



INTERNAL AUDIT DIVISION

AUDIT REPORT 2013/049

Audit of the United Nations Office on
Drugs and Crime operations in
Southern Africa

Overall results relating to the management of UNODC operations in Southern Africa were initially assessed as partially satisfactory. Implementation of eight important recommendations remains in progress.

FINAL OVERALL RATING: PARTIALLY
SATISFACTORY

29 May 2013
Assignment No. AE2012/366/02

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AUDIT REPORT

Audit of the United Nations Office on Drugs and Crime operations in Southern Africa

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Office on Drugs and Crime (UNODC) operations in the Southern Africa region, which were managed by the UNODC Regional Office for Southern Africa (ROSAF), located in Pretoria, South Africa.
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations, and rules.
3. The Southern Africa region covered by ROSAF includes 11 countries, namely Angola, Botswana, the Democratic Republic of the Congo, Lesotho, Malawi, Mozambique, Namibia, South Africa, Swaziland, Zambia, and Zimbabwe. For 2012, ROSAF's total budget, which included all projects managed by ROSAF, was approximately \$6.0 million. This figure varied from year to year depending on the number and size of ROSAF's projects. The administrative budget for the ROSAF office in 2012 was \$746,571.
4. ROSAF's draft Regional Programme for 2012-2016 identified three key pillars for UNODC's involvement in the region: 1) Countering illicit trafficking and organized crime; 2) Criminal justice and integrity; and 3) Improving drug use prevention; drug dependence treatment, and HIV prevention, treatment and care for people who use drugs including injecting drug users; and in prison settings.
5. ROSAF and the Southern African Development Community (SADC) jointly developed the draft Regional Programme of ROSAF. SADC represents all 11 Member States covered by ROSAF as well as four other countries, which, from UNODC's perspective, are covered by the UNODC Regional Office in Eastern Africa. The SADC Ministerial Committee of the Organ endorsed the draft Regional Programme in July 2012 and the Summit of the SADC Heads of States took note of it in August 2012. At the time of the audit, the Regional Programme was awaiting approval by UNODC headquarters.
6. Comments provided by UNODC are incorporated in *italics*.

II. OBJECTIVE AND SCOPE

7. The audit was conducted to assess the adequacy and effectiveness of the UNODC governance, risk management and control processes in providing reasonable assurance regarding the **effective management of the operations of ROSAF**.
8. The audit was included in the 2012 risk-based internal audit work plan for UNODC due to risks in the implementation of the integrated geographical approach in the region, and the considerable time gap since OIOS' last audit in 2000.

9. The key controls tested for the audit were: (a) Strategic planning and risk management; (b) Project management; and (c) Regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Strategic planning and risk management** - controls that provide reasonable assurance that ROSAF's strategic planning is implemented and reported upon in compliance with relevant mandates, rules and regulations; risks relating to its activities are identified and assessed; and action is taken to mitigate risks.

(b) **Project management** - controls that provide reasonable assurance that ROSAF manages its projects adequately and achieves project objectives in an efficient and effective manner, in accordance with relevant UNODC policies and guidelines.

(c) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the operations of ROSAF in the areas of financial management, human resources management, procurement, and inventory management; (ii) are implemented consistently by ROSAF; and (iii) ensure the reliability and integrity of financial and operational information related to ROSAF.

10. The key controls were assessed for the control objectives shown in Table 1.

11. OIOS conducted this audit from October 2012 to January 2013. The audit covered the period from January 2010 to November 2012.

12. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

13. The UNODC governance, risk management and control processes examined were assessed as **partially satisfactory** in providing reasonable assurance regarding the **effective management of the operations of ROSAF**. OIOS made eight recommendations in the report to address the issues identified in the audit.

14. Strategic planning and risk management was assessed as partially satisfactory. Delays in the preparation and approval of ROSAF's Regional Programme strategy document were being addressed, and UNODC recently promulgated a procedure for the conceptualization and approval of country and regional programmes which should enable it to better manage the risk of delays in other regions. However, ROSAF did not have an action plan in place to achieve the ambitious fundraising targets it had set in its Regional Programme.

