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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. Yury Fedotov, Executive Director
A: United Nations Office on Drugs and Crime (UNODC)

DATE: 13 December 2011

REFERENCE: IAD: 11- 00746

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

Fatoumata

SUBJECT: **Assignment No. AE2011/366/02 – Audit of UNODC operations in Nigeria**

OBJET:

Overall results relating to efficiency and effectiveness of the UNODC operations in Nigeria were partially satisfactory

1. Attached please find the final report on the above-mentioned audit.
2. Annex I shows the status of recommendations. Recommendation 3 has not been accepted. In OIOS opinion however, this recommendation seeks to address an important risk area. We will therefore report this unaccepted recommendation to the General Assembly indicating management's acceptance of residual risks.
3. The audit also identified a number of opportunities for improvement (see Annex II). While OIOS will not report on the implementation of these opportunities, we encourage you to implement them to improve the efficiency and effectiveness of your operations. OIOS will review their implementation as part of future audits.
4. Please note that OIOS will report on the progress made to implement its recommendations in its annual report to the General Assembly. OIOS will also report to the Secretary-General quarterly for critical recommendations and annually for important recommendations.

cc: Ms. Kayoko Gotoh, Officer-in-Charge, Division for Operations, UNODC
Mr. Dennis Thatchaichawalit, Director, Division for Management, UNOV/UNODC
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AUDIT REPORT

Audit of UNODC Operations in Nigeria

BACKGROUND

The UNODC Country Office in Nigeria (CONIG) manages one of the highest profile operations of UNODC in West Africa. The CONIG programme portfolio and operational activities focus on partnership with key stakeholders to address crime and drug-related problems in Nigeria. Its priorities are aligned with the seven point agenda of the Government of Nigeria, the United Nations Development Assistance Framework (UNDAF) and the National Economic Empowerment and Development Strategy (NEEDS II). Regional initiatives on drug control, money laundering and trafficking in human beings, as well as ongoing initiatives within the Economic Community of West African States (ECOWAS) and the New Partnership for Africa's Development (NEPAD), are also taken into consideration.

The CONIG multi-year approved budget for all ongoing projects in 2010 was \$38,943,568 and the approved field office budget was \$312,700. The total allotment for 2010 was at \$5,882,900 and total expenditures amounted to \$5,372,244. The Office is located in the capital of Nigeria, Abuja. It is headed by a P-5 acting as the UNODC Country Representative, supported by a Senior Programme Officer at P-5 level, 4 P-4s, 2 P-2s, 13 National Programme Officers (NPOs), 13 Service Contract (SC) staff, and 1 Special Service Agreement (SSA) staff. At the time of the audit, from the total of 35 posts, four were vacant. The security level was L2 in Abuja and as high as L4 in some areas of the country. As the last audit on CONIG took place in 2006, OIOS included this assignment in its 2011 work plan, in agreement with UNODC management.

OBJECTIVE AND SCOPE

The audit was conducted to assess whether the UNODC Country Office in Nigeria effectively implemented adequate risk management, control and governance processes to provide reasonable assurance regarding the management of the office to carry out its operations efficiently and effectively. The key controls tested for the audit included those related to: a) risk management and strategic planning; b) performance monitoring; c) project management; d) regulatory framework; and e) staff safety and security.

OIOS conducted the audit from February to March 2011. The audit covered the period from 1 January 2009 to 31 January 2011.

To understand the current programme/projects activities and administrative practices and processes, OIOS interviewed relevant staff at CONIG and UNODC Headquarters, reviewed relevant programme/project documentation, management instructions, the UNODC Programme and Operations Manual, and administrative policies and guidelines. The audit team then conducted an activity-level risk assessment to identify and evaluate specific risk exposures of CONIG and to determine whether key controls identified to mitigate such risks were operating as intended.

Through interviews, analytical reviews, verification of procedures and other audit procedures, OIOS assessed the existence and adequacy of the established procedures and guidelines, and conducted relevant tests of controls to assess whether policies and procedures were implemented consistently.

AUDIT RESULTS

In OIOS opinion, CONIG risk management, control and governance processes were **partially satisfactory** to provide reasonable assurance regarding the management of the office to carry out its operations efficiently and effectively.

Controls were established and functioning to ensure an effective strategy for CONIG to partner with other actors in the region and to focus on areas where it has comparative advantage in order to optimize its effectiveness. Project performance indicators had been established and they were specific, measurable, achievable and time-bound. Implementation plans were in place and backstopping arrangements from Headquarters were adequately supporting project implementation, and human resources management aspects were taken into consideration in enhancing project management. Controls were also in place to ensure compliance with the existing regulatory framework for administrative support functions. The audit further assessed that the arrangements for safety and security were adequate at CONIG. However, there were areas that needed improvement, as outlined below.

