



AUD/01760/07

27 March 2007

TO: Mr. Antonio Maria Costa, Executive Director  
United Nations Office on Drugs and Crime

FROM: Corazón C. Chávez, Officer-in-Charge  
Internal Audit Division, Geneva and Nairobi  
Office of Internal Oversight Services

SUBJECT: **OIOS Audit of the UNODC Country Office, Nigeria**  
**(AE2006/366/04)**

1. Please find attached our final report on the audit of the United Nations Office on Drugs and Crime (UNODC), Country Office, Nigeria (CONIG), which was conducted in November 2006 in Abuja, Nigeria, by Messrs. Berner Matthee and Diomedes Tiñana.
2. A draft of the report was shared with the Director, Division for Operations, UNODC on 14 February 2007, whose comments, which we received on 5 March 2007, are reflected in this final report in italics.
3. I am pleased to note that most of the audit recommendations contained in the draft Audit Report have been accepted and that UNODC CONIG has initiated their implementation. The table in part VI of the report identifies those recommendations, which require further action to be closed. I wish to draw your attention to recommendations 01, 04, 05, 08, 09, 10 and 11, which OIOS considers to be of critical importance.
4. I would appreciate if you could provide me with an update on the status of implementation of the audit recommendations not later than 31 May 2007. This will facilitate the preparation of the twice-yearly report to the Secretary-General on the implementation of recommendations, required by General Assembly Resolution 48/218B. Please note that this audit falls under General Assembly resolution A/RES/59/272 requesting the Secretary-General to ensure that the final Audit Report in its original version is, upon request, made available to any Member State. The Member State then may make it public.
5. Please note that OIOS is assessing the overall quality of its audit process. I therefore kindly request that you consult with your managers who dealt directly with the auditors, complete the attached client satisfaction survey and return it to me.
6. Thank you for your cooperation.

Attachment: Final Audit Report  
Client Satisfaction Survey

cc: Mr. S. Goolsarran, Executive Secretary, United Nations Board of Auditors (by e-mail)  
Mr. R. Bellin, Audit Team Leader, United Nations Board of Auditors (by e-mail)  
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**United Nations**  
**Office of Internal Oversight Services**  
**Internal Audit Division**

# **Final Audit Report**

**Audit of UNODC Country Office, Nigeria**  
**(AE 2006/366/04)**  
**Final Report No. E07/R02**

- **Report date: 27 March 2007**
- **Auditors: Berner Matthee**  
**Diomedes Tiñana**

UNITED NATIONS



NATIONS UNIES

**Office of Internal Oversight Services  
Internal Audit Division**

**OIOS AUDIT OF THE UNODC COUNTRY OFFICE, NIGERIA (AE2006/366/04)**

**EXECUTIVE SUMMARY**

In November 2006, OIOS conducted an audit of the United Nations Office on Drugs and Crime Country Office, Nigeria (CONIG). The main objectives of the audit were to assess internal control systems and help establish a “Risk Profile” and “Risk Inventory” using the COSO model and recommend corrective action.

**Internal Control**

OIOS assessed UNODC CONIG’s internal control environment, using the Internal Control – Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), based on a self-assessment survey. The comments and areas that require attention are presented in the table below.

<b>Component</b>	<b>Comment and area for improvement</b>
Office culture	Staff perceived their colleagues and management to be competent and professional. Some questioned the fair and transparent treatment of individuals in the Office and viewed personnel decisions not to be fair and/or transparent. Some were not satisfied with the security arrangements while performing their tasks.
Objectives and Risks	Staff members are aware of programme/project objectives and performance targets are realistic. The policies and procedures in place are generally adequate to support the achievement of objectives, but risks are not systematically assessed. A main concern is funding and the high turnover of staff.
Policies and procedures	Staff members view that the policies and procedures of the Office support their functions. They strongly felt that wrongdoers are not discovered and there are no consequences. Some felt that supervisors do not monitor the application of rules and regulations in the Office.
Monitoring and evaluation	The quality of outputs/results relative to programme objectives are measurable and supervisors measure performance. Some identified weaknesses in the monitoring tools to monitor activities of implementing partners. Also, that complaints and concerns of the partners are not followed up on in a timely manner. Project evaluation reports are available. Some improvements are needed in project performance monitoring.
Information and communication	Information systems and communication channels were viewed as adequate, there was good interaction with management and sufficient information required to perform functions. The staff strongly felt that there is no communication channel to communicate suspected improprieties.

### Risk Assessment

- The following matrix shows the overall risk level, as determined by a self-risk assessment and traditional audit procedures, in each risk category, using High-Medium-Low ratings.