15. Project management was assessed as partially satisfactory. ROSAF's project objectives were relevant and measurable with identified indicators and means of verification. For projects that distributed grants, external audits of the grantees were carried out and appropriate follow up action was taken. However, ROSAF did not consistently set specific, time-bound objectives for its projects and did not systematically monitor key project risks and milestones. Also, stakeholder analysis at the project planning stage was not sufficiently detailed. In addition, an ineffective Service Level Agreement with the United Nations Development Programme (UNDP) undermined procurement planning of projects.

16. Regulatory framework was assessed as partially satisfactory. Staff employed under Fixed Term Appointments carried out the core functions in ROSAF, as required by UNODC rules, and UNDP Service Contracts were used appropriately. Procurement actions were undertaken in accordance with the relevant rules and procedures. However, a significant amount of value-added tax (VAT) refunds had not been claimed by ROSAF. Furthermore, ROSAF was assessed as Minimum Operating Security Standards (MOSS) compliant with limitations but it had not taken steps to address the identified limitations in its security arrangements.

17. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **partially satisfactory** as implementation of eight important recommendations remains in progress.

Table 1: Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of the operations of ROSAF	(a) Strategic planning and risk management	Partially satisfactory	Satisfactory	Partially satisfactory	Partially satisfactory
	(b) Project management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(c) Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Strategic planning and risk management

UNODC took action to reduce the risk of delays in preparation and approval of regional programmes

18. At the time of the audit, the ROSAF Regional Programme strategy document for 2012-2016 was still in draft form, more than a year after programme delivery had been due to commence. The lack of clear UNODC-wide guidance on the expected content and the process for planning and developing regional programmes had contributed to the delay. ROSAF indicated that UNODC had changed the requirements for drafting regional programmes a number of times. UNODC headquarters confirmed that the guidelines for regional programmes had to be adapted several times in response to feedback received from various oversight bodies. In February 2013, UNODC finalized the development of a time-bound process for the conceptualization and approval of country and regional programmes to better manage the risk of delays in the future. In March 2013, ROSAF resubmitted its revised draft Regional Programme to the UNODC Programme Review Committee at headquarters for endorsement and divided the Regional Programme into two phases with work related to phase 1 already underway.

ROSAF did not have a fundraising action plan to mitigate the risk of lack of funding to implement its Regional Programme

19. ROSAF was aiming to raise approximately \$66 million to fund its Regional Programme. At the time of the audit, it had approximately \$3 million confirmed through existing projects. With two pledges received for \$12 million, ROSAF still had to raise \$51 million. ROSAF had agreed to these ambitious targets with SADC but it did not have a fundraising action plan in place. The UNODC Co-Financing and Partnership Section (CPS) had not assessed the programme fundraising prospects for ROSAF, as required by the UNODC Fundraising Strategy, and ROSAF did not plan or document the process of costing the Regional Programme budget. ROSAF explained that the lack of baseline data made the exercise of developing indicators and putting in place a realistic budget challenging. As a result, ROSAF did not have a realistic view of its fundraising needs or a clear plan in place to enable it to raise the money needed to achieve its strategic objectives. There were no UNODC-wide criteria requiring regional offices to include fundraising strategies as part of their regional programmes.

(1) The UNODC Regional Office for Southern Africa, in consultation with the UNODC Co-Financing and Partnership Section, should develop a fundraising action plan to secure the level of resources needed to implement the Regional Programme for Southern Africa. The fundraising action plan should be based on overall UNODC guidance and identify mitigation strategies in the event that the required levels of funding are not achieved.