CONIG needs a formal Integrated Country Programme

CONIG developed during 2008 and 2009 a Country Programme for the period 2009-2012, in line with the then existing guidelines from the UNODC Strategic Planning Unit and Division for Operations, but it was not formally approved since UNODC transitioned, as of 2009, towards a new strategic and programmatic approach, i.e., the Integrated Programme Approach. A Regional Programme (RP) for West Africa was developed and approved in the last quarter of 2010 covering the period 2010-2014 and was designed around core National Integrated Programmes (NIP) of 16 countries within the region, including Nigeria. However, the UNODC Programme and Operations Manual (POM) specifically mentions that “should an individual country reach a point of complexity or critical mass of funding, a Country Programme Office may choose to prepare an Integrated Country Programme (ICP) document, which might simplify and increase efficiency of national programme delivery”. Planned 2010-2014 programme of CONIG is estimated at \$45 million, and the NIP, as reflected in the Regional Programme, does not provide the necessary elements to facilitate national programme delivery. In particular, an ICP should include the elements regarding country cooperation arrangements and constraints that might affect country programme delivery.

(1) The UNODC Country Office in Nigeria should finalize and formally launch the Nigeria Integrated Country Programme as this country programme meets the criteria established in the Programme and Operations Manual.

CONIG accepted recommendation 1 and stated that the UNODC Country Office in Nigeria, in coordination with the Division for Operations, will finalize and launch the Country Programme. Recommendation 1 remains open pending receipt of a copy of the finalized Country Programme for CONIG.

Management Instructions (MI) need to be reviewed to set the framework for performance reporting, monitoring and evaluation at field offices in line with the integrated programming approach

Mechanisms should be in place to routinely monitor, evaluate and audit performance, and to take account of the lessons learned. There are a number of MI that set the framework for reporting, monitoring and evaluation at field offices. As part of the recent roll-out of the integrated country and

regional programming, the POM includes a segment on monitoring and reporting in an effort to strengthen backstopping and oversight capacity of UNODC. The system is built on existing reporting requirements and systems to “provide a monitoring system that is simple and cost effective, without overburdening the field offices’ workload or reinventing the tools and instruments already available”.

(2) UNODC should review the applicability of existing Management Instructions to set the framework for reporting, monitoring and evaluation at field offices in line with the integrated programming approach.

UNODC accepted recommendation 2 and will amend the relevant existing Management Instructions and guidelines on reporting, monitoring and evaluation mechanisms. Based on the decision taken by UNODC that the relevant existing Management Instructions require an amendment following the recent roll-out of the integrated country and regional programming, recommendation 2 has been closed.

Need to ensure compliance with the Management Instruction UNODC/MI/9/Rev.1

Despite the provisions of the Management Instruction UNODC/MI/9/Rev.1, “Financial Oversight/Compliance Functions”, CONIG did not benefit from operational and financial reviews since 2004. In addition, the management support and administrative training services were limited to some individual training courses at Headquarters attended by six CONIG personnel in 2009 and 2010. The last support mission by the UNODC Financial Resources Management Service to CONIG took place in 2006 but it was with the aim to introduce budgeting and financial procedures for a specific project, NGA/S08.

(3) The UNODC Division for Operations should comply with the requirements of UNODC/MI/9/Rev.1, “Financial Oversight/Compliance Functions”, regarding operational and financial reviews, management support and administrative training and oversight services to field offices.

UNODC did not accept recommendation 3 stating that it complies with the requirements of the Management Instructions on “Financial Oversight/Compliance Functions” (UNODC/MI/9/Rev. 1). However, it is not possible to conduct annual field missions and reviews as specified in the Management Instructions, at all UNODC field offices. During the current biennium, FRMS conducted a few missions to review field office operations, provide administrative training, oversight and management support. Through temporary assignment of FRMS staff to the field, FRMS has also helped strengthen the field office in terms of financial and administrative matters. In addition to FRMS missions for financial oversight and compliance reviews, a maximum of three operational and management reviews by the Division for Operations will be included in the budgetary provision for the biennium 2012-2013.

UNODC/MI/9/Rev.1 clearly stipulates the need to provide “management support, administrative training and oversight services to UNODC field offices”. The MI, *inter alia*, states that “FRMS will regularly conduct reviews of financial and management matters at field offices” and further promulgates in the Annex that “Field Offices will be visited by a FRMS representative, ideally together with a representative from the Division for Operations, once every five years or as per specific requests by the field office”. However, CONIG did not benefit from such reviews since 2004. UNODC needs to ensure that budgetary provisions take into account the requirements of the Management Instructions on “Financial Oversight/Compliance Functions” to conduct regular reviews of financial and management matters in field offices. OIOS reiterates recommendation 3, which remains open pending confirmation from UNODC on how it envisages fully complying with the provisions of UNODC/MI/9/Rev.1 and ensuring that field operations are subject to adequate operational and financial reviews, management support and

administrative training services.