<b>Risk category</b>	<b>Perceived level of risk</b>
Mandate fulfilment	High
Partnerships	High
Project planning	High
Project implementation	Medium
Project reporting and evaluation	High
Financial management	Medium

### Mandate fulfilment

- Apart from project NGS/08, “Support to Economic and Financial Crimes Commission (EFCC)”, all projects faced the risk of not being adequately funded. Project NIR/I24 requires more than \$600,000 to complete phase two and to commence phase three in upgrading the JOS Training Academy. The ability of the Academy to continue with its regional law enforcement training centre activities is also questioned if ECOWAS does not provide financial assistance to sustain the activities after the duration of the project. In project RAF/R60, the sustainability of the Trafficking in Persons Unit also depends on the future contributions (financial and staffing) from ECOWAS for which no commitment exists. Project NIR/G50 had to suspend the prison component, which was an important component of the project, due to a lack of funding. *The Partnership in Development Branch (PDB) and the Nigeria Country Office (CONIG) have already begun revising the current Strategic Programme Framework (SPF) that would address specific concerns such as future project ideas, its fund raising strategy and projects sustainability, and was submitted to the Ex-Com. It is to be completed in August 2007.*

### Partnerships

- The overlapping mandates between UNODC, UN agencies and other international organizations result in competition for funding and projects. Fund-raising and operational efforts are not adequately coordinated and streamlined with those of its partners that negatively affect UNODC’s ability to deliver technical assistance in Nigeria.

### Project planning

- CONIG has limited expertise in key thematic areas and with only one National Project Officer the Office is not able to develop a balanced programme/project portfolio. The SPF should be revised to set the direction for future project ideas that are based on needs, the likelihood of funding and available resources within CONIG. Since the Project Coordinators are in the midst of implementing their project activities, they have limited time available to actively proceed on project ideas. *With the arrival of the new CONIG Representative, it was agreed that this area of concerns will be addressed in the SPF revision.*

### Project implementation

- There is a low absorption capacity of the recipient Government that hinders timely implementation and inadequate local counterpart commitment and participation. Projects should be designed to increase absorption capacity and Government partnership, based on a

realistic assessment and embedded in the programme/project strategy and included in the SPF.

- CONIG projects paid local consultants rates that ranged from \$150 to \$300 per day. The rate of \$300 is 30 per cent more than the highest rate of \$228 as determined by UNDP. Apart from Government Officials, local participants received Daily Subsistence Allowance (DSA) according to international rates, which are some 60 per cent more than the UNDP rates. In addition to DSA, CONIG paid honorariums to participants. This practice should not be allowed. *CONIG stated that the Operation Management Team of the UN Country Team in Nigeria had established a human resources network to harmonise all local human rights issues in Nigeria.*
- In 2003, Project NIR/I24 gave funds to the NDLEA to upgrade the JOS Training Academy. This later proved not to be a good arrangement because the NDLEA could not account for all items purchased. Since 2004, CONIG and UNDP procured for the NDLEA, but CONIG did not conduct physical verifications of the items purchased and did not systematically verify inventories.
- CONIG did not comply with UNODC's policy regarding the ownership and transfer of assets to partners. A standard transfer agreement is in use in UNODC, but it was not used by CONIG.

#### Project monitoring and evaluations

- With the exception of project NGA/S08, the narrative reports of projects were not linked to financial reports and therefore not adequate for monitoring purposes. In some instances, Project-Coordinators did not have access to financial reports.
- All projects provide for a final evaluation, but a final evaluation only is in most cases inadequate for projects with durations of two years or more. Interim evaluations provide the opportunity to discover and correct failures during implementation.

#### Project NGA/S08

- The project's budget of \$27.3 million that, represents almost 80 per cent of CONIG's total project portfolio. OIOS found the accountability arrangements to be adequate at the date of the audit. However, considering the inherent risks within such a large project, especially those relating to financial accountability, it was suggested that UNODC assure that the project review and or evaluation team include UNODC Finance staff to review the accounts and supporting documents.

#### Financial management and administration

- CONIG strengthened its control over petty cash funds, travel arrangements and vehicle usage as well as keeping of logbooks, but OIOS views the working arrangements between UNDP and UNODC as essential to ensure accountability, especially procurement processes, banking arrangements and human resources management. Considering the results of previous reviews and the internal control assessment, it is suggested that CONIG maintain the working arrangements with UNDP.