ROSAF accepted recommendation 1 and stated that, in coordination with the Co-Financing and Partnership Section (CPS), ROSAF continued to develop the Regional Office's resource mobilization strategy. It is expected that the document will be finalized soon. The fundraising tool outlines the intended process for resource mobilization in order to raise annual and multi-year funding to support the implementation of the Regional Programme. The document includes a mapping of current and potential donors (their profile, areas of their interests, areas that they have funded in the past, timelines by when they must be approached, the funding year, etc.) and will be updated biannually based on fundraising efforts and feedback from donors. Recommendation 1 remains open pending receipt of the resource mobilization strategy for ROSAF developed in compliance with overall UNODC guidance, which includes mitigation strategies for failure to achieve the required levels of funding.

B. Project management

There was insufficient guidance and training on the development of specific, measurable, achievable, relevant, and time-bound project objectives

20. OIOS reviewed the project objectives for a sample of seven approved project plans to assess ROSAF's compliance with the requirement of UNODC's Programme and Operations Manual (POM) that project objectives should be specific, measurable, achievable, relevant, and time-bound (SMART). The sample included all five active projects at the time of the audit as well as the two largest recently completed projects. Project objectives were assessed as relevant and measurable with identified indicators and means of verification in place. However, less than half of them included specific target levels of achievement and over a fifth of them were not time-bound. The lack of specific targets made it difficult to monitor and evaluate project performance, and the lack of time-bound objectives increased the risk that projects may not achieve their objectives timely and fully. The POM did not provide any specific explanation or examples of SMART project objectives. In addition, although a training manual on the logframe approach addressing the issue of objective setting was developed by UNODC and made available to all field offices, it did not specifically refer to SMART objectives.

(2) UNODC should develop further guidance for field offices to assist them in identifying specific, measureable, achievable, relevant, and time-bound project objectives, in

accordance with the UNODC Programme and Operations Manual; and provide related appropriate support to field offices including through regular training.

UNODC accepted recommendation 2 and stated that it would continue to revise, in consultation with staff in field offices and UNODC Headquarters, the existing guidance (POM and current training modules) and to provide additional detailed information and examples in the POM and in its training materials. UNODC also plans to conduct on site trainings in selected field offices. Online guidance will be updated and shared by the end of 2013. On-the-job support as well as training will be provided on an ongoing basis subject to availability of adequate funds. The Strategic Planning Unit, in conjunction with the Independent Evaluation Unit, is organizing training for field and headquarters-based focal points in planning, monitoring and evaluation. These focal points will be part of a network and will, among other things, be able to inform colleagues and give more concrete guidance on how to identify SMART indicators, appropriate and realistic means of verification, as well as support the development of plans for data collection and for indicator monitoring and reporting. Recommendation 2 remains open pending receipt of revised guidance and training material developed by UNODC on setting SMART objectives.

ROSAF did not systematically track project progress against key milestones and manage key risks in project implementation

21. OIOS reviewed the project plans and revisions for all 14 ROSAF projects that had started between January 2010 and November 2012 to assess ROSAF's compliance with the POM requirements related to project monitoring. The POM required field offices to identify key risks to their projects in quarterly reports and measure progress against key milestones under each identified project outcome using a specific work plan template. Ten projects had their deadlines extended, often multiple times, and one was placed on hold due to lack of funding. Four of the projects requesting extensions had obtained further funding, which enabled them to expand their scope. However, the remaining six projects were extended by between 10 to 26 months without increasing their funding or scope. Two of these projects had their scope reduced and, therefore, delivered less than originally planned. The project work plans were updated with progress towards achieving key milestones only when formal project revisions were made, i.e. after delays or issues had occurred, not as they were anticipated. A number of significant issues were raised in ROSAF's quarterly reports where the risk had not been anticipated in a previous quarterly report. For example, phase two of project ZAFJ06 was placed on hold due to lack of funding. This was reported in the second quarter of 2012 but the risk of lack of funding had not been identified in any of the earlier quarterly reports. Where risks were identified in the quarterly reports, details of what actions would be taken to manage those risks and who would be responsible for them were not included in the reports.

(3) The UNODC Regional Office for Southern Africa should use the work plan template and quarterly monitoring reports, as required by the UNODC Programme and Operations Manual, to systematically track progress against key milestones and to proactively manage key risks in project implementation.

