INTERNAL AUDIT DIVISION

REPORT 2014/068

Audit of the United Nations Office on Drugs and Crime Intelligence and Law Enforcement Systems project

Overall results relating to management of the Intelligence and Law Enforcement Systems project were initially assessed as partially satisfactory. Implementation of seven important recommendations remains in progress.

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

23 July 2014
Assignment No. AE2013/365/01

CONTENTS

AUDIT REPORT

Audit of the United Nations Office on Drugs and Crime Intelligence and Law Enforcement Systems project

I. BACKGROUND

1.   The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Office on Drugs and Crime (UNODC) Intelligence and Law Enforcement Systems project (also known as the GLOT29 project based on its project code identifier).

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 mandate to implement the GLOT29 project was approved in 2008 by the UNODC Project Planning Committee (PPC), whose task was to review UNODC projects for quality, appropriateness, coherence and feasibility, and subsequently endorsed by the UNODC Executive Director. The objective of the project was to increase the capacity of Member States to effectively detect and investigate crime, drug trafficking, corruption, money laundering and terrorist financing by providing them with Information Technology (IT)-based tools. This included two products known as goAML (anti-money laundering) and goCASE (investigative case management) which were developed as part of a previous project in the UNODC Country Office in Nigeria. A third product called goPRS (public procurement review) was under development. The GLOT29 project document also listed other "go" family software products that were to be developed in the future, including goEFS (electronic fingerprint solution), goASSESS (assessment tool), goINTEL (intelligence system) and goATR (asset tracking and recovery).

4.   The core part of the project was the provision of goAML and goCASE to Member States, including installation, maintenance and regular enhancement, as well as training of users. The products were provided free to Member States but UNODC charged fees to reimburse UNODC for the cost of installation, training and maintenance. The fees were paid by the countries acquiring the products or donors willing to assist them, and were treated as donations to the project. Contractual instruments used included Service Level Agreements (SLA) outlining the details of the installation, training and maintenance services UNODC was to provide and Financial Agreements outlining the financial aspects of the agreements and fees to be paid. The other segment of the project was the development of goPRS which was being done as a separate sub-project under GLOT29 (called the BPP Project) and funded by a Member State.

5.   The GLOT29 project was designed as a "global project", i.e. a project that was managed from UNODC headquarters but implemented globally. It was initiated and was being implemented by the UNODC Information Technology Service (ITS), located under the United Nations Office at Vienna (UNOV)/UNODC Division for Management. The goAML and goCASE segments of the project had thirteen staff members including two professional staff (one P-2 and one P-3) responsible for the software products and eleven general service staff. The BPP project was coordinated by a P-4 staff member and supported by two software developers (general service staff based in Vienna) and 13 short-term national service contract personnel based in Nigeria. The P-4 staff member supported the BPP project and other projects in addition to his core function as Chief, Corporate Networks Unit and his salary costs were apportioned to the projects based on the time he spent working on the projects. All three professional staff under the GLOT29 project reported directly to the Chief of ITS.

6.   The GLOT29 project was fully funded from the fees billed to Member States acquiring the products. As at 31 December 2013, total fees billed were $19.3 million ($14.8 million for goAML and goCASE combined, and $4.5 million for goPRS). Total expenditure was $10.6 million ($8.1 million for goAML/goCASE and $2.5 million for goPRS). The number of agreements in place had increased from four in 2008 when the project was initiated to 22 in 2013. Eight of the existing SLAs as at 31 December 2013 had an end date of 2015 and another seven had an end date of 2016.

7.   Comments provided by UNODC are incorporated in italics.

II.   OBJECTIVE AND SCOPE

8.   The audit was conducted to assess the adequacy and effectiveness of UNODC governance, risk management and control processes in providing reasonable assurance regarding the **effective management of the Intelligence and Law Enforcement Systems (GLOT29) project**.

9.   The audit was added to the 2013 internal audit work plan at the request of UNOV/UNODC in view of the risk that potential weaknesses in governance, oversight and project management could prevent the GLOT29 project from achieving its objectives.