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## I. INTRODUCTION

1. In November 2006, OIOS conducted an audit of the United Nations Office on Drugs and Crime (UNODC) Country Office, Nigeria (CONIG). The audit was requested by UNODC following an OIOS investigation at the Office in Abuja, Nigeria. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. UNODC CONIG managed a project portfolio with budgets totalling some \$35.1 million. The budget of Project NGS/08, that provides support to the Economic and Financial Crime Commission, totalled \$27.3 million, which is 78 per cent of the total project portfolio. Other projects focus mainly on drug abuse and HIV/AIDS prevention in Nigeria, upgrading of the National Drugs Law Enforcement Agency's JOS Training Academy to a Regional Law Enforcement Training Centre and measures to prevent and combat trafficking of persons.
3. The staff consisted of: an Officer-in-Charge (Programme Management Officer), a Senior Project Coordinator, a Senior National Programme Officer, an International Project Coordinator, an Associate Expert, a Regional Legal Enforcement and Policy Advisor, 5 National Project Coordinators, an IT Coordinator, a Project Finance Officer, a Desktop System Administrator, a Lotus Notes Administrator, an IT Training Coordinator, an Admin/Finance Associate, 5 Project Assistants and 11 Administrative support staff.
4. UNDP provided administrative support to UNODC CONIG that included staff administration and logistical support.
5. OIOS carried out an audit in October 2003 and weaknesses were identified in UNODC CONIG's programme/project management and administration. Further weaknesses were identified during an OIOS investigation in 2006, especially in the areas of procurement, consultancies and administration.
6. The audit findings and recommendations contained in this report were discussed with staff during an Exit Conference (presentation by OIOS) on 24 November 2006. A draft of the report was shared with the Director, Division for Operations, UNODC on 14 February 2007, whose comments, which we received on 5 March 2007, are reflected in this final report in italics.

## II. AUDIT OBJECTIVES

7. The main objectives of the audit were to:
  - Assess UNODC CONIG's internal control systems, using the COSO model.
  - Establish a "Risk Profile" and "Risk Inventory" and recommend internal control and risk systems as well as identifying risk exposures and determining corrective action.
  - Determine whether projects are properly formulated, planned, implemented and evaluated and whether project resources are used effectively and economically.

- Determine the effectiveness of projects' internal controls to ensure reliable recording and reporting of transactions, safeguarding the assets and compliance with relevant UN, UNODC and UNDP regulations and rules.
- Evaluate the system for reimbursement of costs for services locally provided by UNDP Country office to UNODC CONIG.
- Determine whether the administration adheres to the relevant directives, rules and procedures and assess the adequacy of systems in place to ensure sound management practices in key functional areas.

### III. AUDIT SCOPE AND METHODOLOGY

8. Ongoing project budgets totalled \$35.1 million of which \$1.88 million was expended prior to 2004, \$3.3 million in 2005 and \$4.10 million in 2006.
9. The audit covered the following ongoing projects with approved budgets totalling \$30.7 million:
  - NGA/SO8: Support to the Economic and Financial Crime Commission (EFCC) in Nigeria with expenditures totalling \$521,000 in 2006 (Total approved budget of \$27.3 million).
  - NIR/G50: Partnership for Drug Abuse and HIV/AIDS Prevention in Nigeria with expenditures totalling \$171,000 in 2004, \$155,000 in 2005 and \$111,000 in 2006 (Total approved budget of \$1 million).
  - NIR/I24: Upgrading of the National Drugs Law Enforcement Agency's JOS Training Academy to a Regional Law Enforcement Training Centre (Phase II) with expenditures totalling \$240,000 in 2005 and \$278,000 in 2006 (Total approved budget of \$ 1.47 million).
  - RAF/R92: Measures to Prevent and Combat Trafficking in Persons in the Western African Sub-region (Benin, Burkina Faso, Ghana, Niger, Nigeria and Togo) with expenditures totalling \$53,000 in 2006 (Total approved budget of \$652,000).
  - RAF/R60: Assistance for the implementation of the Economic Community of West African States Plan of Action against Trafficking in Persons with expenditures totalling \$54,000 in 2005 and \$158,000 in 2006 (Total approved budget of \$350,000).
  - Office account 112: Expenditures totalled \$365,000 in 2004, \$212,000 in 2005 and \$281,000 in 2006.
10. The audit focused on the formulation of the country programme and project management that included budgeting, monitoring, reporting and the evaluation of projects.
11. OIOS reviewed project documents and other records related to operational and financial management and assessed internal control systems in place. Also, discussions with project personnel and counterparts were held. As discussed in the next section, OIOS also used risk self assessment. Furthermore, the general administration at UNODC CONIG was also subjected to audit.

#### IV. ASSESSMENT OF INTERNAL CONTROL

12. OIOS assessed UNODC CONIG's internal control environment and determined its risks, through a self-assessment approach, complemented by traditional audit on the basis of a self-assessment survey containing 35 questions broken down into the five COSO components answered by staff, risk self-assessment by each project and finance and administration. Traditional audit work included a review of available documentation, analysis of applicable data, testing of transactions incurred within the period 2004 to 2006 and interviews with project staff. An analysis of the findings of prior reviews, evaluations, investigations and audits.

13. Following these above-mentioned exercises, comments and areas that require attention from the management and staff of UNODC CONIG are presented in the table below.