ROSAF accepted recommendation 3 and stated that it would continue to strengthen its monitoring mechanism through the systematic updating of project work plans and internal risks identified as part of the overall monitoring of projects and would report on this mechanism and changes in work plan through the established quarterly reporting to UNODC Headquarters. Recommendation 3 remains open pending receipt of evidence that ROSAF has implemented a systematic risk management and project progress monitoring process that utilizes the quarterly monitoring reports and the work plan template, as required by the POM.

ROSAF project plans did not contain stakeholder analysis at the level of detail required by the Programme and Operations Manual

22. Shortcomings in stakeholder engagement and management had resulted in problems in two ROSAF projects. In one case, the project scope had to be altered significantly for the final year of the project after it had already been running for three years. This happened after more senior officials from the stakeholder agencies were engaged and the project had to be revised to reflect their preferences. In the other case, a project was suspended for six months after relations broke down with the Government implementing partner. In a sample of seven ROSAF project plans reviewed by OIOS, only three attempted to categorize stakeholders into groups and none examined the needs and interests of the stakeholders or drew conclusions from their analysis to inform the project design as required by the POM. In both of the cases described above, a more detailed initial stakeholder analysis, considering factors such as the level of seniority of officials that the project needed to engage with and how to manage their expectations and work with them, could have reduced the difficulties encountered. If such an analysis was sensitive in nature and should have been kept internal to ROSAF rather than shared with stakeholders, elements of it could have been included in a separate, internal document.

(4) The UNODC Regional Office for Southern Africa should conduct a thorough stakeholder analysis, in compliance with the UNODC Programme and Operations Manual, for future projects to not just identify stakeholders but to also assess their needs and expectations and how best to engage with them and at what level.

ROSAF accepted recommendation 4 and stated that the recommendation would be implemented in all of ROSAF's new projects. A thorough analysis of stakeholders, their needs and interests will be done and taken into consideration at the project design stage. ROSAF will engage with stakeholders and implementing partners and will determine the modalities of working with such partners. Recommendation 4 remains open pending receipt of approved project documents for ROSAF's latest projects that include a thorough stakeholder analysis as required by the POM.

An ineffective local Service Level Agreement with UNDP undermined the timeliness of project procurement

23. ROSAF had a local Service Level Agreement (SLA) with UNDP South Africa, which set out target processing times for the procurement and human resources management services that UNDP South Africa performed for ROSAF. In terms of ROSAF's procurement, UNDP South Africa handled all cases above \$40,000 as well as the procurement of consultants. Procurements of up to \$100,000 were submitted to the UNDP Contracts and Appointments Panel (CAP) for review and approval. Procurements above this amount were submitted to the UNDP Regional Contracts and Appointments Panel (RCAP) for review and approval. There were delays with procurement actions for ROSAF projects handled by UNDP, which affected project timelines and raised concern among ROSAF's implementing partners. The delays were caused either by slow movement from UNDP or by the cancellation of a CAP or RCAP meeting. In each case, ROSAF management and project staff had to intervene to expedite the procurement process and were therefore distracted from project delivery.

24. ROSAF did not systematically monitor UNDP's performance against the SLA and had no statistics on the number of service requests handled within the agreed timelines. The SLA also did not cover the end-to-end procurement process. Even where UNDP processed each step within the agreed timelines, the end-to-end process could still have taken too long because there was no target timeline for a decision being taken by CAP/RCAP. This was a critical step in the procurement process.

(5) The UNODC Regional Office for Southern Africa should renegotiate the local Service Level Agreement with UNDP to include all aspects of the end-to-end procurement process to facilitate project procurement planning and the close monitoring of UNDP's performance against it.

ROSAF accepted recommendation 5 and stated that the current SLA was being reviewed with the view to include relevant aspects of procurements. The revised SLA is expected to be signed by July 2013. Recommendation 5 remains open pending receipt of a revised local SLA between ROSAF and UNDP South Africa that includes all aspects of the end-to-end procurement process.