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

    (a)   **Strategic planning and risk management mechanisms** – controls that provide reasonable assurance that UNODC has developed an appropriate strategy to effectively implement the GLOT29 project and adequately assessed and mitigated the risks related to the achievement of the project's objectives.

    (b)   **Project management capacity** - controls that provide reasonable assurance that UNODC has adequate resources, policies, tools, methodology and systems to plan, budget, implement, report and monitor the GLOT29 project activities effectively.

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

12.   OIOS conducted this audit from October 2013 to March 2014. The audit covered the period from the project initiation in July 2008 to 31 December 2013.

13.   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

14.   The UNODC governance, risk management and control processes examined were assessed as **partially satisfactory** in providing reasonable assurance regarding the **effective management of the Intelligence and Law Enforcement Systems (GLOT29) project**. OIOS made seven recommendations to address the issues identified in the audit.

15.   Strategic planning and risk management mechanisms were assessed as partially satisfactory because there was a need to develop a comprehensive business case for UNODC involvement in the "go" family software products as a long term area of its work. There was also a need to strengthen the strategy section of the GLOT29 project document and the strategic alignment of the project with the thematic priorities of UNODC. In addition, there was a need to clarify the responsibilities for managing and overseeing the GLOT29 project.

16.   Project management capacity was assessed as partially satisfactory because there was a need to determine the staff requirements for implementing the project and to establish an appropriate model for adjusting staffing levels depending on the number of countries using the software products provided. There was also a need to formalize the approach and methodology for computing the fees charged to countries for installation and maintenance of the products. In addition, UNODC needed to establish guidelines for planning, approving and monitoring the development of new software products or significant enhancements to existing products. The arrangements for planning and monitoring the activities related to installation and post-installation support of the products also needed to be strengthened. With respect to financial management, there was a need to establish appropriate arrangements to ensure that project funds were appropriately budgeted and accounted for and accurately reported on.

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 the implementation of seven 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 Intelligence and Law Enforcement Systems (GLOT29) project	(a) Strategic planning and risk management mechanisms	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Project management capacity	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A.   Strategic planning and risk management mechanisms

Need to develop a comprehensive business case for the "go" family software products as a long term activity, as well as a strategy for implementing the GLOT29 project

18.   The GLOT29 project document did not adequately include a business case for maintaining and supporting the software products as a long term activity of UNODC that was to be fully funded from the installation and maintenance fees charged to users. GLOT29 was presented and approved as a project with an end date of 31 December 2014. However, it was designed and operated as a programme that could go on for years and that could potentially significantly expand if the number of Member States

targeted to use the existing software products, goAML and goCASE, was achieved and new products developed as envisioned. The strategy section of the project document stated that UNODC would continue supporting the products indeterminately as long as Member States continued to use them. This was inconsistent with the statement in the sustainability section of the project document which stated that the principal aim of the project was to develop and deploy sustainable IT systems that after installation and training could be operated by users with minimal further input and assistance from UNODC. The project document also did not include an exit strategy should UNODC decide to discontinue supporting the products.

19.   Prior to the establishment of GLOT29, there was only one other relatively smaller project (the National Drug Control System project) where ITS was installing and maintaining a software solution as a long term project funded from fees charged to Member States. Therefore, the implementation of GLOT29 significantly expanded the UNODC initiative of providing IT tools as long term standalone technical cooperation programmes/projects and the case for this expansion should have been more comprehensively assessed and justified. There was also no regular review of the business case for continued provision of each of the software products. There were letters from Member States expressing their satisfaction with the goAML and goCASE products and the results of the survey carried out by OIOS during the audit showed that Member States were generally appreciative of these products and wanted UNODC to continue providing and supporting them. However, an independent evaluation had not been carried out to provide UNODC with more comprehensive information on the relevance and impact of these software solutions.

20.   In addition, although the GLOT29 project document included a section that explained the project's linkage to the UNODC mandate and strategic goals, the integration of the software products with the UNODC thematic programmes was not adequately addressed in the project document. The inter-divisional steering committee for the GLOT29 project in its meeting of 28 January 2011 addressed the need to integrate the activities under GLOT29 with the thematic and regional programmes and to involve relevant parts of the Office. However, appropriate action in this regard was not taken and even the last draft revision of the project document dated April 2013 was not integrated with the new UNODC integrated programming approach adopted in 2010 and the seven new UNODC thematic programmes.