Component	Comment and area for improvement
Office culture	Good teamwork and commitment and a positive perception of UNODC. Staff perceived their colleagues and management to be competent and professional. Some questioned the fair and transparent treatment of individuals in the Office and viewed personnel decisions not to be fair and/or transparent. Some were not satisfied with the security arrangements while performing their tasks.
Objectives and Risks	Staff members are aware of programme/project objectives and performance targets are realistic. The policies and procedures in place are generally adequate to support the achievement of objectives, but risks are not systematically assessed. A main concern is funding and the high turnover of staff.
Policies and procedures	Staff members view that the policies and procedures of the Office support their functions. They strongly felt that wrongdoers are not discovered and there are no consequences. Some felt that supervisors do not monitor the application of rules and regulations in the Office.
Monitoring and evaluation	The quality of outputs/results relative to programme objectives are measurable and supervisors measures performance. Some identified weaknesses in the monitoring tools to monitor activities of implementing partners. Also, that complaints and concerns of the partners are not followed up in a timely manner. Furthermore, audits are not conducted at regular intervals. Project evaluation reports are available. Some improvements are needed in project performance monitoring.
Information and communication	Information systems and communication channels were viewed as adequate, there was good interaction with management and sufficient information required to perform functions. The staff strongly felt that there is no communication channel to communicate suspected improprieties.

14. Main areas for improvement were considered in the risk assessment exercise and recommendations formulated to mitigate the risks and address weaknesses. There are, however, some concerns that need to be addressed by the Partnership in Development Branch although they relate to perceptions that affect the work of UNODC CONIG.

15. Some UNODC CONIG staff questioned the fairness and transparency within the Office and viewed personnel decisions not to be fair and/or transparent. They strongly felt that wrongdoers are not discovered and there are no consequences. Also, that there is no communication channel to communicate suspected improprieties.

#### **Recommendation:**

- UNODC, Partnership in Development Branch should request the Human Resources Management Service to develop an

action plan for UNODC CONIG to address the following perceptions/concerns in their Office:

- (ii) the view that personnel decisions are not fair and/or transparent;
- (ii) the feeling that wrongdoers are not discovered; and
- (ii) the lack of a communication channel to communicate suspected improprieties (Rec. 01).

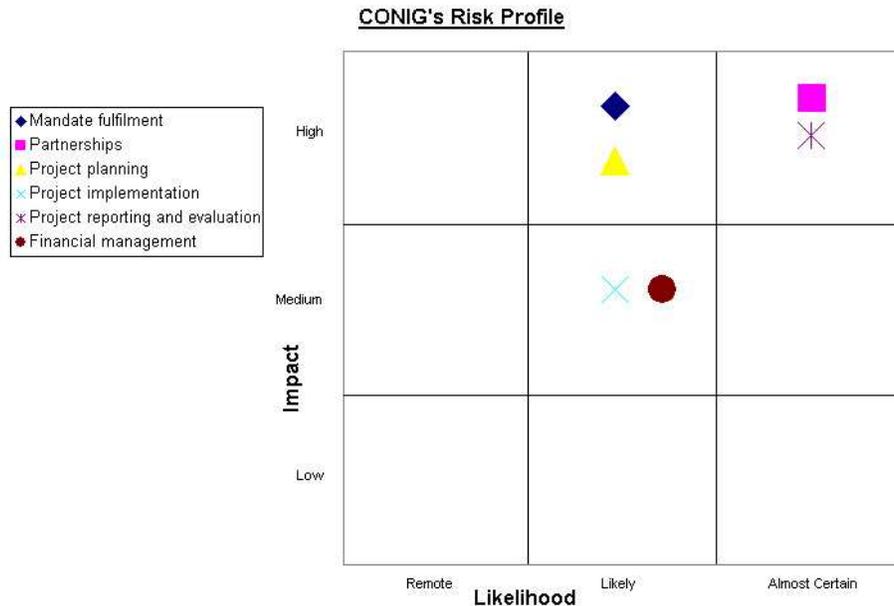
UNODC agreed in principle with the recommendations. *These and other staffing issues will be addressed by the new UNODC Representative with the support of the PDB and HRMS at Headquarters. It is understood that these issues will take time to address and that the action taken in this regard cannot all be set out in a formal written action plan. The perception from the survey conducted in November 2006, may be linked to the tension caused by changes in management at that time in UNODC CONIG, coupled with the anxiety which arose from negative media publications in October and November 2006. In the past few months, a more transparent and open management style has been established with regular consultations with PDB and HRMS. OIOS will record this recommendation as implemented upon receipt of the satisfactory “action plan” by UNODC CONIG and UNODC HRMS in this matter.*

## **V. RISK ASSESSMENT, FINDINGS AND RECOMMENDATIONS**

### **A. Risk inventory and profile**

16. The review of the risk registers submitted by the projects and finance and administration as well as the results of the audit work identified a comprehensive list of risk categories and areas that require follow-up action by UNODC CONIG. The identified risks are grouped in 6 “categories” (i.e. mandate fulfilment, partnerships, project planning, project implementation, project reporting and evaluation and financial management).

