

UNITED NATIONS



NATIONS UNIES

OFFICE OF INTERNAL OVERSIGHT SERVICES
INTERNAL AUDIT DIVISION II

Ref. AUD II-7-7:5 (AE366/04) 7 July 2004

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

From: Egbert C. Kaltenbach, Director
Internal Audit Division II
Office of Internal Oversight Services

Subject: OIOS Audit of UNODC Country Office, Nigeria (AE2003/366/02)

1. I am pleased to submit the final report on the audit of UNODC Country Office, Nigeria, which was conducted in October 2003, in Lagos, Nigeria by Mr. Byung-Kun Min.
2. A draft of the report was shared with Ms. Sumru Noyan, Deputy Executive Director, UNODC on 21 April 2004, whose comments, which we received on 3 June 2004, are reflected in the final report.
3. I am pleased to note that all of the audit recommendations contained in this final report have been accepted and that UNODC Country Office, Nigeria has initiated their implementation. The table in paragraph 35 of the report identifies those recommendations, which require further action to be closed. I wish to draw your attention to recommendations 2, 3 and 6, which OIOS considers to be of critical importance.
4. I would appreciate if you could provide me with an update on the status of implementation of the audit recommendations not later than 31 August 2004. This will facilitate the preparation of the twice-yearly report to the Secretary-General on the implementation of recommendations, required by General Assembly Resolution 48/218B.
5. Please note that OIOS is assessing the overall quality of its audit process. I therefore kindly request that you consult with your managers who dealt directly with the auditor, complete the attached client satisfaction survey form and return it to me under confidential cover.
6. Thank you for your cooperation.

Attachment: Client Satisfaction Survey Form.

cc: Ms. H. Featherstone, Executive Secretary, UN Board of Auditors
Ms. S. Zaitra, Deputy Director, UN Board of Auditors (szaitra@ccomptes.fr)
Mr. K. Eriksson, Audit Focal Point, UNODC (by e-mail)
Mr. M. Tapio, Programme Officer, OUSG, OIOS (by e-mail)
Ms. C. Chavez, Chief, Geneva Audit Section, OIOS (by e-mail)
Mr. B. K. Min, Auditor, OIOS (by e-mail)
Mr. D. Tiñana, Auditing Assistant, OIOS (by e-mail)



**United Nations
Office of Internal Oversight Services
Internal Audit Division II**



Audit Report

**Audit of UNODC Country Office, Nigeria
(AE2003/366/02)
Report No. E04/R009**

Report date: 7 July 2004

Auditor: Byung-Kun Min



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

OIOS Audit of UNODC Country Office, Nigeria
(AE2003/366/02)

EXECUTIVE SUMMARY

In October 2003, OIOS conducted an audit of the United Nations Office on Drugs and Crime (UNODC) Country Office, Nigeria. The audit covered programme activities and administration with a total expenditure of some \$1.4 million from January 2000 to September 2003. *UNODC has accepted the audit recommendations made and is in the process of implementing them.*

Programme/Project management

- UNODC Country Office, Nigeria did not have adequate planning procedures to guide project implementation. OIOS recommended that UNODC Country Office, Nigeria develop planning procedures to properly carry out project monitoring. *Overall monitoring and costed work plans had subsequently been put in place.*
- The sustainability of the three counselling facilities under the project “Drug Abuse Prevention for Street Children and Commercial Sex Workers” (E72) was not certain for lack of maintenance, which remained with the non-governmental organization (NGO) that implemented the project. The NGO did not regularly submit semi-annual project reports, bi-monthly expenditure reports and audit certificates. *As OIOS recommended, UNODC Country Office, Nigeria assessed the status of the counselling facilities, took remedial actions to ensure the project success and secured the required audit certificates.*
- The project “Strengthening Treatment and Rehabilitation Services offered by the Governments and NGOs” (F22) had a number of Local Implementing Partners (LIPs) involved in the project activities. Many of these activities were yet to be carried out although the project will be closed shortly. OIOS recommended that UNODC Country Office, Nigeria focus on critical project activities to achieve a reasonable level of project sustainability. *UNODC Country Office, Nigeria planned for critical activities including a Programme and Project Committee meeting that would map out project sustainability by the end of June 2004.*
- Oversight of the project “Partnership for Drug Abuse and HIV/AIDS Prevention in Nigeria” (G50), was not sufficient. The project budget did not include an allocation for the mandatory evaluation and the Project Advisory Committee (PAC) was too large to be effective. OIOS recommended that UNODC Country Office, Nigeria consider reducing the PAC to a more

suitable size and establish a budget allocation for evaluation. *UNODC planned an evaluation for October 2004, adjusted the budget work plan accordingly and merged the PAC and Tripartite Review, with expected attendance of 20 participants at its meetings.*