External audits of grantees were carried out and appropriate follow up action was taken by ROSAF

25. For projects that distributed grants, ROSAF appointed external auditors to audit the work carried out by grantees. OIOS examined the project XAMT15 in more detail as it was the largest project in ROSAF's recent portfolio and included significant distribution of grants to civil society organizations (CSOs), creating specific monitoring and evaluation challenges. This project had an overall budget allocation of almost \$24 million and gave support to South Africa's Victim Empowerment Programme. The 28 CSOs, who received more than \$50,000 in grants, were all audited and appropriate follow-up action was taken by ROSAF on the audit recommendations and qualified audit opinions.

C. Regulatory framework

VAT refunds amounting to \$80,000 remained uncollected

26. ROSAF was exempt from paying VAT and could claim refunds of the VAT paid within five years from the date of the invoice, subject to providing the correct paper work. UNODC headquarters informed OIOS that in the field representatives meetings in Vienna, UNODC Representatives had regularly been made aware of their responsibilities to ensure collection of VAT refunds. In 2008, a mission from the UNODC Financial Resources Management Service (FRMS) took place to assist ROSAF in setting up a grants scheme under project XAMT15. The mission report recommended that "ROSAF needs to establish a single Management Unit into which all personnel with administrative/finance functions should be placed irrespective of how they are financed." The recommendation was designed, in part, to ensure the consistent application of policies and procedures.

27. When the accounts for project XAMT15 were closed, approximately \$80,000 of VAT refunds had not been recovered. This represented over 13 per cent of total VAT recoverable under this project. ROSAF explained that the project staff responsible for collecting the relevant paperwork for VAT refunds sometimes failed to do so when they procured goods and services for the project. This had resulted in the Government rejecting many of the VAT refund claims initially, which caused a significant backlog. OIOS reviewed the terms of reference of the relevant project staff. In each case, the incumbent was expected to report solely to the project manager and not to the ROSAF Central Management Unit. Had the project staff reported on the financial and administrative matters also to the Central Management Unit, which was the thrust of the FRMS recommendation made in 2008, it was likely that they would have received specific instructions from the Central Management Unit to collect the required paperwork for VAT refunds. There was therefore a need to revise the job descriptions of project staff to clarify their reporting lines in terms of their compliance and regulatory responsibilities.

(6) The UNODC Regional Office for Southern Africa should collect the outstanding \$80,000 of value-added tax refunds under the project XAMT15.

ROSAF accepted recommendation 6 and stated that it continued to follow-up on outstanding VAT refunds. The results of the collection efforts will be reported at the end of 2013. Recommendation 6 remains open pending receipt of documentation showing that the VAT refunds have been collected.

(7) The UNODC Regional Office for Southern Africa should specify in the job descriptions of project staff with compliance and regulatory responsibilities that for financial and administrative matters, they report to the Office’s Central Management Unit in addition to the project manager.

ROSAF accepted recommendation 7 and stated that ROSAF would update the organization structure and clarify reporting lines of project staff across the whole Regional Office that allows close working relationship between project staff assistant and his/her project manager on substantive matters, as well as his/her reporting relationship with the Central Management Unit on administrative and financial matters. In all administrative and financial matters, the Central Management Unit will be involved and kept informed be it in relationship with UNODC headquarters, UNDP, donors, etc. These relationships will be clarified in new/future projects. Where administrative and finance functions are cost-shared proportionately among many projects, the main supervision role will rest within the Central Management Unit. Recommendation 7 remains open pending receipt of: (a) a revised organization structure with clear reporting lines showing that project staff will report also to the Central Management Unit on administrative and financial matters; and (b) a sample of job descriptions of recently recruited project staff clearly indicating this dual reporting relationship.