17. OIOS assigned numerical values to each risk category based on the impact and likelihood of the underlying risks. Based on these numerical values the risk categories were then plotted on a graph, with the x-axis representing likelihood and the y-axis representing impact. “CONIG’s Risk Profile” is as per the graph below:



18. The plots on the graph representing the risk categories are just an approximation of the combined level risk in each risk category. The following matrix shows the overall risk level in each risk category, using High-Medium-Low rating.

Risk category	Perceived level of risk
Mandate fulfilment	High
Partnerships	High
Project planning	High
Project implementation	Medium
Project reporting and evaluation	High
Financial management	Medium
Human resources management	Medium

### B. Mandate fulfilment

19. Since 1999, donors mainly contributed towards crime projects, with only one donor giving money for drug abuse projects. Contributions from the Nigerian Government had also been limited and where contributions were made, it was mainly in kind. Apart from project NGS/08; Support to the Economic and Financial Crime Commission (EFCC), all projects face the risk of not being adequately funded.

20. Project NIR/I24; Upgrade of the JOS Training Academy to a Regional Law Enforcement Training Centre, requires further funding totalling more than US\$ 600,000 to complete phase two. Also questioned is the ability of the Centre to continue with its regional law enforcement training activities if the Economic Community of West African States (ECOWAS) does not provide financial assistance to sustain the activities after completion of the project.

21. In project RAF/R60, the sustainability of the operational trafficking in Persons

Coordination Unit within the Legal Department of the ECOWAS Secretariat also depends on the future contributions (financial and staffing) from ECOWAS for which no commitment exists. Project NIR/G50 had to suspend the prison component, which was an important component of the project, due to a lack of funding.

**Recommendations:**

- UNODC, CONIG should, in consultation with the Partnership in Development Branch (PDB), develop a strategy to mobilize resources in Nigeria that should be linked to current (NIR/I24; NIR/G50 and RAF/R60) and pipeline projects that require additional funding and document the strategy in the Strategic Programme Framework and future workplans, starting 2007 (Rec. 02).
- UNODC, CONIG should, in consultation with PDB, actively and formally follow-up on informal pledges (Rec. 03).
- UNODC, CONIG should formally communicate to ECOWAS its concerns regarding the sustainability of the activities at the NDLEA JOS Training Academy and the Trafficking in Persons Coordination Unit, if funding and staffing is not forthcoming (Rec. 04).

UNODC accepted the recommendation. *UNODC CONIG and the PDB have begun revising the SPF which would incorporate the specific fund raising strategy for UNODC's technical cooperation programme in Nigeria. The revision is planned for completion by August 2007. As to Recommendation 3, PDB, CPS and CONIG have been actively following up on informal pledges. The UNODC Regional Office for West and Central Africa (ROSEN) has already communicated with the ECOWAS Secretariat as regards to ECOWAS Human Trafficking Coordinating Unit. For the Training Academy in Jos, a joint approach of UNODC and the Nigerian Government is planned.* OIOS will record these recommendations as implemented upon receipt of the revised SPF, information on the results of the follow-up pledges and a copy of the plan of action on the JOS Training Academy.

**C. Partnership**

22. UNODC CONIG felt that there was not enough stakeholder and/or local counterpart support for initiatives/ideas that hindered funding arrangements or hampered project implementation. Also, fund-raising and operational efforts are not adequately coordinated and streamlined with those of its partners, negatively affecting UNODC's ability to deliver technical assistance in Nigeria.

23. Many efforts had been made to overcome a lack of stakeholder support, but they do not necessarily result in risk avoidance. In this regard, UNODC CONIG was of the opinion that there is no single "control mechanism" to adequately mitigating the risk other than to plan carefully and to embark on initiatives where stakeholder support is present. OIOS agrees with the afore-mentioned, but is further of the opinion that UNODC CONIG should make deliberate efforts to obtain stakeholder support and include it as an additional programme activity, in the annual workplans. These could include UN and UNODC senior level interventions, meetings with stakeholders and other influential partners and holding advocacy events with major donors.

24. Since the arrival of the new UNODC CONIG Representative, the annual work plan includes the support to be provided to ROSEN and its major stakeholders, regional and national organizations activities. It was also confirmed that stakeholders full support to the project would be taken before the new project commencement.

25. The overlapping mandates between UNODC, other UN agencies and other international organizations result in competition for funding and projects. *A discussion paper is under development that will serve as a basis for discussions on a strategic partnership between UNODC and UNDP. This should include a clarification of working relations/division of labor between UNDP and UNODC to enhance coordination and cooperation.* This is a good initiative, but more is needed to overcome overlapping mandates between UNODC and other UN agencies and international organizations worldwide.