- The UNICRI project “Programme of action against trafficking in minors and young women from Nigeria to Italy for the purpose of sexual exploitation” did not have an approved project document and had ineffective financial controls, resulting in commingling funds of UNICRI and UNODC Country Office, Nigeria. OIOS recommended that UNODC Country Office, Nigeria seek the approval of the project by UNODC HQ and separately account for all financial transactions related to the project. *A Letter of Agreement between UNICRI and UNODC was being finalized.*

Administration

- An inadequate accounting system that failed to monitor project expenditures, contributed to over expenditures of \$41,700 against an allotment of \$220,000. OIOS recommended that the Country Office, in consultation with UNODC Financial Resources Management Service (FRMS), implement an effective field level accounting system that facilitates monitoring of expenditures. *UNODC would implement a new Lotus Notes-based Pencil Ledger by the fourth quarter of 2004.*
- Contributions received locally were not recorded as income, but credited against the budget line for office expenditures. This prevented full accountability and transparency of transactions. OIOS recommended that UNODC FRMS issue clear policies and procedures for the receipt and accounting of locally raised funds. *UNODC would issue during the first half of 2004, the relevant Management Instructions on policies and procedures for locally raised funds.*
- UNODC Country Office, Nigeria plans to relocate to the capital city of Abuja to ensure closer coordination with the Nigerian Government agencies located in Abuja. In anticipation of this move, which had still not materialised, UNODC paid relocation packages to three local staff members at a total cost of \$57,000. *As OIOS recommended, UNODC Country Office, Nigeria developed a plan of action for relocating to Abuja and a strategy for operating in multiple locations.* OIOS also recommended an arrangement to ensure recovery of the amounts already paid if staff members do not relocate.
- Staff members of the UNODC Country Office, Nigeria received limited training. The performance appraisal system only applied to staff members funded through the office budget and excluded project staff. OIOS recommended that UNODC Country Office, Nigeria develop and implement a staff training plan based on the training needs identified during the performance appraisals for all staff employed by UNODC Country Office, Nigeria. *UNODC Country Office, Nigeria would offer training to project staff and administrative support staff from June 2004 onwards.*

TABLE OF CONTENTS

CHAPTER	Paragraphs
I. INTRODUCTION	1-3
II. AUDIT OBJECTIVES	4
III. AUDIT SCOPE AND METHODOLOGY	5-7
IV. AUDIT FINDINGS AND RECOMMENDATIONS	
A. Programme and Project Management	8-20
1. Planning and monitoring	8
2. Implementation of project activities	9-20
B. Administration	21-34
1. Financial management	21-26
2. Office relocation to Abuja	27-29
3. Other administrative matters	30-34
V. FURTHER ACTIONS REQUIRED ON RECOMENDATIONS	35
VI. ACKNOWLEDGEMENT	36

I. INTRODUCTION

1. In October 2003, OIOS conducted an audit of the United Nations Office on Drugs and Crime (UNODC) Country Office, Nigeria. The audit was conducted in accordance with the Standards for the Professional Practice of Internal Auditing, promulgated by the Institute of Internal Auditors and adopted by the Internal Audit Services of the United Nations Organizations. No internal or external audit of the Country Office had been conducted in recent years.

2. The Country Office was created in 1991 and is based in Lagos, Nigeria. It is headed by a Country Representative at the P-4 level assisted by 6 National Project Officers (NPO), 1 Junior Professional Officer (JPO) and 6 local staff members. The Country Representative has been in office since January 2001. The biennial budget for office operations including payroll costs for 2002-2003 was approximately \$700,000. The total budget for the project portfolio was \$3.5 million as of audit date.