ROSAF was deemed MOSS compliant with limitations but had no action plan to address these limitations

28. Security was a major concern in South Africa, as evidenced by four incidents of crime involving ROSAF personnel as victims in 2012. A 2011 review of MOSS compliance by the United Nations Department of Safety and Security (DSS) found that in total the Pretoria office was compliant with 103 relevant MOSS requirements and not compliant with 18. Based on this compliance rate of 85 per cent, the DSS review assessed the office in Pretoria as “compliant with limitations”. In particular, the review found security in the areas of telecommunications and vehicles to have a deficient level of compliance. ROSAF stated that due to cost implications it had not taken action to address the issues raised by the MOSS review in spite of the security risk to its staff and assets. ROSAF added that a number of the findings by the DSS review were no longer applicable as they related to items that ROSAF no longer had, such as vehicles in the field.

(8) The UNODC Regional Office for Southern Africa should develop an action plan, with associated costs and clear target dates for implementation, to achieve full compliance with the Minimum Operating Security Standards.

ROSAF accepted recommendation 8 and stated that current ROSAF MOSS deficiencies included vehicle radio equipment and alternative UHF communication equipment. The required equipment will be purchased as soon as resources for these are made available. Meanwhile, ROSAF will engage with DSS to mitigate the shortcomings. These plans will be documented in the action plan that is currently being prepared. Recommendation 8 remains open pending receipt of the action plan for ROSAF to achieve full MOSS compliance.

Core functions were carried out by staff employed under Fixed Term Appointments, as required, and UNDP Service Contracts were used appropriately

29. Staff employed under Fixed Term Appointments carried out the core functions in ROSAF, as required by UNODC rules. Nineteen staff were engaged under a Service Contract administered by UNDP. In all these cases, the service contract modality was appropriate and in line with the UNDP policy on the use of Service Contracts.

ROSAF applied the appropriate set of procurement rules and complied with them

30. ROSAF had developed procurement guidelines, which set out the criteria for when to use the UNDP or UNODC procurement rules and how to apply the rules. Based on a sample of procurement actions conducted by UNDP on behalf of ROSAF, OIOS concluded that UNDP handled the procurement in accordance with their rules as required, and the relevant paperwork was kept on file. In instances where UNODC rules were applied, no major discrepancies were noted and exceptions were clearly documented or explained.

Inventory controls were in place, in line with the relevant Management Instruction

31. ROSAF had put in place inventory controls, as required by the UNODC Management Instruction MI/8/Rev.1/Annex 1, and they were operating as intended. As goods were received, the inventory details were entered into the Field Office Inventory Ledger (FOIL). OIOS visited one project office in Mozambique and inspected the physical inventory there. It matched the inventory records in the main office in Pretoria. ROSAF only disposed of or transferred assets after approval by the UNODC Property Survey Board (PSB). OIOS reviewed the records of a number of vehicles, which ROSAF handed to implementing partners in the South African Government upon the completion of a project. In each case, the PSB had approved the decision and the appropriate documentation was contained in the FOIL.

IV. ACKNOWLEDGEMENT

32. 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.

(Signed) David Kanja
Assistant Secretary-General for Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of the United Nations Office on Drugs and Crime operations in Southern Africa

Recom. no.	Recommendation	Critical ¹ / important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	The UNODC Regional Office for Southern Africa, in consultation with the UNODC Co-Financing and Partnership Section, should develop a fundraising action plan to secure the level of resources needed to implement the Regional Programme for Southern Africa. The fundraising action plan should be based on overall UNODC guidance and identify mitigation strategies in the event that the required levels of funding are not achieved.	Important	O	Submission to OIOS of the resource mobilization strategy for ROSAF, developed in compliance with overall UNODC guidance, which includes mitigation strategies for failure to achieve the required levels of funding.	30/06/2013
2	UNODC should develop further guidance for field offices to assist them in identifying specific, measureable, achievable, relevant, and time-bound project objectives, in accordance with the UNODC Programme and Operations Manual; and provide related appropriate support to field offices including through regular training.	Important	O	Submission to OIOS of revised guidance and training material developed by UNODC on setting SMART objectives.	31/12/2013
3	The UNODC Regional Office for Southern	Important	O	Submission to OIOS of evidence that	31/12/2013