Delegation of authority to field offices should be aligned to organizational structures

CONIG was given the delegated authority to procure, engage international consultants and perform most of the actions in the selection and appointment of staff. UNODC decentralized the project approval system of authority and accountability to Representatives in the field in October 2007. The authority granted covers all field office generated project documents, as well as project revisions of ongoing projects regardless of budgetary value. However, these delegations were not supported by a review of capacities at the field offices to ensure that the organizational structures provide the necessary administrative support, procurement or human resources functions to support the responsibilities associated with the delegation of authority. At CONIG, a review to link the organizational structure with roles, responsibilities and authorities had not been conducted. CONIG had been without key management positions for an extended period and the delegation of authority without such a review presents management and financial risks.

(4) The UNODC Country Office in Nigeria should align its organizational structure with the roles, responsibilities and delegation of authority to ensure that the structure can provide the necessary procurement, human resources and other administrative support functions that are associated with the delegation of authority.

CONIG accepted recommendation 4 and stated that an updated organizational chart will be in place by June 2012. Recommendation 4 remains open pending receipt of documentation on the new organizational structure, which provides the necessary procurement, human resources and other administrative support functions that are associated with the delegation of authority.

ACKNOWLEDGEMENT

OIOS wishes to express its appreciation to the Management and staff of UNODC for the assistance and cooperation extended to the auditors during this assignment.

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of UNODC Operations in Nigeria. Comments made by UNODC are shown in *italics*.

II. AUDIT OBJECTIVE

2. The audit was conducted to assess whether the UNODC Country Office in Nigeria effectively implemented adequate risk management, control and governance processes to provide reasonable assurance regarding the management of the office to carry out its operations efficiently and effectively. The key controls tested for the audit included those related to: a) risk management and strategic planning; b) performance monitoring; c) project management; d) regulatory framework; and e) staff safety and security. For the purposes of this audit, OIOS defined these key controls as:

(a) Risk management and strategic planning – those controls that are designed to provide reasonable assurance that an effective strategy and related risk management mechanisms are established and that UNODC effectively partners with other actors in the region and focuses on areas where it has comparative advantage in order to optimize its effectiveness.

(b) Performance monitoring – those controls that are designed to provide reasonable assurance that programme/project performance is subject to effective oversight to ensure that UNODC takes advantage of opportunities arising in the course of the year, communicates its achievements effectively and takes timely corrective action when required.

(c) Project management – those controls that are designed to provide reasonable assurance that controls are in place to ensure that projects are adequately managed and project objectives are achieved in an efficient, effective and economical manner.

(d) Regulatory framework – those controls that are designed to provide reasonable assurance that the regulatory instruments are in place and working as intended.

(e) Staff safety and security – those controls that are designed to minimize the exposures of staff and assets to safety and security risks and threats.

III. AUDIT SCOPE AND METHODOLOGY

3. OIOS conducted the audit from February to March 2011.

4. The audit covered the period from 1 January 2009 to 31 January 2011 and included a review of the following activities and processes at CONIG: (a) programme and project activity planning, implementation, monitoring, reporting and evaluation; (b) administrative activities, in terms of arrangements with UNDP and ensuring effective organizational structure and work allocation as well as compliance with the existing regulatory framework; and (c) arrangements for safety and security of staff.

5. To understand the current programme/projects activities and administrative practices and processes, OIOS interviewed relevant staff at CONIG and UNODC Headquarters, reviewed relevant programme/project documentation, management instructions, the UNODC Programme and Operations Manual, and administrative policies and guidelines. The audit team then conducted an activity-level risk assessment to identify and evaluate specific risk exposures of CONIG and to determine whether key controls identified to mitigate such risks were operating as intended.

6. Through interviews, analytical reviews, verification of procedures and other audit procedures, OIOS assessed the existence and adequacy of the established procedures and guidelines, and conducted relevant tests of controls to assess whether policies and procedures were implemented consistently.