21.   The strategy section of the GLOT29 project document also did not include measures to address major risk factors pertaining to the project. Furthermore, in its meeting held on 24 July 2008, PPC indicated that if the project developed into a global programme, it would raise several policy questions that needed to be brought to the attention of the UNODC Executive Committee (EXCOM). The policy implications alluded to by PPC related to the operating modalities of GLOT29 discussed later in this report, such as the project structure, staffing requirements, costing arrangements, project management mechanisms and legal questions, which were not adequately addressed in the project document as part of the implementation strategy for the project. In 2013, UNODC abolished the concept of global projects and developed new policies and guidelines for "global programmes". However, and despite the previous concerns raised by PPC, there was no requirement for re-planning and ongoing review of previously approved planning documents for global projects, including those related to GLOT29.

> **(1) UNODC should, as a matter of priority, prepare a revised planning document for the GLOT29 project that includes: (i) a comprehensive business case for UNODC involvement in the "go" family software products that should be approved by the Executive Director; (ii) details of how the project will be aligned with the thematic programmes in the UNODC strategic framework; (iii) a comprehensive strategy for implementing the project to be presented to the UNODC Executive Committee, including a risk management strategy and an exit strategy in case UNODC opts not to implement the project as an open ended activity upon review of the business case.**

> *UNODC accepted recommendation 1 and stated that it would prepare a revised planning document for GLOT29 that would address all the points raised in the recommendation, i.e.: (i) approved comprehensive business case for UNODC involvement in the "go" family software products; (ii) details of the project's alignment with the thematic programmes; and (iii) comprehensive strategy for implementing the project. The revised planning document would be submitted to the Executive Director for approval and separate presentations would be made to the Executive Committee. Recommendation 1 remains open pending receipt of the revised planning document for GLOT29 addressing all the points raised in the recommendation.*

Need to clarify the responsibilities for managing and overseeing the GLOT29 project

22.   The GLOT29 project document approved by PPC on 24 July 2008 required a steering committee headed by the Head of Law Enforcement, Organized Crime and Anti-Money Laundering Unit of the Division for Operations to be set up to oversee the project and to ensure regular interaction between ITS as the implementer of the project and the substantive UNODC divisions. Both EXCOM and PPC also reiterated the need for ITS to work in close cooperation with substantive divisions in various meetings between 2008 and 2010. Although the steering committee was established, it met only five times during 2010 and 2011 and the meetings were chaired by ITS and not the Head of Law Enforcement, Organized Crime and Anti-Money Laundering Unit as required. It also never established formal terms of reference despite its own decision in June 2010 that "the steering committee for GLOT29 should review its procedures and memberships and seek involvement of field representatives". After its January 2011 meeting, the committee never met again.

23.   In the absence of an effective steering committee with clear terms of reference, the project oversight and coordination arrangements with the substantive divisions and field offices were weak. After 2011, ITS continued both developing new systems and enhancing existing ones without involvement of the steering committee. Furthermore, the general practice in UNODC was that the tools required to address the needs of Member States were identified by the thematic branches or field offices that had the necessary substantive and legal expertise. ICT solutions that were considered technical cooperation products could therefore not be structurally independent from the thematic branches. While ITS argued that it historically had a mandate for involvement in and leading direct technical cooperation activities, OIOS was not provided with documentary evidence in this regard. The Secretary-General's Bulletin on the organization of UNODC stated that the mandate of ITS was to provide information technology and substantive information management services for the United Nations Secretariat entities in Vienna and for the field offices of UNODC.

