



OIOS

Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

HIV/AIDS programme of the United Nations Office on Drugs and Crime (UNODC)

The mandate and structure of the HIV/AIDS programme in UNODC needs to be reviewed to improve the efficiency and effectiveness of programme delivery

13 May 2009

Assignment No. AE2008/361/01

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. Antonio Maria Costa, Under-Secretary-General and
A: Executive Director
United Nations Office on Drugs and Crime

DATE: 13 May 2009

REFERENCE: IAD: 09- 02416

FROM: Fatoumata Ndiaye, Acting Director
DE: Internal Audit Division, OIOS

Fatou

SUBJECT: **Assignment No. AE2008/361/01 - Audit of the HIV/AIDS Programme of the United Nations**
OBJET: **Office on Drugs and Crime**

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 6, 11 and 12 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, 2, 3, 5, 9 and 13), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. Franz Baumann, Deputy Director-General, UNODC/UNOV
Mr. Chris Kirkcaldy, Chief, Financial Resources Management Service, UNODC
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
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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 the HIV/AIDS Programme of the United Nations Office on Drugs and Crime

OIOS conducted an audit of the Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome (HIV/AIDS) programme of the United Nations Office on Drugs and Crime (UNODC). The overall objective of the audit was to determine the efficiency and effectiveness of the coordination of the HIV/AIDS programme and project management and assess the adequacy of HIV/AIDS programme planning, monitoring, reporting and evaluation. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

The rapid expansion of the programme has not been accompanied by corresponding changes to the mandate and structure to support its activities effectively and efficiently. Whereas the original mandate was restricted to drug abuse, mainly injecting drug use, the expanded activities included prison settings, vulnerabilities around human trafficking and law enforcement. In addition, the reporting lines and structure were not clear.

Substantial efforts have been made in improving coordination globally. The UNAIDS coordination with co-sponsors effectively addressed this through the Unified Budget Workplan (UBW). However, while United Nations (UN) Country Teams and UN Joint Teams on HIV/AIDS are addressing common issues, the co-sponsors' workplans at regional and country levels need to be shared in order to improve efficiency by avoiding potential duplication of work in service delivery.

The strategy of UNAIDS UBW needs to be more aligned to the UNODC Strategic Framework and field activities in order to improve planning, monitoring and evaluation at the project level. Management's effectiveness in implementing the HIV/AIDS programme will be enhanced by developing a consolidated monitoring tool that gives an overview of UNODC implemented HIV/AIDS projects.

In order to address these issues, OIOS recommended that UNODC:

- Amend the ST/SGB/2004/6 to incorporate all the activities carried out by UNODC at the global, regional and country levels that are aimed at reducing the spread of HIV among injecting drug users, prison settings and people vulnerable to human trafficking;
- Advocate for increased coverage of the HIV/AIDS programme that is proportionate with the budget, at the Commission on Narcotic Drugs (CND) sessions and in annual reports issued by UNODC;
- Review reporting lines and ensure that they are consistent with responsibilities and staff grade levels, and take into account resolution 63/250 on human resources management;

- Align the outcomes of the HIV/AIDS programme in the Strategic Framework and in project proposals to the UBW to ensure consistency in implementation;
- Increase coordination at country and regional levels by sharing workplans through the UN Joint Team on HIV/AIDS;
- Develop a consolidated report on HIV/AIDS projects that shows an overall picture of UNODC HIV/AIDS related activities and improve transparency and communication among Members States and donors; and
- Establish an Enterprise Risk Management programme, taking into account what may exist in the organization and develop formal risk management procedures for the identification and assessment of risks.

UNODC has accepted all the recommendations and has started implementing many of them.

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the Human Immunodeficiency Virus/Acquired Immunodeficiency Syndrome (HIV/AIDS) programme of the United Nations Office on Drugs and Crime (UNODC). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
2. UNODC is a global leader in the fight against illicit drugs and international crime. Established in 1997 through a merger between the United Nations Drug Control Programme and the Centre for International Crime Prevention, UNODC operates in all regions of the world through an extensive network of field offices. UNODC relies on voluntary contributions, mainly from governments, for 90 percent of its budget.
3. UNODC, a co-sponsor of the Joint United Nations Programme on HIV/AIDS (UNAIDS), is the lead agency in the UNAIDS family for HIV/AIDS prevention and care among injecting drug users, prison settings and people vulnerable to human trafficking. The focus of UNODC's HIV/AIDS work is to assist countries in implementing large-scale and wide-ranging interventions to prevent HIV infections and in providing care and support to people living with HIV and AIDS. The programme has been implemented in 28 countries including in 14 of the 21 UNODC Field Offices.
4. UNODC's HIV/AIDS programme comprises 96 staff members in 28 countries. A team of 12 staff members based at the Vienna Headquarters supports the work of advisers posted in Eastern Europe and Central Asia, South and South-East Asia, Africa and in Latin America and the Caribbean.
5. The UNODC budget for the 2008/2009 biennium is \$370.8 million. The HIV/AIDS programme is only funded from special purpose voluntary contributions amounting to \$52.9 million.
6. Comments made by UNODC are shown in *italics*.