IV. OVERALL ASSESSMENT

7. In OIOS opinion, CONIG risk management, control and governance processes were **partially satisfactory** to provide reasonable assurance regarding the management of the office to carry out its operations efficiently and effectively. Controls were established and functioning to ensure an effective strategy for CONIG to partner with other actors in the region and to focus on areas where it has comparative advantage in order to optimize its effectiveness. Project performance indicators had been established and they were specific, measurable, achievable and time-bound. Implementation plans were in place and backstopping arrangements from Headquarters were adequately supporting project implementation, and human resources management aspects were taken into consideration in enhancing project management. Controls were also in place to ensure compliance with the existing regulatory framework for administrative support functions. The audit further assessed that the arrangements for safety and security were adequate at CONIG. However, controls over risk management and strategic planning, performance monitoring and regulatory framework needed improvement to ensure that the office is able to carry out its operations efficiently and effectively.

V. AUDIT RESULTS

A. Risk management and strategic planning

8. Controls were established and functioning to ensure an effective strategy for CONIG to partner with other actors in the region and to focus on areas where it has comparative advantage in order to optimize its effectiveness. However, in the absence of a formal risk management mechanism at UNODC organizational level, CONIG did not adequately identify and deal with risks related to the management of, administrative support to, and backstopping of its field operations. CONIG also needs to complete and formally launch the Nigeria Integrated Country Programme as this country programme meets the criteria established in the Programme and Operations Manual, i.e., complexity and critical mass of funding. In addition, the Country Programme was not supported by an implementation plan, setting out the timeframe and cost for the activities required to achieve the programme.

A formal and structured risk management mechanism was not in place

9. At CONIG, the strategic framework and project documents included segments on risks at programme and project level, respectively. How these risks would be mitigated was, however, not clearly described, although projects were reviewed for financial and security risks and sufficiency of project staffing. In addition, the monitoring and reporting on risks during implementation and the provision of lessons learned were largely left to the Representative and/or project managers. Therefore, in the absence of a formal and structured risk management methodology in place for management and backstopping of field operations, risk management remained ad-hoc within office and project operations. **The UNODC project progress reports would provide a means for the formal reporting on risk management. The recently introduced quarterly and annual oversight reporting system, which establishes criteria for qualitative and quantitative reporting by field offices and monitoring thereof by Headquarters, could incorporate elements of risk reporting.** *UNODC stated that the establishment of a separate risk management mechanism would not be cost-effective. In the longer term, it expects that elements of risk management would be incorporated within the UMOJA solution.*

CONIG needs a formal Integrated Country Programme

10. The UNODC Programme and Operations Manual (POM) requirements and relevant Management Instructions (MI) on the strategic planning process should be adhered to. Programme life cycle development should be in accordance with the UNODC medium-term strategy, the recently introduced Integrated Regional Programmes, and strategies of other partners and UN agencies in the country or region. There also needs to be effective consultation with other UNODC sections at Headquarters in the planning process. Existing strategic planning mechanisms and processes relate to the period prior to 2009, the year that UNODC introduced its integrated country and regional programming approach. The first global strategy for UNODC was for the period 2008-2011, and a new medium-term strategy is being developed at UNODC Headquarters. Over the years, field offices have engaged in the development of various planning documents at different levels, i.e., regional, country, programme and project levels. The instructions, guidelines and prescribed procedures to develop these documents/instruments were gradually developed and are reflected in various documents and on different systems. The development of these documents/instruments followed comprehensive reviews and strict approval processes.

11. CONIG developed during 2008 and 2009 a Country Programme for the period 2009-2012, in line with the then existing guidelines from the Strategic Planning Unit and Division for Operations, but it was not formally approved since UNODC transitioned, as of 2009, towards a new strategic and programmatic approach, i.e., the Integrated Programme Approach. A Regional Programme (RP) for West Africa was developed and approved in the last quarter of 2010 covering the period 2010-2014 and was designed around core National Integrated Programmes (NIP) of 16 countries within the region, including Nigeria. Controls were established and functioning to ensure an effective strategy for CONIG to collaborate with other actors in the region and to focus on areas where it has comparative advantage in order to optimize its effectiveness.

12. The POM specifically states that “should an individual country reach a point of complexity or critical mass of funding, a Country Programme Office may choose to prepare an Integrated Country Programme (ICP) document, which might simplify and increase efficiency of national programme delivery”. Planned 2010-2014 programme of CONIG is estimated at \$45 million, and the NIP, as reflected in the Regional Programme, does not provide the necessary elements to facilitate national programme delivery. In particular, an ICP should include the elements regarding country cooperation arrangements and constraints that might affect country programme delivery.

Recommendation 1

(1) The UNODC Country Office in Nigeria should finalize and formally launch the Nigeria Integrated Country Programme as this country programme meets the criteria established in the Programme and Operations Manual.

13. *CONIG accepted recommendation 1 and stated that the UNODC Country Office in Nigeria, in coordination with the Division for Operations, will finalize and launch the Country Programme.* Recommendation 1 remains open pending receipt of a copy of the finalized Country Programme for CONIG.

