration of the fund and might significantly reduce the risk and liabilities of the organization. The study should therefore examine in detail the financial implications of such a transfer, including the required capital injection and the future administrative costs, as well as all expected savings in administrative expenses and the freeing up of staff posts.



VII. Promoting Transparency and Accountability in Human Resources

Human resources management plays a crucial role in the UPU reform process. With regard to keeping member countries abreast of human resources issues, the review identified a significant lack of coherence between the different annual reports on human resources management and related activities, contradicting a model for reporting on such issues adopted by the Council of Administration in 2011. The review therefore recommends that the Council of Administration should request the Director General to return to this standard model, present a comprehensive report on human resources management and related activities to its first session in 2018 and use this model for future reporting. This measure would enable member countries to exercise proper oversight of human resources matters.

VIII. Finalizing a Human Resources Strategy

Having the right talent in the right place is crucial to achieving the strategic goals of the organization. A human resources strategy is therefore a key policy document for the management of an international organization. The Inspector urges the executive management of UPU to finalize their draft human resources strategy for 2017-2020 to best resource the International Bureau with the necessary skills to face future challenges and thus enhance the effectiveness of the management of human resources in the International Bureau.

IX. Integrating the Human Resources Framework

Human resources policies and their implementation are based on the Staff Regulations and Staff Rules. The regulations provide the legal framework for the conditions of service and the rights and obligations of staff members of the core category. The rules contain the details for implementing the provisions of the staff regulations. In terms of the UPU human resources regulatory framework, the Inspector recommends revisiting the recently amended Staff Regulations in order to reintegrate certain provisions of the conditions of service including the elements of the revised common system compensation package adopted by the General Assembly in December 2015.

X. Strengthening Oversight Mechanisms

The review identified a lack of compliance with good practices when examining the membership and independence of the UPU Internal Audit Committee. The majority of United Nations system organizations have reconstituted their oversight committees as external, independent and expert-based advisory bodies. Those committees play a key role, not only in assisting the executive heads and governing bodies to strengthen oversight, but in ensuring the independence and effectiveness of the internal audit function. The Institute of Internal Auditors views independent audit committees as a mandatory part of public sector governance. Against this background the Inspector recommends exploring alternatives for a new model for an independent audit committee, comprised of external professional experts. To this end the executive management should study the feasibility of establishing such a committee by drawing on similar structures in place in other United Nations specialized agencies.

XI. Informal Recommendations

In addition to the formal recommendations, the Inspector made several suggestions for reinforcing the management and administration of UPU through informal recommendations, also with reference to the standards and good practices of the United Nations system. They relate to the terms of office and conditions of service of the elected officials; the consolidation of all accountability elements into a stand-alone accountability framework; the consideration of outsourcing administrative support services; the conducting of regular staff surveys; the conducting of more frequent strategic risk assessments; the full implementation of IPSAS; the need to increase resources for staff training; the elaboration of a gender equality and mainstreaming policy; addressing a broader range of audit subjects; and improving cooperation with the United Nations family, among others.

About the JIU

The JIU is the only independent external oversight body of the United Nations system mandated to conduct evaluations, inspections and investigations system-wide. The Unit is currently composed of eleven Inspectors appointed by the General Assembly, assisted by a Secretariat.

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