II. AUDIT OBJECTIVES

7. The main objectives of the audit were to:
 - (a) Determine the efficiency and effectiveness of the coordination of UNODC HIV/AIDS programme management; and
 - (b) Assess the adequacy of the UNODC HIV/AIDS programme and project planning, monitoring, reporting and evaluation.

III. AUDIT SCOPE AND METHODOLOGY

8. The audit covered the period from the beginning of the 2006-2007 biennium up to December 2008. The audit included a review of the planning,
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monitoring, reporting and evaluation process of the UNODC HIV/AIDS programme; an assessment of the effectiveness of the coordination mechanisms between the UNODC strategic planning, programme and monitoring process, the UN normative framework, and the UNAIDS Unified Budget Workplan; and an assessment of the efficiency and the effectiveness of the coordinated management of the programme of the HIV/AIDS Unit at UNODC Headquarters as well as in field offices.

9. The audit methodology included the following:

(a) A web-based survey questionnaire to all staff members in the HIV/AIDS Unit (HAU) and those in the field, in order to assess the UNODC HIV/AIDS programme's organizational culture. The questionnaire sent to 93 staff members generated a response rate of 56 percent;

(b) Interviews with key staff members in the Division of Operations who oversee the HIV/AIDS programme in Vienna Headquarters and the field;

(c) Two self-assessment workshops with HIV/AIDS Unit staff members, in order to better understand how the HIV/AIDS programme is managed from UNODC Headquarters and identify challenges that UNODC staff members meet in the broad management of the HIV/AIDS programme and in coordinating programme implementation with other UN agencies;

(d) A targeted questionnaire in the two workshops, coupled with anonymous voting, to identify specific points of focus for the audit;

(e) Interviews with staff members of the Independent Evaluation Unit and the Monitoring and Support Unit; and

(f) Tests of controls in place to mitigate the risks identified, examination of relevant documents, and analysis of information and data.

10. Throughout the audit, OIOS applied criteria and conducted audit procedures based on the Committee of Sponsoring Organizations (COSO) methodology for evaluating internal controls.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Organizational structure

Need to amend the mandate to incorporate all activities currently being carried out by the HIV/AIDS thematic programme

11. Section 5.2 (a) of ST/SGB/2004/6 on the Organization of UNODC describes the mandate of the programme as follows: "Developing, managing, implementing and coordinating technical cooperation activities of the office in the areas of drug control, crime prevention and criminal justice at the national,

regional and global levels, through a network of field offices and assisting Governments in the development and implementation of programmes aimed at: Balanced prevention, treatment and rehabilitation measures to prevent drug abuse as well as HIV/AIDS and crimes related to such abuse.”

12. The present HIV/AIDS programme activities are much wider than that originally mandated in ST/SGB/2004/6. They are grouped in four major pillars, drug abuse being only one of them. They include:

- Drug use, mainly injecting drug use;
- Prison settings;
- Vulnerabilities around human trafficking; and
- Law enforcement.

13. Except for the first pillar, all of the above mentioned thematic areas may not have any connection to drug abuse at all, meaning the UNODC HIV/AIDS strategies may include: preventing sexual transmission of HIV among people living in prison settings; promoting the use of condoms and managing sexually transmitted infections among foreign sex workers; addressing overcrowding and violence in prison settings; reviewing laws and policies and advocating for criminal justice reform; capacity building of law enforcement personnel; and capacity building of border guards.

14. The rapid expansion and growth of the programme, as shown in Table 1, has been the cause of this mismatch between the original mandate and current programme activities. Except for the year 2008, the HIV/AIDS thematic area project portfolio experienced a higher growth than UNODC as a whole. There is a need to revise ST/SGB/2004/6 to include all the activities carried out by UNODC at various levels under the HIV/AIDS programme.