The Country Programme could be supported by a more structured implementation plan

14. Strategic planning mechanisms should include ensuring that an adequate analysis of funding requirements is conducted and staffing needs are identified as part of a workforce planning process. For the Nigeria Country Programme, CONIG had drawn up a new organizational structure in late 2010 and developed staffing and resource charts for each new programme under design/formulation. An initial roadmap for implementation was prepared in November 2010 and presented to Headquarters for planning of financial and human resources for CONIG. **This roadmap could serve as the basis for a more structured and comprehensive implementation plan.** *CONIG agreed that there is a need to prepare an implementation plan for the Country Programme, but was of the view that its roadmap, which was prepared in November/December 2010, was sufficient. It undertook to update roadmaps for the entire programme and ensure that each individual programme component is kept updated.*

Programme management cycles were not defined for regional or country programmes

15. The UNODC programme management cycles are not defined for regional or country programmes. In the absence of implementation plans mentioned above, it will be difficult for the Inter-departmental Task Teams to monitor the implementation of regional and national integrated programmes. The teams are to convene periodically for each region, at Headquarters, with participants from all of the thematic branches and the relevant field office and play a critical role in supporting the strategy setting, design and implementation of the RPs and NIPs, from the initiation of the programme through to its final evaluation and lessons learned. To facilitate the work of these task teams and in addition to the development of implementation plans, it is important that UNODC develop programme management cycles and incorporate the requirements, guidelines and procedures for strategy setting, design, implementation, monitoring and evaluation of RPs and NIPs in its POM. This matter was addressed during the OIOS audit of UNODC Governance and Funding Arrangements and a recommendation to develop programme cycles for Regional and National Programmes had been made in the audit report, issued in February 2011.

B. Performance monitoring

16. Project performance indicators had been established and they were specific, measurable, achievable and time-bound. However, the existing Management Instructions need to be reviewed to set the framework for performance reporting, monitoring and evaluation at field offices in line with the integrated programming approach. In addition, the Management Instructions were not adhered to as regards operational and financial reviews, management support, administrative training and oversight services, and the conduct of evaluations.

Management Instructions need to be reviewed to set the framework for performance reporting, monitoring and evaluation at field offices in line with the integrated programming approach

17. Mechanisms should be in place to routinely monitor, evaluate and audit performance, and to take account of the lessons learned. There are a number of MI that set the framework for reporting, monitoring and evaluation at field offices. As part of the recent roll-out of the integrated country and regional programming, the POM includes a segment on monitoring and reporting in an effort to strengthen backstopping and oversight capacity of UNODC. The system is built on existing reporting requirements and systems to “provide a monitoring system that is simple and cost effective, without overburdening the field offices’ workload or reinventing the tools and instruments already available”.

18. Given that the responsibility to monitor country/regional programmes and to ensure quality results and impact resides with the Representatives, this monitoring system links closely to the regular monitoring going on in the field. The monitoring system comprises four components: (a) quarterly monitoring; (b) semi-annual and annual progress reports; (c) annual internal oversight reports; and (d) management review missions. The applicability of existing MI should be reviewed in order to set the framework for reporting, monitoring and evaluation at field offices in line with the integrated programming approach, of which some elements are already incorporated in the POM.

Recommendation 2

(2) UNODC should review the applicability of existing Management Instructions to set the framework for reporting, monitoring and evaluation at field offices in line with the integrated programming approach.

19. *UNODC accepted recommendation 2 and will amend the relevant existing Management Instructions and guidelines on reporting, monitoring and evaluation mechanisms.* Based on the decision taken by UNODC that the relevant existing Management Instructions require an amendment following the recent roll-out of the integrated country and regional programming, recommendation 2 has been closed.

Linking ProFi financial reporting to outputs, outcomes or activities would improve performance monitoring

20. Financial management is the responsibility of the Heads of all organizational entities in the field and at Headquarters. The Financial Resources Management Service (FRMS) at Headquarters is responsible for monitoring of all activities related to financial management. FRMS performs the role of facilitator, which includes the following duties: (a) providing guidance on how to implement monitoring systems; (b) gathering monitoring data; and (c) analyzing and reporting monitoring data. The financial system ProFi provides the financial information for reporting purposes, and guidelines for year-end closure of accounts are issued to field offices. The guidance to operations on how to implement financial monitoring systems, gathering financial monitoring data from ProFI, and how to analyze and report financial data to assist operations to report according to performance indicators, outputs or targets are not recorded.

