



Good Practice Note No. 25

# Closing Offices

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*Part of a series of notes to help Centers review their own internal management processes from the point of view of managing risks and promoting good governance and value for money, and to identify where improvement efforts could be focused. The good practices described in this series of notes should not be interpreted as minimum standards in every case, as not all may be appropriate to every Center.*

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## SUMMARY

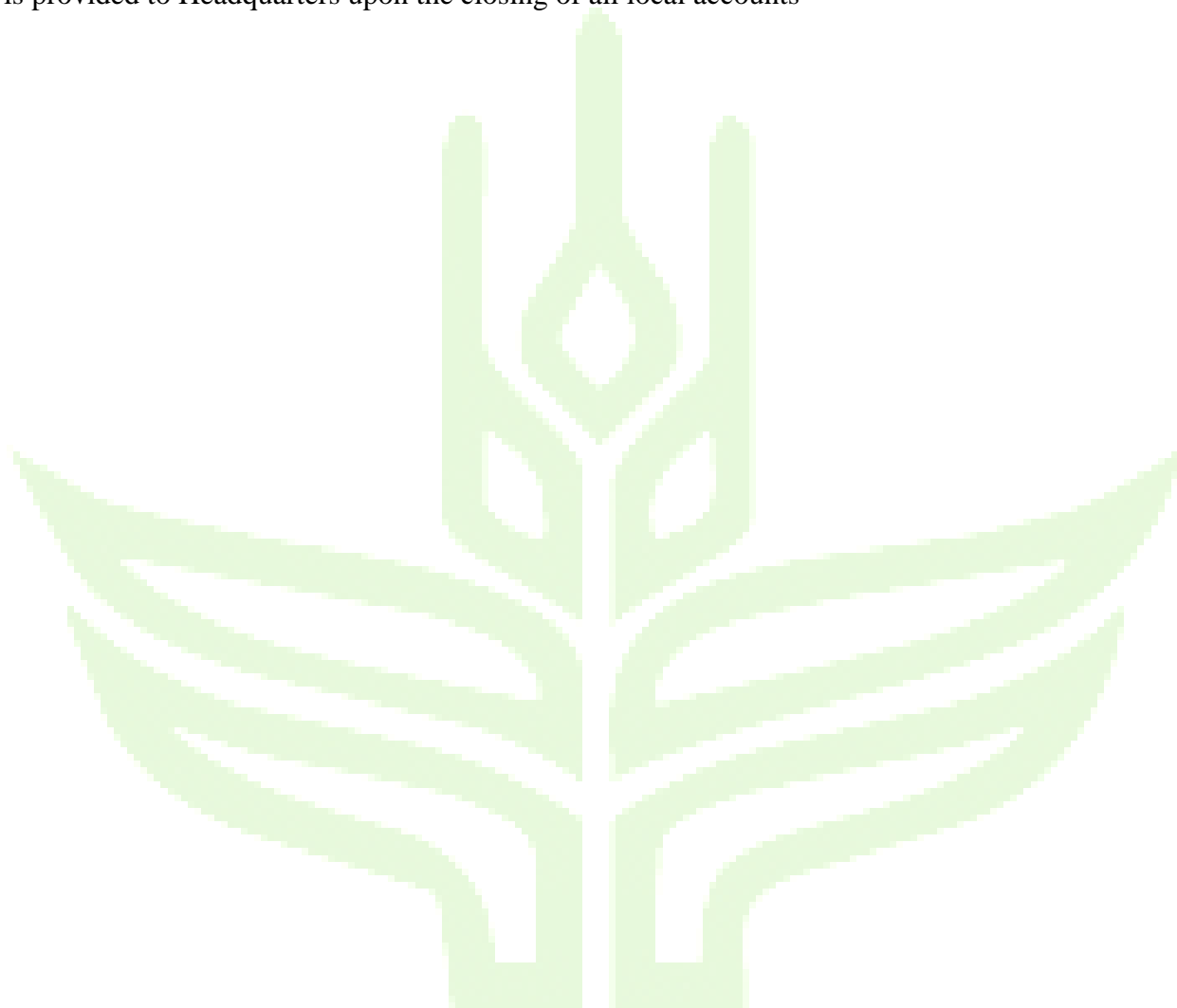
From time to time, Centers close regional, country or project offices (also sometimes referred to as “outreach offices”) which had been set up away from the headquarters. This may be due to overall budget reductions by the Center, decreased levels of activity in the region/country arising from changes in Center strategy, closures of projects which were funding the costs of the office, or the need to shift an existing office due to constraints in operation.