3. The audit findings and recommendations were discussed during the exit conferences on 25 October 2003 with the Country Representative, and on 16 December 2003 with the officials of UNODC Partnership in Development Branch and Financial Resources Management Service (FRMS). Furthermore, a draft audit report was shared with Ms. Sumru Noyan, Deputy Executive Director, UNODC on 21 April 2004, whose comments have been reflected in the report in italics. *UNODC has accepted the recommendations and is in the process of implementing them*

II. AUDIT OBJECTIVES

4. The main objectives of the audit were to assess the adequacy and effectiveness of controls to ensure:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations;
- Safeguarding of assets; and
- Compliance with regulations and rules.

III. AUDIT SCOPE AND METHODOLOGY

5. The audit focused on programme activities and office administration from 1 January 2000 to 30 September 2003, with expenditures amounting to \$1.4 million. Our review concentrated on the following projects:

- E72, Drug Abuse Prevention for Street Children and Commercial Sex Workers, with expenditure of some \$116,000;
- F22, Strengthening Treatment and Rehabilitation Services offered by Governments and NGOs, with expenditure of \$372,000;
- G50, Partnership for Drug Abuse and HIV/AIDS Prevention in Nigeria, with expenditure of \$69,000 and budget of \$800,000; and

- UNICRI, Programme of Action against Trafficking in Minors and Young Women from Nigeria into Italy for the Purpose of Sexual Exploitation, with expenditure of \$175,000.

6. The audit also reviewed the progress of projects that opened in July/August 2003:

- G73, Upgrading of the NDLEA Jos Academy to a regional law enforcement training centre, with a budget for Phase 1 of \$1.5 million; and
- R13, Measures to combat trafficking in human beings in Benin, Nigeria and Togo, with a budget of some \$300,000.

7. OIOS reviewed and assessed the adequacy of internal control systems, documents and other records related to operational and financial management activities. OIOS also test-checked on a sample basis, the completeness and accuracy of financial transactions. The auditor carried out various field visits to Abuja's project office and met with officials of the National Drug Law Enforcement Agency (NDLEA), the Nigerian Government counterpart agency.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Programme and Project Management

8. UNODC Country Office, Nigeria currently manages six projects, including one that engages UNOPS as an associate agency. Over the last ten years, the budget for the project portfolio increased from \$1.7 million to \$3.5 million. However, the political instability in Nigeria impeded the flow of aid and funds from donor countries leading UNODC to evaluate whether Nigeria could eventually fund its own drug programmes. OIOS noted the staff's enthusiasm and commitment to the successful implementation of on-going projects and to further developing the project portfolio. Nonetheless, to meet the future challenges in dealing with the increasing number of projects, the existing arrangements for project planning, monitoring and accounting needed improvement. Several other issues in each of the on-going projects also required attention and/or corrective actions.

1. Planning and monitoring

9. UNODC Country Office, Nigeria did not have adequate planning procedures as a basis in guiding project implementation. Project E72 did not have a plan, while plans for projects F22 and G50 were a mere list of activities without detailed cost plans. Consequently, project monitoring proved to be deficient and reporting was limited to processing semi-annual progress reports. *UNODC Country Office, Nigeria prepared monitoring and costed work plans specific for project implementation, as OIOS recommended. In addition, UNODC Country Office, Nigeria planned in-house training sessions on project monitoring in June 2004 and further FRMS training to be held by the end of 2004.*

2. Implementation of project activities

(a) Drug control projects

Project E72: "Drug abuse prevention for street children and commercial sex workers"

10. Under an MOU, UNODC Country Office, Nigeria provided an NGO \$83,500 for project implementation. The project was considered operationally closed when the final project report was issued in May 2003. However, the three counselling facilities, the maintenance of which was the responsibility of the NGO, could not be sustained and had been closed due to lack of funds. *UNODC Country Office, Nigeria assessed the status of the counselling facilities and took remedial actions to ensure the project success.* OIOS also noted that the UNODC Country Office, Nigeria did not regularly hand in semi-annual project reports and the NGO did not submit the required bi-monthly expenditure reports and audit certificates for annual expenditures. *UNODC Country Office, Nigeria implementing OIOS recommendation, secured the required audit certificates.*

Project F22: “Strengthening treatment and rehabilitation services offered by the Governments and NGOs”

11. This two-year project started in January 2002 will close shortly. While the project only had around \$15,000 (excluding staff costs) left for the project activities many of them as of audit date were yet to be carried out. UNODC Country Office, Nigeria should have a strategic plan for the effective completion of the project by focusing on critical activities that enhance the sustainability of the project. Quarterly reporting by the LIPs on project activities could improve post project monitoring. However, the partnership agreement did not contain a clause on the manner of reporting and monitoring of the LIP’ activities.