21. In the context of the Results-Based Management (RBM), the Project Document Format (Prodoc) provides the framework for managing project portfolios. OIOS found the project documents of CONIG to be detailed in terms of the description of project objectives, outcomes, outputs and indicators of key activities and performance indicators, as defined in strategic and project documents. Performance indicators established in project documents were specific, measurable, achievable and time-bound. These were reflected in the logical framework that included the means of verification (including monitoring and evaluation requirements) of results and work plans. Financial estimates and revisions thereto were reflected in the project budget as a segment of the Prodoc, but the budget was per code of expenditure and not linked to outputs, outcomes or activities. Bigger projects, such as the project NGA/SO8, prepared spreadsheets to link financial data to outputs and activities. The quarterly monitoring reports in ProFi are comprehensive, but the inability to link outputs, outcomes or activities to financial information remains a weakness.

22. The UNODC Country Office in Nigeria, in coordination with the UNODC Division for Operations, could consider making a proposal to the Information Technology Section to link ProFi financial reporting to outputs, outcomes or activities as an opportunity to improve its reporting systems for monitoring purposes. *CONIG explained that the ProFi application, Project Activity*

Tracker (PAT), already addresses the issue of linking financial reporting to outcomes (sub-programmes) and activities. CONIG will add projects in the PAT.

Need to ensure compliance with the Management Instruction UNODC/MI/9/Rev.1

23. UNODC/MI/9/Rev.1 states that “An important mandate of the Financial Resources Management Service (FRMS) is the provision of management support, administrative training and oversight services to UNODC field offices”. It is further stipulated in the MI that “FRMS will regularly conduct reviews of financial and management matters at field offices”. Specifically, the Annex to the MI promulgates that: “Field Offices will be visited by a FRMS representative, ideally together with a representative from the Division for Operations, once every five years or as per specific requests by the field office”. CONIG did not benefit from operational and financial reviews since 2004. These reviews were envisaged to ascertain how the responsibility of the field offices had been discharged and how the policy directives had been implemented. The reviews, conducted by the Compliance Officer, would focus on the efficient, effective and economic use of resources as well as compliance with administrative rules and procedures. These visits should have been provided for in the budgetary provisions.

24. In addition, the management support and administrative training services by FRMS were in the case of CONIG limited to some individual training courses at Headquarters attended by six CONIG personnel in 2009 and 2010. The last FRMS support mission to CONIG took place in 2006 but it was with the aim to introduce budgeting and financial procedures for a specific project, NGA/S08.

Recommendation 3

(3) The UNODC Division for Operations should comply with the requirements of UNODC/MI/9/Rev.1, “Financial Oversight/Compliance Functions”, regarding operational and financial reviews, management support and administrative training and oversight services to field offices.

25. *UNODC did not accept recommendation 3 stating that it complies with the requirements of the Management Instructions on “Financial Oversight/Compliance Functions” (UNODC/MI/9/Rev. 1). However, it is not possible to conduct annual field missions and reviews as specified in the Management Instructions, at all UNODC field offices. During the current biennium, FRMS conducted a few missions to review field office operations, provide administrative training, oversight and management support. Through temporary assignment of FRMS staff to the field, FRMS has also helped strengthen the field office in terms of financial and administrative matters. In addition to FRMS missions for financial oversight and compliance reviews, a maximum of three operational and management reviews by the Division for Operations will be included in the budgetary provision for the biennium 2012-2013.*

26. UNODC/MI/9/Rev.1 clearly stipulates the need to provide “management support, administrative training and oversight services to UNODC field offices”. The MI, *inter alia*, states that “FRMS will regularly conduct reviews of financial and management matters at field offices” and further promulgates in the Annex that “Field Offices will be visited by a FRMS representative, ideally together with a representative from the Division for Operations, once every five years or as per specific requests by the field office”. However, CONIG did not benefit from such reviews since 2004. UNODC needs to ensure that budgetary provisions take into account the requirements of the Management Instructions on “Financial Oversight/Compliance Functions” to conduct regular reviews of financial and management matters in field offices. OIOS reiterates recommendation 3, which remains open pending confirmation from UNODC on how it envisages fully complying with the provisions of UNODC/MI/9/Rev.1 and ensuring that field operations are subject to adequate operational and financial reviews, management support and administrative training and oversight services.

There is a need to comply with UNODC rules on conduct of evaluations

27. Project evaluations were carried out as an independent evaluation within the tripartite framework for technical cooperation. CONIG did not benefit from other types of evaluations such as programme evaluation, thematic evaluation, special studies and self-evaluation. **The UNODC Country Office in Nigeria could benefit from evaluations other than project evaluations, i.e. programme evaluations, special studies, thematic evaluations and self-evaluations.** *CONIG explained that all projects undergo evaluations. The annual evaluation plan is available and adhered to and periodic updates to the evaluation plan are submitted to Vienna. The Nigeria Country Programme contains provisions for a more systematic evaluation of the Nigeria interventions. All ongoing and planned projects contain major provisions for individual, thematic and geographic evaluations.*

C. Project management

28. Implementation plans were in place and backstopping arrangements from Headquarters were adequately supporting project implementation, and human resources management aspects were taken into consideration in enhancing project management. POM contains provisions for programme development, implementation, monitoring and evaluation.