This Good Practice Note, drawn from information obtained from various Center checklists and audits, proposes the following good practices:

- One senior manager is designated as responsible for the overall process of closing the office, coordinating as necessary the advice and assistance of various parts of the Center, host country government and local partners.
- As part of the decision making for closure of the office, the budget implications are assessed and appropriate resources set aside to ensure smooth implementation.
- Formal notification of office closure is given, well in advance, to the host institution (if applicable), government and other partners with whom the Center has had close collaboration.
- A communications plan is developed and implemented to inform all affected staff in the office and at headquarters of the implications of closure and how they will be personally affected.
- A staff termination/redundancy plan is developed and implemented under supervision of the Human Resources group at Headquarters, to ensure that the process is managed adequately and equitably.
- A formal handover from departing staff, of all intellectual as well as physical assets in their custody, is put in place.
- As part of the process for closing the office, notice of termination is provided to current providers of services to the office in accordance with the terms and conditions of the contracts with providers.



- The office reconciles its fixed assets with Headquarters records and seeks approval from the delegated authority, in accordance with the Center's disposal policy, for the disposal of these and remaining consumable items.
- Where the closing office operates its own bank accounts, the accounts are closed in accordance with the Center's delegations of authority and in accordance with the requirements of the local banks, as soon as all transactions requiring the account to be kept open are completed. A final financial report is provided to Headquarters upon the closing of all local accounts





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## INTRODUCTION

From time to time, Centers close regional, country or project offices (also sometimes referred to as “outreach offices”) which had been established away from the headquarters. This may be due to overall budget reductions by the Center, decreased levels of activity in the region/country arising from changes in Center strategy, closures of projects which were funding the costs of the office, or the need to shift an existing office due to constraints in operation.

This Good Practice Note, drawn from information obtained from various Center checklists and audits, provides a guide to items that Centers should consider when closing an office, to help ensure a smooth process and avoid some typical associated risks.

## CONSIDERATIONS WHEN CLOSING AN OFFICE

### Responsibilities

#### Good practice

One senior manager is designated as responsible for the overall process of closing the office, coordinating as necessary the advice and assistance of various parts of the Center, host country government and local partners.

The designated senior manager may be the incumbent Officer in Charge (OIC) of the office. Where this position is no longer filled, usually a senior manager at Headquarters would be designated responsibility, with locally based staff assisting.

### Budgeting

#### Good practice

As part of the decision making for closure of the office, the budget implications are assessed and appropriate resources set aside to ensure smooth implementation.



Staff termination costs may be the most significant costs. There may also be unwritten obligations, which the Center must meet upon closure of the office, e.g., restoration of the office space provided rent-free by the host institution, which may involve expenditure.

### Communications to Host Institution, Government and Partners

#### Good practice

Formal notification of office closure is given, well in advance, to the host institution (if applicable), government and other partners with whom the Center has had close collaboration.

A closure of an office may be interpreted by host country governments and partners as a downgrading in the relationships and a loss of prestige. Careful communication of any decision to close helps mitigate the associated relationship risks. One Center has adopted a policy that such notification should be given at least six months before closing the office.

Host institution and host country agreements usually also contain notice periods for termination, but closing an office may not trigger a termination of such agreements, especially where the Center expects to continue operations in the country, albeit managed remotely. The relevant host institution and host country agreements should, as part of the decision-making process prior to closure, be reviewed and obligations relating to consultations and notice periods relating to office closings should be ascertained. The senior manager responsible for coordinating the closure should ensure that all such obligations are carefully observed by the Center.

Beyond ensuring compliance with host agreements, communicating formally to all interested parties of the proposed changes, in good time, will help ensure that the Centre maintains good relations if it is to have continuing (remotely managed) operations in the country, or may wish to resume a local office presence sometime in the future. Where appropriate, consulting with such parties in the process of determining whether to close or not is even better, helps manage expectations on the part of hosts and other partners, and avoids situations of surprise when a decision to close is then made by the Center.