Recommendation:

- UNODC Country Office, Nigeria should prepare a list of activities with cost estimates, to determine the critical and monitoring activities that need to be carried out under project F22 to achieve a reasonable level of project sustainability (Rec. 01).

12. *In response, UNODC Country Office, Nigeria planned for critical activities including a Programme and Project Committee (PPC) meeting that would map up project sustainability by the end of June 2004.* OIOS keeps the recommendation open, awaiting the result of the PPC meeting.

Project G50: “Partnership for drug abuse and HIV/AIDS prevention in Nigeria”

13. This project, which started in January 2003 with a two-year duration, and a budget of \$800,000, had insufficient oversight arrangements. For example, the project document did not include an allocation for evaluation although UNODC policy requires a mandatory evaluation of all projects with a budget of at least \$500,000. Furthermore, too many members were involved in the Project Advisory Committee, which could affect the project’s operations. *UNODC Country Office, Nigeria, in implementing OIOS recommendation, planned an evaluation mission in October 2004 and adjusted accordingly the costed work plan for project G50 to strengthen oversight arrangements. These included a project evaluation within the framework of the tripartite review to assess Nigeria’s demand reduction portfolio and thematic evaluations to*

identify and share lessons learned. With the merger of the PAC and the tripartite review meetings, attendance would be reduced to 20.

(b) Crime prevention projects

UNICRI Project: “Programme of action against trafficking in minors and young women from Nigeria to Italy for the purpose of sexual exploitation”

14. The project did not have a clear legal basis, as the project document was not approved according to the UNODC project approval procedures. UNODC HQ told UNODC Country Office, Nigeria that no documents should be signed between UNICRI and UNODC Country Office, Nigeria. Nonetheless, the latter implemented the project starting July 2003 with an 18-months duration. The project funded through an allotment advice for office operation (5100), did not reference the project number. This resulted in commingling UNICRI funds with those for office operation and consequently, in ineffective financial controls.

Recommendation:

- UNODC Country Office, Nigeria should prepare a formal agreement with UNICRI, have it approved by UNODC HQ as a project, and separately account for financial transactions related to the UNICRI project (Rec. 02).

15. *UNODC Country Office, Nigeria accepted OIOS’ recommendation and a Letter of Agreement between UNICRI and UNODC is currently being finalized. OIOS will close the recommendation when it receives a copy of the signed agreement.*

Project G73: “Upgrading of the NDLEA Jos Academy to a regional law enforcement training centre”

16. The project’s overall budget for the past 5½ years was \$4.7 million. Since the beginning of phase 1 in July 2003, the project’s budget totaled \$1.5 million. The project was signed on 15 August 2003 when the Nigerian Government deposited \$2 million. OIOS noted the following:

- The Country Representative, modified the project document, in particular the opt-out clause that reads, “...in the course of the first phase of the project, UNODC and Nigerian authorities will do their utmost to mobilize additional funding, for the implementation of phases 2 and 3.” The opt-out clause was revised without prior clearance from UNODC HQ and in contradiction of UNODC rules to change substantive documents that were originally endorsed by UNODC’s Programme and Project Committee (PPC) and approved by the Executive Director. The Country Representative explained that the revised text was introduced to convince the Nigerian Government to contribute \$2 million to the project under a cost sharing arrangement. UNODC HQ maintained that the original opt-out clause was meant to protect UNODC in the event that lack of funds would cause suspension or cessation of project activities, and to protect the credibility of UNODC. OIOS considers the change of the opt-out clause as significant; this change should therefore have been submitted for clearance by UNODC HQ.
- The project concluded under the “cost sharing agreement” put UNODC in a difficult position to match the contribution made by the Nigerian Government. OIOS noted a strong expectation

from the Nigerian Government that UNODC raise funds for project phases 1 and 2 with a total funding of \$3.2 million. Consequently, a funding strategy needed to be developed immediately.