D. Regulatory framework

29. The UNODC regulatory framework comprises UN and UNDP regulations and rules, UNODC management instructions and numerous guidelines, with the POM under development. The regulatory framework subject to audit related to internal control systems for the administration, financial management and management of the office and of the projects, including its personnel management and financial controls, adherence to supporting guidelines, UNDP arrangements and the system of reimbursement to UNDP for services rendered. Annex 1 of UNODC/MI/9/Rev.1 of May 2004 provides a checklist to verify compliance with the afore-mentioned regulatory framework. OIOS assessed that controls were in place at CONIG to ensure compliance with the regulatory framework. However, a review needed to be conducted to ensure that the delegation of authority was aligned to the CONIG organizational structure and the structure could actually provide the necessary procurement, human resources and other administrative support functions. In addition, cost-efficiencies could be achieved if procurement, human resources, training and workshops, and travel arrangements were centralized at CONIG, and better planning and monitoring of service delivery, in full consultation with UNDP and UNODC Headquarters, could improve effectiveness and prevent delays in service delivery.

Delegation of authority to field offices should be aligned with organizational structures

30. CONIG has authority to procure, engage international consultants and perform most of the actions related to selection and appointment of staff. UNODC decentralized the project approval system of authority and accountability to Representatives in the field in October 2007. The authority granted covers all field office generated project documents, as well as project revisions of ongoing projects regardless of budgetary value. However, capacities at the field offices were not reviewed to ensure that the organizational structures provide the necessary administrative support, procurement or human resources functions to support the responsibilities associated with the delegation of authority. At CONIG, a review to link the organizational structure with roles, responsibilities and authorities had not been conducted. CONIG had been without key management positions for an extended period and the delegation of authority without such a review presents management and financial risks.

Recommendation 4

(4) The UNODC Country Office in Nigeria should align its organizational structure with the roles, responsibilities and delegation of authority to ensure that the structure can provide the necessary procurement, human resources and other administrative support functions that are associated with the delegation of authority.

31. *CONIG accepted recommendation 4 and stated that an updated organizational chart will be in place by June 2012.* Recommendation 4 remains open pending receipt of documentation on the new organizational structure, which provides the necessary procurement, human resources and other administrative support functions that are associated with the delegation of authority.

Need to monitor project activities, including procurement, training and workshop and travel arrangements

32. Each project conducts its own procurement activities and makes arrangements for training and workshops as well as travels. This practice presents risks of not being cost-effective and could result in delays in delivery. Activities should be planned at the beginning of the year and achievements should be monitored against plans and budgets in a centralized manner, notably for those activities that require delivery from UNDP, in an effort to improve effectiveness and to prevent delays.

33. **The UNODC Country Office in Nigeria could consider centralizing project procurement, training and workshop, and travel arrangements, make them part of the annual workplans, and cost-share them between projects.** *CONIG explained that the procurement and human resources functions are centralized and cost-shared already. However, travel arrangements, workshops/training and meetings should stay within the individual project staff/teams, and should be carried out by the respective project management units, with the CONIG core team only providing advice and oversight as needed.*

E. Staff safety and security

34. The Framework of Accountability for the United Nations Security Management System (UNSMS) sets the framework for the security management system in Nigeria. A Security Management Team (SMT) was formed which consists of the Designated Official (DO) and country management of each UN entity present in Nigeria. The SMT meets on a regular basis to review the prevailing situation and ensures that security situation is managed effectively throughout Nigeria. It also ensures that wardens are trained, establishes compliance with the Minimum Operating Security Standards (MOSS) and the Minimum Operating Residential Security Standards (MORSS), and regularly updates the Security Risk Assessment status. A technical working group of the SMT, the Security Working Group chaired by the Chief Security Advisor, meets monthly to deliberate and discuss all security issues as referred to in the SMT meetings. There is also a system of Area Security Coordinators supported by officers of the United Nations Department of Safety and Security (UNDSS), who run “Area SMTs” throughout Nigeria to help staff in crisis preparedness and other security issues. This entire system is supervised and monitored by the Chief Security Advisor to the DO.