Table 1 . HIV/AIDS thematic area projects compared to total UNODC projects for years 2004 to 2008

| Allocation (\$ million) | | | | | |
|-------------------------|----------|----------|-------------|----------|---|
| Year | HIV/AIDS | Growth % | Total UNODC | Growth % | HIV/AIDS percentage of total allocation |
| 2004 | 10.8 | | 83.8 | | 12.8% |
| 2005 | 12.9 | 20% | 86.0 | 3% | 15.0% |
| 2006 | 19.6 | 52% | 105.5 | 23% | 18.6% |
| 2007 | 32.3 | 65% | 141.2 | 34% | 22.9% |
| 2008 | 38.6 | 19% | 202.4 | 43% | 19.1% |

| Expenditures (\$ million) | | | | | |
|---------------------------|----------|----------|-------------|----------|-------------------------------------|
| Year | HIV/AIDS | Growth % | Total UNODC | Growth % | HIV/AIDS percentage of total budget |
| 2004 | 9.9 | | 72.6 | | 13.6% |
| 2005 | 12.2 | 24% | 74.4 | 2% | 16.4% |
| 2006 | 17.4 | 43% | 91.8 | 23% | 18.9% |
| 2007 | 29.6 | 70% | 126.6 | 38% | 23.4% |
| 2008 | 35.0 | 18% | 180.5 | 43% | 19.4% |

From Profi report : Segments Financial Status Summary - By thematic area for years 2004 to 2008. For projects and segments that are Ongoing or Operationally Completed or Substantively Completed

Recommendation 1

(1) UNODC should revise the ST/SGB/2004/6 to incorporate all its activities at the global, regional and country levels, which are aimed at reducing the spread of HIV/AIDS among injecting drug users, prison settings and people vulnerable to human trafficking.

15. *The UNODC Administration accepted recommendation 1 and stated that the organizational structure is under review and will be amended accordingly. In the context of this revision the description of the core functions of the Division for Operations' HIV area will be amended as follows: (i) Comprehensive measures to prevent drug use, treat drug dependence and facilitate rehabilitation, on the basis of scientific evidence and human rights, with the purpose of reducing drug demand and related health, social and security (negative) consequences; (ii) comprehensive prevention, treatment, care and support responses addressing HIV/AIDS among drug users, particularly injecting drug users, in prison settings and among people vulnerable to human trafficking. Recommendation 1 remains open pending receipt of an amended ST/SGB.*

Need for more visibility of the HIV/AIDS programme in the mandated activities of the Commission on Narcotic Drugs

16. The United Nations' Global response to HIV/AIDS is governed by the UNAIDS Programme Coordinating Board (PCB) with representatives of 22 Governments from all geographic regions, the UNAIDS co-sponsors, and five representatives of nongovernmental organizations including associations of people living with HIV/AIDS. The ten UNAIDS co-sponsoring organizations are: the United Nations High Commissioner for Refugees (UNHCR), the United Nations Children's Fund (UNICEF), the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), International Labour Organization (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), World Health Organization (WHO), World Bank, World Food Programme (WFP), and UNODC. The co-sponsors and the UNAIDS Secretariat comprise the Committee of Co-sponsoring Organizations, which meet annually. UNODC is the lead co-sponsor of the programme on injecting drug users, prison settings, and is responsible for facilitating the response to HIV/AIDS as it relates to people vulnerable to human trafficking.

17. The Commission on Narcotic Drugs (CND) is one of the two Governing Bodies of UNODC. It is the central policy-making body within the United Nations system dealing with drug-related matters and is serviced by the UNODC Secretariat.

18. In order to harmonize the activities of the CND to those of the PCB of the joint United Nations programme on HIV/AIDS programme, CND issued resolution CND 51/14 to address coordination in the HIV programme at the global level. It calls for:

- Close collaboration among Member States, represented both in CND and PCB, towards the promotion of better coordination and alignment of the HIV/AIDS response in order to scale up towards the goal of universal access to comprehensive prevention, care, treatment and support services for drug users; and
- The Executive Director of UNODC to share relevant decisions of PCB with Member States at each session of the Commission held in the first half of the year, starting with the fifty-second session.

19. However, despite the resolution calling for closer cooperation between UNAIDS, PCB and CND, the HIV thematic area has not been given proportionate coverage in the activities of the CND. This is reflected both in the annual report (2008) and the CND annual session. For instance, the provisional agenda for the fifty-second session of the Commission does not include the HIV thematic area as an agenda item. In addition, the last UNODC annual report, covering activities in 2007, presents only a half page report on HIV/AIDS thematic area activities and achievements while this area represented 24 percent of total UNODC expenditures in 2007.

Recommendation 2

(2) The UNODC Division of Operations should advocate for increased coverage of the HIV/AIDS programme, proportionate with the budget, at Commission on Narcotic Drugs sessions and in annual reports issued by UNODC.