- The project had a \$1 million budget for purchasing equipment. The current practice of UNODC Country Office, Nigeria does not involve UNDP in the procurement process. UNDP only made payments and examined related supporting documents. In the interest of a more effective and transparent procurement process, UNODC should make use of the expertise of UNDP in this area.

Recommendations:

- UNODC Country Office, Nigeria in consultation with UNODC HQ should develop a funding strategy for the subsequent phases of project G73 to ensure adequacy of funds under the cost sharing arrangement with the Nigerian Government (Rec. 03).
- UNODC Country Office, Nigeria should involve UNDP Nigeria in the procurement of project equipment to enhance its transparency (Rec. 04).

17. *UNODC Country Office, Nigeria accepted the recommendations and would discuss the appropriate course of action during the Representatives' Seminar in Vienna in June 2004. Currently the Country Office is using the same business procedures used by the UNODC Regional Office South Africa.* OIOS will close the recommendations upon receipt of a copy of the funding strategy document and confirmation that UNDP is involved in the procurement for project G73.

Project R13: "Measures to combat trafficking in human beings in Benin, Nigeria and Togo"

18. The project started in July 2003 with a one-year duration. There was no clear delineation of responsibilities between UNODC Country Office, Nigeria, UNDP Nigeria and UNOPS (the associated agency) in carrying out different project activities such as organization of meetings and subcontracting. On recruitment of project personnel, it was not clear which party was responsible for preparing TORs, filling vacancies, administering contracts and payments. This could lead to confusion during project implementation, with the risk of delays and inefficiencies.

19. While in the past it had been the practice to engage UNOPS as the administrative service provider for project R13, OIOS does not see the rationale of engaging UNOPS in addition to UNDP. UNDP Nigeria could provide all the administrative services under an MOU between UNDP and UNODC.

Recommendation:

- UNODC Country Office, Nigeria should consult with UNOPS and UNODC HQ to clarify the details of the respective roles and responsibilities to ensure efficient and implementation of project R13 (Rec. 05).

20. *The UNODC Country Office, Nigeria accepted the recommendation and added that UNODC Anti-Human Trafficking Unit and the Africa and Middle East Section, Partnership in Development Branch at the UNODC HQ attempted to clarify the respective roles on project execution between UNODC and UNOPS, with limited results. OIOS keeps the recommendation open, awaiting the result and/or HQ decision on the use of UNOPS for project R13.*

B. Administration

1. Financial management

(a) Local accounting system

21. The arrangements for financial accounting at UNODC Country Office, Nigeria were not adequate. OIOS noted the following:

- There were no separate books of accounts. Payment requests to UNDP Nigeria had not been recorded either in an electronic or manual format. As a result, expenditure reporting by project and by output and/or activity was not available.
- The Finance Assistant, who performed monthly reviews of UNDP IOV statements and made the necessary corrections, was not able to make a thorough reconciliation due to the absence of separate books of accounts.
- UNODC Country Office, Nigeria did not have an adequate system for monitoring and reporting advances made for certain project activities i.e. workshops and Nationwide Assessment Tours that require disbursement of funds to the field. As a result, the complete schedule of advances was not available as of audit date. At the time of the audit, \$50,000 was still outstanding from NDLEA since June and October 2002, and \$18,750 from NPO since August 2002 and 2003.
- A separate set of filing was not maintained for financial transactions. Instead, they were filed with various other documents.

22. In 2002, the absence of an adequate accounting system contributed to late detection of over expenditures of \$41,700 against an allotment of \$220,000. It was only one year later in 2003, when UNDP reported the over expenditures to UNODC HQ. UNODC Country Office, Nigeria provided UNODC HQ with the necessary explanations and justification for over expenditures. UNODC Country Office, Nigeria stated that it had introduced new measures to control spending. However, this could not be determined at the time of the audit.

23. The first measure to control costs is to have an adequate accounting system that includes: appropriate books of accounts, a separate and complete filing of financial documents and reconciliation with UNDP reports. A more effective accounting system would facilitate detailed monitoring of expenditures to improve the decision-making process. UNODC HQ informed OIOS in its response to the audit recommendation on UNODC Iran office, that it had prepared a draft guideline on local level accounting. OIOS expects that once formally issued, the guideline should provide the basis for developing a local level accounting system in UNODC Country Office, Nigeria.