1 Critical recommendations address significant and/or pervasive deficiency or weakness in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

2 Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

3 C = closed, O = open

4 Date provided by ROSAF in response to recommendations.

Recom. no.	Recommendation	Critical ¹ / important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	Africa should use the work plan template and quarterly monitoring reports, as required by the UNODC Programme and Operations Manual, to systematically track progress against key milestones and to proactively manage key risks in project implementation.			ROSAF has implemented a systematic risk management and project progress monitoring process that utilizes the quarterly monitoring reports and the work plan template, as required by the POM.	
4	The UNODC Regional Office for Southern Africa should conduct a thorough stakeholder analysis, in compliance with the UNODC Programme and Operations Manual, for future projects to not just identify stakeholders but to also assess their needs and expectations and how best to engage with them and at what level.	Important	O	Submission to OIOS of approved project documents for ROSAF's latest projects that include a thorough stakeholder analysis as required by the POM.	31/12//2013
5	The UNODC Regional Office for Southern Africa should renegotiate the local Service Level Agreement with UNDP to include all aspects of the end-to-end procurement process to facilitate project procurement planning and the close monitoring of UNDP's performance against it.	Important	O	Submission to OIOS of a revised local SLA between ROSAF and UNDP South Africa that includes all aspects of the end-to-end procurement process.	31/07/2013
6	The UNODC Regional Office for Southern Africa should collect the outstanding \$80,000 of value-added tax refunds under the project XAMT15.	Important	O	Submission to OIOS of documentation showing that the VAT refunds have been collected.	31/12/2013
7	The UNODC Regional Office for Southern Africa should specify in the job descriptions of project staff with compliance and regulatory responsibilities that for financial and administrative matters, they report to the Office's Central Management Unit in addition to the project manager.	Important	O	Submission to OIOS of: (a) a revised organization structure with clear reporting lines showing that project staff will report also to the Central Management Unit on administrative and financial matters; and (b) a sample of job descriptions of recently recruited project staff clearly indicating this dual reporting relationship.	31/12/2013
8	The UNODC Regional Office for Southern Africa should develop an action plan, with associated costs and clear target dates for implementation, to achieve full compliance	Important	O	Submission to OIOS of the action plan for ROSAF to achieve full MOSS compliance.	31/12/2013

Recom. no.	Recommendation	Critical¹/ important²	C/ O³	Actions needed to close recommendation	Implementation date⁴
	with the Minimum Operating Security Standards.				

IAD Audit of UNODC Operations in Southern Africa
Assignment no. AE2012/366/02
Summary of audit recommendations

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation Date	Client comments
1	The UNODC Regional Office for Southern Africa, in consultation with the UNODC Co-Financing and Partnership Section, should develop a fundraising action plan to secure the level of resources needed to implement the Regional Programme for Southern Africa. The fundraising action plan should be based on overall UNODC guidance and identify mitigation strategies in the event that the required levels of funding are not achieved.	Important	Yes	Regional Representative, ROSAF in coordination with Co-Financing and Partnership Section	June 2013	<p>In coordination with the Co-Financing and Partnership Section (CPS), ROSAF continues to develop the Regional Office's resource mobilization strategy. It is expected that the document will be finalized soon.</p> <p>The fundraising tool outlines the intended process for resource mobilization in order to raise annual and multi-year funding to support the implementation of the Regional Programme. The document includes a mapping of current and potential donors (their profile, areas of their interests, areas that they have funded in the past, timelines by when they must be approached, the funding year, etc.) and will be updated biannually based on fundraising efforts and feedback from donors.</p>
2	UNODC should develop further guidance for field offices to assist them in identifying specific, measureable, achievable, relevant, and time-bound project objectives, in	Important	Yes	Lead: Project Coordinator, Strategic Planning Unit in coordination with the Division for	December 2013	UNODC will continue to revise, in consultation with staff in field offices and headquarters, the existing guidance (POM and current training modules) and to provide additional detailed information and examples in the POM and in its training materials. UNODC also plans to conduct on site trainings in selected field offices. On line