20. *The UNODC Administration accepted recommendation 2 and stated that the HIV/AIDS Unit will provide the necessary draft text for the UNODC annual reports and ensure adequate coverage of HIV/AIDS programme in the CND annual sessions. Recommendation 2 remains open pending receipt of the text for the next annual report.*

Current structure and reporting lines are not aligned with the work programme

21. The HIV/AIDS Unit is part of the Health and Human Development Section and is headed by a Coordinator at L-6 level (appointed under the 200 series of Staff Rules) who reports to the Section Chief at P-5 level. The Section Chief reports to the Director for Operations and the Deputy. The Unit has nine staff members at Headquarters and a total of 86 field staff members spread out in 31 locations.

22. Concerns were raised, during workshops and interviews, that the current structure and reporting lines do not seem to align to the work programme and appropriate reporting lines commensurate with staff member grade levels. The rapid expansion of the programme resulted in the review and upgrading of responsibilities of the HIV/AIDS Coordinator. However, the same review was not done for the post of the Section Chief of the Health and Human Development Section, to whom the Coordinator reports. As a result, there is a perception of discrepancies between responsibilities and authority.

23. Under General Assembly resolution 63/250 on human resources management, with effect from 1 July 2009, staff members fall under only one series of Staff Regulations and Rules and will have either temporary, fixed-term or continuous contracts. Thus, in complying with this resolution, it is timely for UNODC to review the type of contracts, the reporting lines and the staff member levels of the Unit and Section.

Recommendation 3

(3) UNODC should review reporting lines of the HIV/AIDS programme and ensure they are consistent with responsibilities and staff grade levels, taking into account General Assembly resolution 63/250 on human resources management.

24. *The UNODC Administration accepted recommendation 3 and stated that until the human resources reform process regarding the alignment of the 100,*

200 and 300 series contracts is completed, the Chief of the Health and Human Development Section will serve as the first reporting officer for the Programme Manager of the HIV/AIDS Unit/Global Coordinator for HIV/AIDS and the Deputy Director of the Division will serve as the second reporting officer. Once the contract reform process is complete the reporting lines will be restructured in line with the general reorganization of UNODC sessions. Recommendation 3 remains open pending review of the reporting lines.

Need for a training needs assessment and a training focal point

25. In order for staff member's participation in HIV/AIDS programmes to be more effective, staff members at all levels should be adequately trained in substantive HIV/AIDS related fields as well as mandatory and technical training. Adequate awareness building should also be in place and should be strongly institutionalized in existing information tools, such as the Intranet and UNODC's ProFi management information system. In order to emphasize the importance of this issue, the Director of Management in his message of the 24 June 2008 asked all staff members to complete mandatory training by 30 November 2008.

26. According to the survey results, while 80 percent of Headquarters staff members responded that they had taken the three mandatory e-trainings (in security, ethics and harassment), less than 30 percent of staff members in the field took them. Close to 30 percent had never attended any training courses and only 18 percent of the respondents attended specific HIV/AIDS training. In addition, while UNODC staff members were asked in the performance appraisal system to express their training goals, there was no assessment of staff member's training needs. Furthermore, there was no training focal point within the Unit, and no needs training assessment had been conducted to serve as a basis for a coherent training plan.

Recommendation 4

(4) UNODC should conduct a training needs assessment for the HIV/AIDS Unit and appoint a training focal point to coordinate training activities in the unit.

27. *The UNODC Administration accepted recommendation 4 and stated that the focal point for training will be appointed by end of April and the training needs assessment will be carried out by end of July 2009.* Recommendation 4 remains open pending appointment of a training focal point and receipt of a training needs assessment.

B. Programme management

Need to align workplans and project proposals

28. The UNAIDS Unified Budget Workplan (UBW) is the basis of all activities mandated by UNAIDS and incorporated by all co-sponsors in their respective organizational mandates. It is therefore essential that outcomes in the

UNODC workplan, in the Strategic Framework and in individual project proposals are aligned to UBW.

29. UNAIDS issues the UBW biannually. The document includes all the amounts allocated by UNAIDS to all the co-sponsors of the Global HIV activities and clearly specifies the amount of additional funds that each co-sponsor has to raise to sustain their given activities. These funds are linked to specific outputs. UBW clearly identifies expected key results and responsible actors and UNAIDS releases funds based on performance. A performance monitoring and evaluation framework has been put in place and UNODC is required to submit annual performance reports on the projects funded through the UBW. The evaluation for the 2008-2009 budget was ongoing at the time of audit.

30. In order to ensure that a focused implementation strategy cascades all the way to the field activities from UBW and the UNODC Strategic Framework, the component of the UNODC Strategic Framework dealing with HIV thematic areas should have objectives, expected accomplishments and indicators that are aligned to the UBW.