**Recommendation:**

- UNODC, when developing the discussion paper, should ensure that the paper adequately addresses the concern of overlapping mandates between UNODC and other UN Agencies. This measure should provide the UNODC Division for Policy Analysis and Public Affairs (DPA) with the opportunity to address the matter of overlapping mandates between UNODC and other UN agencies at other Field Offices (Rec. 05).

*UNODC CONIG accepted the first part of the recommendation but the mandates question should be referred to the General Assembly.* OIOS will record the recommendations as implemented upon receipt of the decision by the UNODC Division for Policy Analysis and Public Affairs (DPA) in this matter.

#### **D. Project planning**

26. UNODC CONIG has limited expertise in key thematic areas and with only one National Project Officer, the Office is not able to develop a balanced programme/project portfolio and to complete project ideas/documents in a timely manner. The future development of project ideas/documents in current thematic areas, in which UNODC CONIG is already involved, such as HIV/AIDS prevention, regional projects on trafficking in persons and capacity building, may not necessarily be the best way forward. However, without engaging expert advice, UNODC CONIG will not be in a position to determine whether there are other options and/or areas in which it should broaden or expand its operations. The SPF and work plan of the Office should provide for this. OIOS also agrees that a Law Enforcement expert should be engaged, but is further of the opinion that UNODC CONIG should first revise the SPF which should set the direction for future project ideas that are based on needs, the likelihood of funding and available resources within the Office. UNODC CONIG indicated a need for a consultant to handle this activity.

27. The new UNODC CONIG Representative, with the support of UNODC PDB, upon review of the current portfolio/programme has developed a road map on project formulation with specific responsibilities including securing technical inputs from UNODC HQ. Therefore, this action plan will be reflected in the revision of the SPF.

**Recommendation:**

- UNODC, CONIG should develop strategies for (a) the development of project ideas/documents and (b) the subsequent funding of the projects. The strategies should be documented in the Strategic Programme Framework (Rec. 06).

*UNODC CONIG accepted the recommendation. The planned SPF would address OIOS concerns. UNODC CONIG has already developed a road map on project formulation, with specific responsibilities. OIOS will record the recommendations as implemented upon receipt of the revised SPF.*

28. OIOS found the project documents to be well written and the documents address the matters as required by UNODC (i.e. justifications, goals and activities to be carried out), but it lacked important information in its budgeting process. In most cases, needs assessments were planned as an activity within the project and therefore, the quantities and their estimated costs, to be included in the budgets, were not known. Therefore, the cost estimates could hardly be taken as a benchmark during implementation.

29. Workplans were prepared and they provide, in detail, the activities that tie-up with those stipulated in project documents, but not all were costed. Also and as a monitoring tool, the workplans did not include the actual costs incurred, with the exception of project NGA/S08. The latter project's workplans should be duplicated for other projects. It is a method that is not complicated and the document serves as a monitoring tool as well.

30. OIOS recommended that the project costing and costed work plans be formulated. *UNODC CONIG accepted both recommended actions addressed in the two preceding paragraphs and confirmed its implementation by following practices in the NGA/S08 project.*

**E. Project Implementation****Delays**

31. Some projects experienced delays in implementation. In two projects, the delays were partly due to the delay in the appointment of the Project Coordinators and Assistants. There is low absorption capacity that hinders timely implementation and inadequate local counterpart commitment and participation. Also, changes in key officials and/or Government priorities affect project implementation. *Priorities are discussed at all levels and taken into account in programme development. Capacity building components are built into project design to a limited extent.* Projects should be designed to increase absorption capacity and should be based on realistic assessments of the expected level of commitment and participation and embedded in the programme/project strategy and included in the Strategic Programme Framework.

32. A matter of concern is the difficulties experienced in getting timely administrative support from UNDP. The administrative arrangements with UNDP strengthen accountability, but the services should be quality services and delivered in a timely manner to ensure that UNODC's project implementation is not hampered. The cases reviewed could be isolated cases and should be dealt with as such.

33. However and for current projects, assessments were conducted during implementation and the lists of items to be procured; travel plans and training schedules were not submitted to UNDP at the outset of the projects. Needs assessments should be conducted at the formulation stage. If not possible, the assessors should be identified during the formulation stage to ensure that the assessments are conducted at an early stage of implementation, thereby allowing for the timely submission of procurement and other requests to UNDP.

**Recommendation:**

- UNODC, CONIG should, starting 2007, compile lists of items to be procured, tentative travel plans and training schedules as early as possible and formally inform UNDP of the workload involved and expectations (Rec. 07).

*UNODC CONIG accepted the recommendation. OIOS will record the recommendations as implemented upon receipt of the list of activities.*

**Regional projects**

34. The reporting lines are not clear in project RAF/R60. The project is managed and supervised by UNODC's Regional Office for West and Central Africa, based in Dakar, Senegal (UNODC, ROSEN) and ECOWAS, but the implementing modality in the project document is not clear as to (a) the reporting lines and (b) monitoring and reporting requirements. Separate reports need to be prepared and the operational requirements; i.e. travel authorisations differ.