35. CONIG complied with the MOSS and MORSS standards and effective coordination was taking place on security matters with the DO, SMT and the technical working group of the SMT. In addition, as the “UNSMS Security Policy Manual” requires that the Executive Heads of United Nations organizations “Appoint a Senior Security Manager and/or Security Focal Point at Headquarters”, UNODC appointed a

AUDIT RESULTS

Security Manager/Focal Point in Headquarters to ensure the necessary liaison between the Department of Safety and Security, UNODC and its offices in the field.

STATUS OF RECOMMENDATIONS
Audit of UNODC Operations in Nigeria

Recom. no.	Recommendation	Risk category	Risk rating	C/O¹	Actions needed to close recommendation	Implementation date²
1	The UNODC Country Office in Nigeria should finalize and formally launch the Nigeria Integrated Country Programme as this country programme meets the criteria established in the Programme and Operations Manual.	Operational	Important	O	Receipt of a copy of the finalized Country Programme for CONIG.	31 December 2011
2	UNODC should review the applicability of existing Management Instructions to set the framework for reporting, monitoring and evaluation at field offices in line with the integrated programming approach.	Governance	Important	C		Implemented
3	The UNODC Division for Operations should comply with the requirements of UNODC/MI/9/Rev.1, “Financial Oversight/Compliance Functions”, regarding operational and financial reviews, management support and administrative training and oversight services to field offices.	Operational	Important	O	Confirmation from UNODC on how it envisages fully complying with the provisions of UNODC/MI/9/Rev.1 and ensure that field operations are subject to adequate operational and financial reviews, management support and administrative training and oversight services, or, alternatively, a clarification from UNODC whether it intends to revise UNODC/MI/9/Rev.1 to reflect the fact that the current budgetary provisions would not allow for operational and financial reviews, management support and administrative training and oversight services to field offices to be provided as regularly as originally intended.	Not provided
4	The UNODC Country Office in Nigeria should align its organizational structure with the roles, responsibilities and delegation of authority to ensure that the structure can provide the necessary procurement, human resources and other	Governance	Important	O	Receipt of documentation on the new organizational structure, which provides the necessary procurement, human resources and other administrative support functions that are associated with the delegation of authority.	30 June 2012

AUDIT RESULTS

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
	administrative support functions that are associated with the delegation of authority.					

OPPORTUNITIES FOR IMPROVEMENT
Audit of UNODC Operations in Nigeria

Para No.	Opportunity for improvement	Client Comments
9	The UNODC project progress reports would provide a means for the formal reporting on risk management. The recently introduced quarterly and annual oversight reporting system, which establishes criteria for qualitative and quantitative reporting by field offices and monitoring thereof by Headquarters, could incorporate elements of risk reporting.	<i>UNODC stated that the establishment of a separate risk management mechanism would not be cost-effective. In the longer term, it expects that elements of risk management would be incorporated within the UMOJA solution.</i>
14	This roadmap could serve as the basis for a more structured and comprehensive implementation plan.	<i>CONIG agreed that there is a need to prepare an implementation plan for the Country Programme, but was of the view that its roadmap, which was prepared in November/December 2010, was sufficient. It undertook to update roadmaps for the entire programme and ensure that each individual programme component is kept updated.</i>
22	The UNODC Country Office in Nigeria, in coordination with the UNODC Division for Operations, could consider making a proposal to the Information Technology Section to link ProFi financial reporting to outputs, outcomes or activities as an opportunity to improve its reporting systems for monitoring purposes.	<i>ProFi application, Project Activity Tracker (PAT), already addresses the issue of linking financial reporting to outcomes (sub-programmes) and activities. CONIG will add projects in the PAT.</i>
27	Project evaluations were carried out as an independent evaluation within the tripartite framework for technical cooperation. CONIG did not benefit from other types of evaluations such as project evaluation, programme evaluation, thematic evaluation, special studies and self-evaluation. The UNODC Country Office in Nigeria could benefit from evaluations other than project evaluations, i.e. programme evaluations, special studies, thematic evaluations and self-evaluations.	<i>CONIG explained that all projects undergo evaluations. The annual evaluation plan is available and adhered to and periodic updates to the evaluation plan are submitted to Vienna. The Nigeria Country Programme contains provisions for a more systematic evaluation of the Nigeria interventions. All ongoing and planned projects contain major provisions for individual, thematic and geographic evaluations.</i>
33	The UNODC Country Office in Nigeria could consider centralizing project procurement, training and workshop arrangements, as well as travel arrangements, make them part of the annual workplans, and cost-share them between projects.	<i>The procurement and human resources functions are centralized and cost-shared already. However, travel arrangements, workshops/training and meetings should stay within the individual project staff/teams, and should be carried out by the respective project management units, with the CONIG core team only providing advice and oversight as needed.</i>