31. The audit showed some discrepancies between the Strategic Framework, UBW and the HIV/AIDS Unit's workplans. For instance, the UBW 2008-2009 workplan had a total of five outcomes linked to the UNODC apportioned activities, while the HIV/AIDS Unit's workplan had seven outcomes. Furthermore, one of the outcomes in the UBW is not reflected in the UNODC workplan. Outcome number seven in UBW states that "UNODC will develop and disseminate a safe mobility toolkit for mobile and migrant populations, as well as gender-responsive operational tools and guidelines to address the needs of female injecting drug users and women and girls living in prison settings. In collaboration with partners, UNODC will promote the implementation of policies and programmes on HIV/AIDS and the workplace for uniformed groups, including law enforcement, prison personnel, border guards, and immigration detention centre staff." This was not referred to in the UNODC Strategic Framework.

32. Based on a sample of project documents, OIOS also noted cases where projects were not aligned to the UBW. The failure to align outcomes with those mandated in the UBW and which form the basis of the UNODC workplan may impact the overall programme funding and delivery.

Recommendations 5 and 6

(5) UNODC should align the outcomes of the HIV/AIDS programme in the Strategic Framework to the UNAIDS Unified Budget Workplan to ensure consistency.

(6) UNODC should further align the outcomes of the HIV/AIDS project proposals to the objectives allocated to UNODC in the UNAIDS Unified Budget Workplan, in order to ensure consistency.

33. *The UNODC Administration accepted recommendation 5 and stated that the workplan for the current year is already in line with the UNAIDS UBW. In addition, the UNODC Strategic Framework for 2010-2011 does take into account the key areas of work of the HIV/AIDS Unit (drug use, prison settings and trafficking in persons) and is in line with UNODC activities reflected in the UBW for 2010-2011. The next workplan will be more closely aligned with the UBW 2010-2011. Clear references on which outputs of the workplan relate to which broad UNODC activity will be made. Recommendation 5 remains open pending finalization of the 2010-2011 Strategic Framework aligned to UBW for 2010-2011.*

34. *The UNODC Administration accepted recommendation 6 and stated that it has been implemented. UNODC promotes a comprehensive approach including evidence-informed and human rights-based interventions accessible to all drug users (i.e. harm reduction and demand reduction) and a range of social services to protect marginalized and vulnerable populations, ensuring that the legal and policy frameworks serve HIV prevention efforts. Measures to prevent the HIV epidemic will be taken in conformity with the international drug control conventions, as part of a continuum of social and health care, and will be aligned with the outcomes identified in the UBW. The Director, Division for Operations issued a special message to all UNODC Headquarters and field staff, requesting them to link HIV activities with demand reduction interventions and to clearly identify in new project documents the principal UBW outcome, key output and UNODC broad activity the project relates to. In the same message, staff were reminded that projects need to be developed in accordance with the UNAIDS division of labour, and with the view of supporting the implementation of national strategic plans on HIV/AIDS. Based on the action taken by UNODC, recommendation 6 has been closed.*

Strengthening coordination at regional and country levels will lead to an effective and efficient implementation of the HIV/AIDS programme

35. In order to avoid duplication of work and improve coordination of substantive work, there should be clear roles and responsibilities among all agencies covering the HIV/AIDS thematic area at country and regional level. OIOS conducted seven interviews with individuals serving in the HIV/AIDS thematic area, monitored by the HIV/AIDS Unit. For several countries, OIOS concluded that coordination regarding implementation of the UBW needed further improvement as illustrated in the following instances:

- In Romania, the UN Joint Team on HIV/AIDS met only three times a year. There is a perception that more joint meetings may improve the coordination of the work done by key players on HIV thematic area;
- In South America, interviews with staff members showed that there is room for improved coordination and communication if HIV/AIDS Unit staff members regularly attend UN Joint Team meetings when HIV/AIDS related issues are discussed; and

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- In South East Asia, UNODC staff members explained that the World Health Organization (WHO) has its own Harm Reduction Team in the region, implementing HIV/AIDS and injecting drug users issues. While the WHO Harm Reduction Team appears more focused on antiretroviral treatments, OIOS is of the opinion that the two agencies have to share their workplan in order to avoid any potential duplication of activities. The HIV/AIDS Unit staff members in the Region are of the opinion that more meetings of the Regional HIV/AIDS team may improve dialogue and coordination between WHO and UNODC.

Recommendation 7

(7) The UNODC HIV/AIDS Unit should increase coordination at country and regional levels by sharing workplans through the UN Joint Team on HIV/AIDS.