¹ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

² Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation Date	Client comments
	accordance with the UNODC Programme and Operations Manual; and provide related appropriate support to field offices including through regular training.			Operations and the Division for Management (for the training component)		<p>guidance will be updated and shared by the end of 2013. On the job support as well as training will be provided on an ongoing basis subject to availability of adequate funds.</p> <p>The Strategic Planning Unit, in conjunction with the Independent Evaluation Unit, is organizing training for field and HQ-based focal points in Planning, Monitoring and Evaluation. These focal points will be part of a network and will, among other things, be able to inform colleagues and give more concrete guidance on how to identify SMART indicators, appropriate and realistic means of verification, as well as support the development of plans for data collection and for indicator monitoring and reporting.</p>
3	The UNODC Regional Office for Southern Africa should use the work plan template and quarterly monitoring reports, as required by the UNODC Programme and Operations Manual, to systematically track progress against key milestones and to proactively manage key risks in project implementation.	Important	Yes	Regional Representative, ROSAF	December 2013	ROSAF will continue to strengthen its monitoring mechanism through the systematic updating of project work plans and internal risks identified as part of the overall monitoring of projects and will report on this mechanism and changes in work plan through the established quarterly reporting to UNODC HQs.
4	The UNODC Regional Office for Southern Africa should conduct a thorough stakeholder analysis, in compliance with the UNODC Programme and Operations Manual, for future projects to not just identify stakeholders but to also assess their needs and expectations and how best to engage with	Important	Yes	Regional Representative, ROSAF	December 2013	The recommendation will be implemented in all of ROSAF's new projects. A thorough analysis of stakeholders, their needs and interests will be done and taken into consideration at the project design stage. ROSAF will engage with stakeholders and implementing partners and will determine the modalities of working with such partners.

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation Date	Client comments
	them and at what level.					
5	The UNODC Regional Office for Southern Africa should renegotiate the local Service Level Agreement with UNDP to include all aspects of the end-to-end procurement process to facilitate project procurement planning and the close monitoring of UNDP's performance against it.	Important	Yes	Regional Representative, ROSAF	July 2013	The current Service Level Agreement (SLA) is already being reviewed with the view to including relevant aspects of procurements. The revised SLA is expected to be signed by July 2013.
6	The UNODC Regional Office for Southern Africa should collect the outstanding \$80,000 of value-added tax refunds under the project XAMT15.	Important	Yes	Regional Representative, ROSAF	December 2013	ROSAF continues to follow-up on outstanding VAT refunds. The results of the collection efforts will be reported at the end of 2013.
7	The UNODC Regional Office for Southern Africa should specify in the job descriptions of project staff with compliance and regulatory responsibilities that for financial and administrative matters, they report to the Office's Central Management Unit in addition to the project manager.	Important	Yes	Regional Representative, ROSAF	December 2013	ROSAF will update the organization structure and clarify reporting lines of project staff across the whole Regional Office that allows close working relationship between project staff assistant and his/her project manager on substantive matters, as well as his/her reporting relationship with the Central Management Unit on administrative and financial matters. In all administrative and financial matters, the Central Management Unit will be involved and kept informed be it in relationship with UNODC HQ, UNDP, donors, etc. These relationships will be clarified in new/future projects. Where administrative and finance functions are cost-shared proportionately among many projects, the main supervision role will rest within the Central Management Unit.
8	The UNODC Regional Office for Southern Africa should develop an action plan, with associated costs and clear target	Important	Yes	Regional Representative, ROSAF	December 2013	Current ROSAF MOSS deficiencies are on Vehicle radio equipment and alternative UHF communication equipment. The required equipment will be purchased as soon as resources

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	dates for implementation, to achieve full compliance with the Minimum Operating Security Standards.					for these are made available. Meanwhile, ROSAF will engage with UNDSS to mitigate the shortcomings. These plans will be documented in the action plan that is currently being prepared.

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