### Human Resources

#### Good practice

A communications plan is developed and implemented to inform all affected staff in the office and at headquarters of the implications of closure and how they will be personally affected.

Management, through headquarters senior management and human resources staff and the office's OIC, should communicate officially to staff members, clearly explaining the reasons for the change and what to expect going forward (e.g. what to expect and when). Closing offices will impact internationally



recruited staff who will not be relocated elsewhere in the organization, as much as locally recruited staff. A communication plan will identify the forms of communication, to whom and timing. The forms of communication may include general messages as well as specific messages to particular staff who will be directly affected. The content and timing of such messages will vary depending on the target audience.

### Good practice

A staff termination/redundancy plan is developed and implemented under supervision of the Human Resources group at Headquarters, to ensure that the process is managed adequately and equitably.

Once a decision is made to close the office, the Center should begin the termination processes required and ensure an appropriate clearance procedure has been concluded before final payments are made.

### Good practice

A formal handover from departing staff, of all intellectual as well as physical assets in their custody, is put in place.

A departing staff handover process should already be part of the normal Center human resources management processes for all locations. However, where the office is to close, special attention should be paid to the handover of information, equipment and other property of the Center before the local office infrastructure, to receive them and then transfer/dispose of them appropriately, is wound up.

Where there is a risk that staff will be disgruntled by the decision to close, and may not cooperate with such handover, especially of information, contingency arrangements to copy the contents of their official computers might be put in place prior to announcing a decision. Center policies and processes to protect confidentiality and privacy in respect of electronic information on official computers should be applied, as with any other requirement to access and copy such information.



### Local Landlords and Service Providers

#### Good practice

As part of the process for closing the office, notice of termination is provided to current providers of services to the office in accordance with the terms and conditions of the contracts with providers.

Local providers are often engaged to support the following recurrent requirements for regional, country or project offices under term contracts:

- Rented office and expatriate residence accommodation
- Travel agency services
- Vehicle maintenance and repairs
- Office and computer equipment maintenance and repairs, and help support
- Internet connectivity
- Medical and related insurance for local staff where this is not fully covered by national schemes funded from tax contributions, or global policies taken out by the Center
- Local insurance coverage for fixed assets where not covered by global policies taken out by the Center
- Utility suppliers e.g. water, electricity, telephone etc
- Consumables supplies

Contracts with such providers should have termination clauses that allow the Center to give notice ahead of the expiry dates of the contracts in the event of office closure. In any case, service providers should be advised sufficiently in advance of a decision to close, to enable a smooth process of disengagement with them. Arrangements should also be made to ensure that deposits/retainers held by suppliers e.g. for water and electricity accounts, are received on closure of the respective accounts.

### Disposal of Capital Items and Surplus Consumables

#### Good practice

The office reconciles its fixed assets with Headquarters records and seeks approval from the delegated authority, in accordance with the Center's disposal policy, for the disposal of these and remaining consumable items.

Fixed assets, and consumable items that are still in the custody of the office at the time of closing, may be determined to be sold or donated to the host institution or other research collaborators. Where these



items have been purchased with restricted funds this may depend on the Center's agreement with the funding agency.

The office must report the details of the disposals to Headquarters. Where items have been donated, this should be accompanied by deeds of donation or documentation of receipt by the recipient organizations. Where items have been sold, these should be accompanied by sale reports and receipts from purchasers in accordance with Center disposal policies.

### Banking Arrangements

#### Good practice

Where the closing office operates its own bank accounts, the accounts are closed in accordance with the Center's delegations of authority and in accordance with the requirements of the local banks, as soon as all transactions requiring the account to be kept open are completed. A final financial report is provided to Headquarters upon the closing of all local accounts.

Local bank accounts should not be kept open after the office has closed and no further local disbursements are required. The closing process should be initiated and monitored by Headquarters, and the Finance group should monitor to ensure all remaining balance in the funds is transferred back to Headquarters, with all final bank reconciliations completed.

Evidence from the local bank to confirm the closing of the accounts should be retained by the Finance group for audit purposes.

A final financial report must be sent to Headquarters which includes all financial transaction up to the last day of the office

Exposure Draft: September 2008  
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