36. *The UNODC Administration accepted recommendation 7 and stated that to increase coordination, the workplan of the HIV/AIDS Unit will be shared with country and regional offices through the UN Joint Team on HIV/AIDS. Recommendation 7 remains open pending confirmation that workplans have been shared with the UN Joint Team on HIV/AIDS.*

C. Monitoring, reporting and communication

Assigning certifying functions to staff members in the HIV/AIDS Unit will enhance accountability for programme and project activities

37. According to UN Financial Rule 105.5 (b), "Certifying Officers are responsible for managing the utilization of resources, including posts, in accordance with the purposes for which those resources were approved, the principles of efficiency and effectiveness and the United Nations Financial Regulations and Rules." OIOS, however, found that while some HAU staff members in the field offices have been appointed as certifying officers, there is no certifying officer in the HIV/AIDS Unit at Headquarters. Thus, the current certifying functions, especially for the global HIV/AIDS project (GLOG32), is exercised by a staff member external to the HIV/AIDS Unit, who has no detailed information about projects or programme implementation.

38. In order to make HIV/AIDS programme officers responsible and accountable for financial resources, it is necessary to appoint a certifying officer within the HIV/AIDS Unit at Headquarters. In addition, this appointment will reinforce the Unit's effectiveness and may prevent erroneous use of funds for inappropriate items.

Recommendation 8

(8) The UNODC Division of Operations should appoint a certifying officer within the HIV/AIDS Unit in order to strengthen accountability for substantive work and prevent delays in certification.

39. *The UNODC Administration accepted recommendation 8 and stated that the Director, Division of Operations will appoint the portfolio manager as a certifying officer after due consultations with the Financial Resources Management Service (FRMS). Recommendation 8 remains open pending confirmation that the portfolio manager has been appointed as a certifying officer.*

Need for a reporting and monitoring system that summarizes the overall picture of the HIV/AIDS programme activities

40. Effective planning, coordination and programme management of an organization are closely linked to an appropriate reporting and monitoring system which is able to provide an overall picture of the organization's activities. Management should be able to take decisions based on an overall view of activities they have to perform and for which they are accountable. In addition, such an overall picture will improve management's communication with Member States, donors, senior management, and other stakeholders.

41. The ProFi management system provides management information by thematic and regional area for monitoring by UNODC management and for communication with Member States and donors. In addition, the UBW report is prepared for the PCB and UNAIDS donors. Its reporting structure is by key results as defined in the UBW workplan, detailed by targeted beneficiaries, and by region or country. The nature of these reporting mechanisms pose a challenge to HIV/AIDS Unit as the HIV/AIDS component is spread over a number of projects within themes and regions. The HIV/AIDS Unit is thus unable to easily obtain information from the ProFi and UBW reporting mechanisms on financial and programme implementation of HIV/AIDS related projects. It lacks the capacity to produce a consolidated document that shows all operational and financial data of the HIV/AIDS programme. Effectively, the ProFi reports did not provide any consolidated data.

Recommendation 9

(9) The UNODC HIV/AIDS Unit should develop a consolidated report on HIV/AIDS projects in order to get an overall picture of UNODC HIV/AIDS related activities and improve transparency.

42. *The UNODC Administration accepted recommendation 9 and stated that a consolidated financial report on the HIV/AIDS programme is already available in ProFi and a programmatic report is prepared annually. A specific report on HIV/AIDS projects will be developed for midterm review by the end of the biennium. Recommendation 9 remains open pending development of a consolidated report on HIV/AIDS projects.*

Alignment of reporting will improve the overview on HIV/AIDS activities

43. While supervision and authority in the field is delegated to the Country Representative, the substantive follow-up is made by the Chief, HIV/AIDS Unit. In order to get a clear and regular overview of the implemented projects, the Unit has designed a monthly report for field staff members. This report is a narrative report on substantive activities, publications, fund raising, missions, meetings and other issues. However, there is no reporting on quantitative data, on financial or human resources issues.

44. The monthly report structure is also different from the UBW reporting structure and ProFi reports. The monthly report covers major activities relating to HIV/AIDS and injecting drug users/prison settings/human trafficking, but not items required in the same way as what is requested by UNAIDS in the UBW report. Thus, when HIV/AIDS Unit's staff members at Headquarters prepare the UBW annual report, they ask staff members in the field to complete an intermediate report, constituting an additional report to Headquarters.

Recommendation 10

(10) The UNODC HIV/AIDS Unit should streamline its reporting processes by aligning the structure of its monthly report with the Unified Budget Work structure, including a dedicated portion on significant or exceptional financial information related to projects.

45. *The UNODC Administration accepted recommendation 10 and stated that the HIV/AIDS Unit is in the process of revising the format of the monthly reports to make it more aligned with the UBW reporting. It will include quantitative data on financial and human resources issues.* Recommendation 10 remains open pending revision of the monthly report.