Recommendation:

- UNODC Country Office, Nigeria in consultation with UNODC HQ, should develop an effective field level accounting arrangement that ensures the following:
 - Recording of payment requests by project and budget line with sufficient details, available budget balance and certification on specific vouchers;
 - Recording of obligations, liquidations and advances including their regular follow-up;
 - Complete accounting and reporting per project output and activity;
 - A separate and complete filing system for all financial transactions (Rec. 06).

24. *UNODC Country Office, Nigeria, accepted the recommendation and would include an in-house training starting in June 2004, a component on financial management, monitoring and support functions. A new Lotus Notes based Pencil Ledger would also be implemented by the fall of 2004. OIOS will close the recommendation when it receives a copy of the Pencil Ledger's system description.*

(b) Accounting for local contributions

25. In the absence of clear guidelines from UNODC HQ, UNODC Country Office, Nigeria did not account for locally raised funds as income, but simply credited the amounts to the expenditure line for office operation (5100). This practice prevented full accountability and transparency for locally raised funds. For example, a balance of some \$10,000 from a contribution of \$65,000 for a workshop on HIV/AIDS and Drug funded by UNAIDS in 2002, was still a credit in the 5100 account as of audit date. Furthermore, a balance of Naira 718,810 (\$5,600) from the advance paid to Sheraton Hotel (the workshop venue) did not appear in the UNDP IOV statements. UNODC Nigeria Finance Assistant explained that he had deposited it into the UNDP bank account.

Recommendation:

- UNODC HQ Financial Resources Management Service should issue policies and procedures for the receipt and accounting of locally raised funds (Rec. 07).

26. *UNODC Country Office, Nigeria agreed with the recommendation and plans to issue the Management Instructions (MI) on locally raised funds during the first half of 2004. OIOS will close the recommendation upon receipt of the relevant MIs.*

2. Office relocation to Abuja

27. For several years, the UNODC Country Office, Nigeria has been planning to move to the UN House in Abuja (the capital city of Nigeria). The move, which was envisaged for the end of 2002, had been postponed several times. The Country Representative said that a stronger presence of UNODC Country Office, Nigeria in Abuja is necessary since the project portfolio

requires closer cooperation and coordination with the Nigerian Government agencies located in Abuja. Furthermore, UNDP planned to relocate its core staff members including its Finance staff to Abuja in early 2004. Thus, UNODC Country Office, Nigeria secured a temporary office from one of the Government agencies (ICPC) in Abuja to accommodate staff until the renovations were completed. In addition to establishing an office in Abuja, UNODC Country Office, Nigeria also expected to keep its office in Lagos for certain drug related projects. *Implementing OIOS recommendation, UNODC Country Office, Nigeria developed a plan of action for relocating to Abuja and a strategy for operating in multiple locations. It also entered into a formal agreement with the government agency, ICPC, on the use of the premises in Abuja.*

28. In anticipation of the office move, UNODC Country Office, Nigeria paid a relocation package amounting to \$57,000. This package, based on a decision by the UN management group in Nigeria, was intended to help staff relocate to Abuja as the move at that time was envisaged as definite. However, as there was still no planned date for the relocation, UNODC Country Office, Nigeria did not have any arrangement for recovery of the relocation package in case staff members chose not to relocate to Abuja or were separated from service before the move. OIOS considers it as inappropriate that these payments were made before the move took place and without any provision for recovery.

Recommendation:

- UNODC Country Office, Nigeria should put in place an arrangement to ensure recovery of the relocation package of \$57,000 already paid if staff members do not relocate within a reasonable timeframe (Rec. 08).

29. *UNODC Country Office, Nigeria accepted the recommendation and plans to implement it by the end of July 2004.* OIOS will close the recommendation when UNODC confirms either that the three staff members have actually relocated to Abuja or that the relocation payments made have been recovered.