35. OIOS recommended that UNODC CONIG clarify (a) the reporting lines and (b) the monitoring and reporting requirements in project RAF/R60 with ROSEN and ECOWAS. *UNODC CONIG accepted the recommendation and confirmed that the project was under the overall supervision of ROSEN. For operational effectiveness, UNODC CONIG ensured project implementation on behalf of ROSEN. ECOWAS Secretariat as counterpart works closely with UNODC CONIG and ROSEN.*

**Consultants and participants**

36. CONIG Projects paid local consultants rates that ranged from \$150 to \$300 per day. The rate of \$300 is 30 per cent more than the highest rate, determined by UNDP at \$228 per day.

37. Government officials received DSA rates as determined by UNDP when attending workshops, however, all other participants received DSA according to international rates, which are some 60 per cent more than the UNDP rates.

38. In addition to DSA, UNODC CONIG paid honorariums to participants. This practice should not be allowed.

**Recommendations:**

- UNODC, CONIG should standardise and issue a guideline for the procedures to be followed by project staff when engaging consultants or arranging training and travel (Rec. 08).

- UNODC, CONIG should apply the UNDP rates for local consultants and participants and cease paying honorariums to participants (Rec. 09).

*UNODC CONIG accepted the recommendations and confirmed that within the context of the UN reform, the Operations Management Team of the UN Country Team in Nigeria had established a human resources network, which would harmonise all the human resources issues, including consultants. UNODC CONIG also confirmed that the UNDP rates for local consultants and participants would be applied henceforth. OIOS will record the recommendations as implemented upon receipt of the result of the Operation Management Team study on this matter. OIOS also requests copies of guidelines and rates for local consultants and participants as well as a memorandum on stopping the payment of honorariums to participants.*

#### Procurement

39. Some projects advanced funds to Partners to undertake their own procurements. In 2003, Project NIR/I24 gave funds to the NDLEA to upgrade the JOS Training Academy. This later proved not to be a good arrangement because the NDLEA could not account for all items purchased. Since 2004, UNODC CONIG and UNDP procured for the NDLEA. A more accountable arrangement would have been for UNODC CONIG to conduct physical verifications of the items purchased and systematically verify inventories. Also, UNODC CONIG did not comply with UNODC's policy regarding the ownership and transfer of assets to partners. A standard transfer agreement is in use in UNODC, but it was not used by UNODC CONIG.

40. Project NIR/G50 provided advances to Universities. The requirements (shopping lists) were discussed during workshops and a contract entered into with the Universities according to which the Universities procured the items. Financial reports and supporting documentation were submitted to UNODC CONIG, but transfer agreements were not entered into and items procured were not physically verified.

41. OIOS recommended that UNODC CONIG should not provide advances to partners to procure items, but instead to procure through UNDP and/or General Support Section in Vienna to prevent irregularities in procurements. OIOS further recommended physical inventory taking of assets procured for partners, but not yet formally transferred to the partners. *UNODC CONIG accepted the recommendations.*

#### **Recommendation:**

- UNODC, CONIG should comply with UNODC's policy regarding the ownership of assets purchased under projects and the transfer thereof to the partners (Rec. 10).

*UNODC CONIG accepted the recommendation. It was explained that the transfers of equipment to partners are carried out on a regular basis. Outstanding transfers will be done as soon as possible. OIOS will record the recommendations as implemented upon receipt of the list of the official transfer of items to the partner(s) concerned.*

## **F. Project monitoring and evaluation**

42. Project documents do not stipulate “how” projects should be monitored or which tools should be used. Nonetheless project implementation is monitored, but OIOS is of the opinion that UNODC CONIG could benefit from a Project Monitoring Committee to monitor the implementation of projects in a more systematic manner.

43. Project Coordinators report according to UNODC’s reporting requirements, which are narrative reports (semi-annual and annual and when required by Management). These narrative reports are not linked to the financial reporting. They report progress per activity, whereas PROFI reports on financials per category of expenditure. Therefore, the reports are not linked and not adequate for monitoring purposes. The two types of reporting, narrative and financial, should be linked. Information required is the budgeted and actual costs per activity to provide a “birds-eye-view” of the implementing status of activities without having to prepare separate reports. Project NGA/S08 has such a monitoring tool (costed work plan that is updated with technical and financial data), which is a living document.

### **Recommendations:**

- UNODC, CONIG should introduce a Project Monitoring Steering Committee to systematically monitor the implementation of projects (Rec. 11).