Internal communication could be further reinforced

46. Accountability, responsibility and capacity building are enhanced by an effective top down internal communication. The HIV/AIDS Unit's communication and information channels should respond to the needs of the rapidly growing unit.

47. The HIV/AIDS Unit has developed a strong communication and information reporting mechanism. The information flow is a Field-to-Headquarters communication through a monthly report sent by all staff members (except Headquarters staff) and through regular monthly conference calls and Skype connections. OIOS recognizes that this communication and information structure is effective and enhances team spirit among staff. This also contributes to strengthening the Unit's capacity to implement its workplan when staff members share issues and successes amongst each other.

48. While the majority of staff members interviewed in the field are very enthusiastic with the way information and communication is driven, there is still

room for enhancing it through a transparent Headquarters-to-Field information flow. Staff members particularly requested information regarding the Headquarters staff members' areas of work, the HIV/AIDS Unit's workplan and the overall view on its budget and resource allocation.

Recommendation 11

(11) The UNODC HIV/AIDS Unit should enhance communication across all HIV/AIDS programme staff by sharing its workplan and financial and budget figures with all staff members including those located in field offices.

49. *The UNODC Administration accepted recommendation 11 and stated that it has been implemented. In addition to the current monthly reports from the field offices and the monthly conference calls, the workplan of the Unit will be shared with all HIV staff globally. In addition, the Unit distributes a bi-monthly bulletin with news from Headquarters, UNAIDS Secretariat and co-sponsors. On the financial and budget side, overall information on HIV/AIDS projects are available in ProFi and accessible by all field offices. Based on the action taken by UNODC, recommendation 11 has been closed.*

The basis of direct costs charged to the programme should be agreed with donors upfront and communicated to them through the annual project reports

50. Concerns were raised during workshops and interviews about project funds used for direct costs of field offices. In order to support office costs, UNODC senior management decided to use available project funds through a cost sharing mechanism based on the project portfolio managed by field offices. Each project budget supports the financial costs for running the local office, where the projects are implemented according to their weight in the total project portfolio managed by the office. This sharing process has been criticized by some project coordinators or National Professional Officers arguing that the share taken from the project budget they are in charge of is not aligned with effective services and support rendered by the field office where the project is located.

51. Discussions with FRMS gave useful additional information. While project budgets are funded for substantive activities, donors are aware of the standard Programme Support Costs of 13 percent of the total project income. One third of this 13 percent is then redeployed to field offices for support costs which, in most cases, is not sufficient for running the field office. In addition, the way UNODC is currently funded causes a tremendous decrease of the General Purpose Funds, which supports the cost of Headquarters services and field offices backstopping operations.

52. Effective and transparent communication with donors on funds is a key factor for improving sustainability of fund raising. UNODC's transparency with donors would require full disclosure of charges to project funds in the reporting document used by donors for evaluation. The communication should include appropriate documentation such as detailed calculation of charges made to the project funds. Such transparent communication will show, in an appropriate

manner, how projects are administratively served and supported by field office structures and human resources.

Recommendation 12

(12) The UNODC HIV/AIDS Unit, in coordination with the UNODC Financial Resources Management Service, should raise project managers' awareness on the cost-sharing process through clear and effective communication on the charging of project funds for backstopping operations.

53. *The UNODC Administration accepted recommendation 12 and stated that it has been implemented. In July 2008, FRMS sent an e-mail to each field office to assist them in determining a transparent and equitable apportionment of office operating costs among field office projects. The message included a detailed calculation of charges made to the project funds. Based on the action taken by UNODC, recommendation 12 has been closed.*

D. Risk management

54. The HIV/AIDS Unit's performance and achievement of objectives can be at risk due to internal or external factors. Management must focus carefully on risks affecting the programme and take necessary actions to manage them.

55. UNODC does not have a formal risk management process at the programme or entity level. However, risk identification and assessment form part of the project review and approval processes. A situation analysis is normally conducted, followed by the setting of objectives, outputs and activities. The activities are monitored through evaluations of risks which are conducted semi-annually, annually and at the conclusion of each project.

56. In the OIOS risk assessment report of October 2007, it was observed that no focal point had been assigned to monitor the measures being taken by management to mitigate risks on a continuous basis. By definition, Enterprise Risk Management (ERM) is:

- A process, ongoing and flowing through an entity;
- Effected by people at every level of an organization;
- Applied in strategy setting;
- Applied across the enterprise, at every level and unit, and includes taking an entity-level portfolio view of risk; and
- Designed to identify potential events that, if they occur, will affect the entity and to manage risk within its risk appetite

57. In OIOS workshops with the staff of the HIV/AIDS Unit, 80 percent thought that a formalized risk management policy would be useful. However, only 30 percent thought that senior management was taking adequate action to respond to every challenge and risk identified throughout the programme planning and monitoring process, through tailored and focused activities. The

establishment of a formal risk management structure at the organizational level will enable management and staff members at all levels of the organization to manage risks by accepting, avoiding, reducing or sharing the risks.