3. Other Administrative matters

(a) Training and performance appraisal

30. Practically no training was provided to the staff. Training is a prerequisite to improve the competencies and efficiencies of staff members specifically in IT, UN/UNODC Regulations and Rules, and procurement. The UN Performance Appraisal System (PAS) requires identification of training for career development. However, UNODC Country Office, Nigeria only carried out formal performance appraisals for staff members funded through the office budget and excluded project staff. UNODC Country Office, Nigeria could avail itself of training courses offered through other UN agencies in Lagos. *UNODC Country Office, Nigeria agreed to OIOS' recommendation to develop and implement a staff- training plan for all its staff members.*

(b) Office administration

31. Below is a summary of the areas in general administration that needed further improvement:

- Filing - UNODC Country Office, Nigeria compiled all documents in two files: an Office file and a Project file. However, the Project file was not detailed and there was no standard documentation for each output/activity; the respective roles and responsibilities of the Administrative/Finance Assistant and Project Officer for filing documents were not clear; and there was no network drive to store and share electronic files.
- IT Plan – UNODC Country Office, Nigeria needed a long term IT plan that explores the opportunities that technology could provide to improve operations. The plan should identify necessary IT skills and system requirements.
- Host Country Agreement – There was no host country agreement established between the Nigerian Government and UNODC Country Office, Nigeria. The Country Representative explained that the establishment of UNODC Country Office, Nigeria comes under an agreement between UNDP and the Nigerian Government, but could not provide the auditor with a document to that effect. A new agreement should be considered to reflect the official status of the office as a Country Office of UNODC and include a definition of its function, privileges and immunities for its operations and staff members.
- Inventory Control – The inventory list for office and project equipment should include the purchase date, identification number and current location.

Recommendation:

- UNODC Country Office, Nigeria should establish an IT plan and explore the use of IT to improve project management and office administration including the filing system. The inventory list for office and project equipment should include: the purchase date, identification number and current location (Rec. 09).

32. *UNODC Country Office, Nigeria agreed to implement the recommendation by the end of 2004. UNODC is looking into a new computerized inventory system for year-end and accounting purposes. OIOS will close the recommendation open, awaiting an IT plan for UNODC Country Office, Nigeria and confirmation of the implementation of the new inventory system.*

(c) Local level service agreement with UNDP

33. UNDP Nigeria provided administrative services to UNODC Country Office, Nigeria, charging at a rate it similarly applies to all the other UN agencies. The charges for common costs (maintenance of common premises and services) to UNODC Country Office, Nigeria amounted to some \$55,000 from 2001 to 2003, and for support costs, at around \$27,000 from 2001 to 2002 (estimates). UNODC Country Office, Nigeria had not received from UNDP Nigeria baseline figures such as number of personnel actions, and vouchers, etc., to substantiate support costs, as well as the actual charges for 2002. In addition, since there had not been formal service agreement at the local level, the respective roles and responsibilities of UNODC Country Office, Nigeria and UNDP Nigeria were not clear. Unclear terms on administrative services prevented UNODC Country Office, Nigeria to effectively monitor and evaluate the quality of services of UNDP Nigeria. Furthermore, as operating procedures were not clear, UNODC Country Office, Nigeria inconsistently applied regulations and rules.

34. In March 2004, UNODC and UNDP signed a new Memorandum of Understanding for UNDP Cost Recovery for Services at the Country Programme Level. In line with previous audit recommendations in the audit of UNDP service arrangements, OIOS expects that UNODC will provide guidance to the field offices in establishing and assessing performance indicators for UNDP provided services. The guidance will need to clarify the responsibilities and roles for financial and administrative management services of UNODC and UNDP field offices and the applicable regulations, rules and procedures for finance, personnel, travel, and procurement to be observed by both field offices.

V. FURTHER ACTIONS REQUIRED ON RECOMMENDATIONS

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

Rec. no.	Action/ document required to close the recommendation
1	Copy of the result of the PPC meeting in June 2004
2	Copy of the signed Letter of Agreement between UNICRI and UNODC
3	Copy of the funding strategy document
4	Copy of the confirmation that UNDP Nigeria is involved in the procurement of project equipment specifically for project G73
5	Copy of the results/HQ decision on the use of UNOPS for project R13
6	Copy of the system description for the Lotus Notes based Pencil Ledger
7	Copy of the Management Instructions on locally raised funds
8	Confirmation that staff have relocated to Abuja or that relocation grant has been recovered
9	Copy of the IT plan and confirmation of the implementation of the new inventory system

VI. ACKNOWLEDGEMENT

36. I wish to express my appreciation for the assistance and cooperation extended to the auditor by the staff of UNODC in Lagos and Vienna.

Egbert C. Kaltenbach, Director
Internal Audit Division II
Office of Internal Oversight Services