*UNODC CONIG accepted the recommendation and confirmed that that the existing projects already have monitoring committees such as the Project Steering Committee for NGA/S08 and the Technical Advisory Committee for NIR/G50. In January 2007, UNODC CONIG established a project review committee. UNODC CONIG would establish a Steering Committee in March 2007. OIOS will record the recommendations as implemented upon receipt of information on the establishment of the Project Monitoring Steering Committee.*

44. OIOS recommended also that UNODC CONIG duplicate the monitoring tool of Project NGA/S08 (costed work plan updated with technical and financial data) in all projects, because the narrative and financial reports used by other projects are not adequate for monitoring purposes. *UNODC CONIG accepted the recommendation and added that all project coordinators would comply.*

45. As required, all projects provide for a final evaluation. A final evaluation only is in most cases inadequate for projects with durations of two years or more. Interim evaluations provide the opportunity to discover and correct failures during implementation and are particularly useful when the impact of the project is not measured during implementation.

46. OIOS recommended an interim evaluation for projects with implementation periods longer than two years, especially for projects where impact is not measured during implementation. *UNODC CONIG accepted the recommendation and confirmed that all on-going projects had been evaluated except NGA/S08, which could be due in the third quarter of 2007.*

### G. Project NGA/S08

47. The project provides support to the EFCC and the budget totalled \$27.3 million, a relatively large project representing almost 80 per cent of UNODC CONIG's project portfolio. OIOS found the accountability arrangements to be adequate at the date of the audit. Furthermore, OIOS supports the fact that the General Support Section in Vienna procures for the project. However, there are substantial inherent risks related to such a large project and only two to three international staffs are engaged in the project. OIOS nonetheless, takes note of the involvement of UNODC in the evaluation at any stage during project implementation and in the review of the work plan budget and activity schedule after 12 months of activity. Considering the risks, OIOS suggests that UNODC assure that the review and/or evaluation team include UNODC Finance staff to review the accounts and supporting documents.

OIOS also recommended that UNODC CONIG should arrange independent interim evaluations of project NGA/S08. *UNODC CONIG confirmed that evaluation of this project would take place in the third quarter of 2007.*

### H. Financial management and administration

48. UNODC CONIG strengthened its control over petty cash funds, travel arrangements and vehicle usage as well as keeping of logbooks. OIOS views the working arrangements between UNDP and UNODC as essential to ensure accountability, especially procurement processes, banking arrangements and human resources management. Considering the results of previous reviews and the internal control assessment, it is suggested that UNODC CONIG maintain the working arrangements with UNDP.

49. It is recognized that there is a need for more flexibility in that UNODC CONIG should, if possible, be allowed to identify certain services that can be handled partly or entirely without involving UNDP and to enter into a local agreement that will set out cost recovery modalities for these services in an effort to reduce UNDP's Universal Price List (UPL) charges.

#### **Recommendation:**

- UNODC, Financial Resource Management Service should consider authorising UNODC CONIG to identify certain services that can be handled partly or entirely without involving UNDP and enter into a local agreement that will set out cost recovery modalities, in an effort to reduce UNDP's Universal Price List (UPL) charges and to facilitate project implementation (Rec. 12).

*UNODC accepted the recommendation. Subject to the availability of appropriate financial management capacity and resources and the outcome of the cost benefit review of the "One UN" initiative, UNODC would identify services that could be handled without recourse to UNDP. OIOS will record the recommendations as implemented upon receipt on the outcome of the cost benefit review and copy of the decision on this matter.*

## VI. FURTHER ACTIONS REQUIRED ON RECOMMENDATIONS

50. OIOS monitors the implementation of its audit recommendations for reporting to the Secretary-General and to the General Assembly. The responses received on the audit recommendations contained in the draft report have been recorded in our recommendations database. In order to record full implementation, the actions described in the following table are required:

Rec. no.	Action/document required to close the recommendation
1*	A copy of the action plan by the UNODC CONIG and UNODC HRMS to address staff concerns on personnel matters.
2	A copy of the revised UNODC CONIG SPF.
3	Information on the results of the follow-up of pledges.
4*	A copy of a decision on the funding and sustainability issues on JOS Training Academy
5*	A copy of a document on the outcome of the discussion by the UNODC DPA regarding the overlapping mandates issue by UNODC and other UN agencies
6	A copy of the revised UNODC CONIG SPF
7	A copy of the list and office work plan on procurement, travel and training schedules requiring UNDP's action.
8*	A copy of the result of the Operation Management Team in Nigeria's study on human resources issues including consultants.
9*	A copy of official guidelines and rates for local consultants and participants and a memorandum ceasing the payment of honorariums to participants.
10*	A copy of the documentation on the transfer of assets to the implementing partners.
11*	Confirmation from UNODC CONIG that a Project Monitoring Steering Committee has been established.
12	A copy of a document on the outcome of the cost benefit review of services to be handled by UNODC CONIG without recourse to UNDP and a copy of the decision on this matter.

\*Critical recommendations

## VII. ACKNOWLEDGEMENT

51. I wish to express my appreciation for the assistance and cooperation extended to the auditors by the staff of UNODC CONIG.

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