Recommendation 13

(13) The UNODC Division of Operations should develop procedures for the identification and assessment of risks to the objectives and expected accomplishments at the subprogramme level, and request subprogramme heads to periodically report on the related risk mitigation and monitoring activities undertaken during UNODC senior management meetings.

58. *The UNODC Administration accepted recommendation 13.* Recommendation 13 remains open pending implementation of a risk management framework.

V. ACKNOWLEDGEMENT

59. We wish to express our appreciation to the Management and staff of UNODC 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 | UNODC should revise the ST/SGB/2004/6 to incorporate all its activities at the global, regional and country levels, which are aimed at reducing the spread of HIV among injecting drug users, prison settings and people vulnerable to human trafficking. | Strategy | High | O | Issuance of an amended ST/SGB. | December 2009 |
| 2 | The UNODC Division of Operations should advocate for increased coverage of the HIV/AIDS programme, proportionate with the budget, at Commission on Narcotic Drugs sessions and in annual reports issued by UNODC. | Governance | High | O | Provision of the text for inclusion in the next annual report | November 2009 |
| 3 | UNODC should review reporting lines of the HIV/AIDS programme and ensure they are consistent with responsibilities and staff grade levels, taking into account General Assembly resolution 63/250 on human resources management. | Governance | High | O | A review of reporting lines after the implementation of GA resolution 63/250 | Not provided |
| 4 | UNODC should conduct a training needs assessment for the HIV/AIDS Unit and appoint a training focal point to coordinate training activities in the unit. | Operational | Medium | O | Appointment of a training focal point and preparation of a training needs assessment | July 2009 |
| 5 | UNODC should align the outcomes of the HIV/AIDS programme in the Strategic Framework to the UNAIDS Unified Budget Workplan to ensure consistency. | Strategy | High | O | Full alignment of outcomes of the HIV/AIDS programme to UNAIDS UBW. | 2010 Workplan. Early 2010. |
| 6 | UNODC should further align the outcomes of the HIV/AIDS project proposals to the objectives allocated to UNODC in the UNAIDS Unified Budget Workplan, in order to ensure consistency. | Strategy | Medium | C | Action completed. | Implemented |
| 7 | The UNODC HIV/AIDS Unit should increase coordination at country and regional levels by sharing workplans through the UN Joint Team on HIV/AIDS. | Operational | Medium | O | Sharing workplans with the UN Joint Team on HIV/AIDS. | May 2009 |
| 8 | The UNODC Division of Operations should appoint | Compliance | Medium | O | Appointment of a portfolio manager | April 2009 |

| Recom. no. | Recommendation | Risk category | Risk rating | C/O ¹ | Actions needed to close recommendation | Implementation date ² |
|------------|--|-------------------------------|-------------|------------------|--|----------------------------------|
| | a Certifying Officer within the HIV/AIDS Unit in order to strengthen accountability for substantive work and prevent delays in certification. | | | | as a certifying officer | |
| 9 | The UNODC HIV/AIDS Unit should develop a consolidated report on HIV/AIDS projects in order to get an overall picture of UNODC HIV/AIDS related activities and improve transparency. | Information and Communication | High | O | Development of a specific report on UNODC HIV/AIDS projects. | December 2009 |
| 10 | The UNODC HIV/AIDS Unit should streamline its reporting processes by aligning the structure of its monthly report with the Unified Budget Work structure, including a dedicated portion on significant or exceptional financial information related to projects. | Information and Communication | Medium | O | Alignment of the monthly report with the UBW structure. | May 2009 |
| 11 | The UNODC HIV/AIDS Unit should enhance communication across all HIV/AIDS programme staff by sharing its workplan and financial and budget figures with all staff members including those located in field offices. | Information and Communication | Medium | C | Action completed. | Implemented |
| 12 | The UNODC HIV/AIDS Unit, in coordination with the UNODC Financial Resources Management Service, should raise project managers' awareness on the cost-sharing process through clear and effective communication on the charging of project funds for backstopping operations. | Financial | Medium | C | Action completed. | Implemented |
| 13 | The UNODC Division of Operations should develop procedures for the identification and assessment of risks to the objectives and expected accomplishments at the subprogramme level, and request subprogramme heads to periodically report on the related risk mitigation and monitoring activities undertaken during UNODC senior management meetings. | Strategy | High | O | Implementation of a risk management framework. | Not provided |

1. C = closed, O = open

2. Date provided by UNODC in response to recommendations.