> **(2) UNODC should: (a) resolve the issue concerning the responsibility for managing the GLOT29 project; (b) define clear terms of reference for the project's steering committee; and, (c) ensure that the steering committee provides effective coordination and project oversight.**
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> *UNODC accepted recommendation 2 and stated that the following actions would be taken: (a) the overall responsibility for the management of GLOT29 would be addressed in conjunction with the implementation of recommendation no. 1; (b) a Project Steering Committee would be established and its Terms of Reference would be drawn up; (c) the Committee would document how effective coordination and project oversight should be carried out. Recommendation 2 remains open pending receipt of the revised structure for the management and oversight of the GLOT29 project.*

B.   Project management capacity

<u>Need to determine the staff requirements for implementing the GLOT29 project and establish an appropriate model for adjusting staffing levels depending on the number of agreements in place</u>

24.   The goAML and goCASE segments of the GLOT29 project were authorized to have a maximum of 32 posts according to the project document revision approved in May 2010. The actual posts were established over the years as new SLAs were signed and funding became available. However, there were no clearly documented criteria used to determine the number of posts needed or which of the approved posts were to be prioritized. The reasons documented in the project and budget revisions were generic and focused on justifying the rationale for the new posts without a holistic review of the overall staffing level and mix needed for the segment on the basis of the number of agreements already entered into and the funding available.

25.   In addition, a project coordinator had never been formally appointed during the six years of project implementation. The staff member occupying the P-2 post acted as a project coordinator without being formally appointed for that role. This was not appropriate because the project had staff of a higher grade and also because the P-2 was largely involved in installation and maintenance work and travelled frequently, which limited the amount of time available to him to focus on project management issues. It would have been essential for the staffing requirements to be appropriately justified and regularly assessed as they formed the most significant portion of the fees billed to Member States.

> **(3) UNODC should determine the staff requirements for implementing the goAML and goCASE segments of the GLOT29 project and how they will be funded, and adopt a flexible model for use in increasing or decreasing the number of staff as the number of agreements increases or decreases. Once this is done, UNODC should, as a matter of priority, formally appoint a project coordinator for the project.**
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> *UNODC accepted recommendation 3 and stated that a costed flexible staffing model would be prepared by ITS, and submitted to and cleared by the Financial Resources Management Service (FRMS) and the Human Resources Management Service (HRMS). Following the implementation of recommendation no. 1, the recruitment process for the post of Chief, Global Software Products Section, who would act as overall project coordinator, would be initiated and the post filled up. Recommendation 3 remains open pending receipt of the flexible staffing model and the vacancy announcement for the project coordinator post.*

<u>Need to review and formalize the approach and methodology for computing fees charged to Member States for installation and maintenance of the software products</u>

26.   The methodology used to compute the fees to be charged to Member States had not been addressed in the GLOT29 project document. There were also no formal guidelines or criteria, approved by Senior Management, to determine the estimated work months and the travel and equipment costs chargeable as fees. An analysis of the costing for 16 agreements showed that there were unexplained variations in staff time estimates, travel costs and equipment costs used in computing the fees charged to Member States. Further, the methodology did not take into consideration the fact that some of the costs were fixed costs that should have been shared and therefore, the cost per agreement of such costs should have reduced as the number of agreements increased. Such costs, including salary costs and an amount referred to as "equipment costs and other overhead costs", were included in the computation of fees to be billed to each country without consideration of what the total salary and equipment costs were estimated to be.

27.   The deficiencies noted in the methodology would not have mattered if the fees billed were considered as advance payments and any amounts overbilled refunded to the Member States or applied against future maintenance fees due. However, the funds were managed as a pool and the issue of how the difference between the fees billed and actual expenditure incurred (over- or under-recoveries) would be used or distributed amongst the various Member States had not been addressed. This was contrary to the United Nations administrative instruction on technical cooperation trust funds, which requires donors to be consulted on how to use surpluses at the end of the project period. In practice, the over- or under-recoveries continued to be rolled over to subsequent years without an assessment of whether there were over- or under-recoveries and, in case there were, how to deal with them. As at 31 December 2013, there was a surplus of $2.3 million relating to product installation and maintenance fees for 2013 and earlier years that had not been utilized. This essentially represented the cumulative reserve arising from over-recoveries over the years.

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(4) UNODC should review and revise the costing methodology used for the GLOT29 project, including: (i) establishing an objective basis for computing cost estimates; and (ii) establishing arrangements for dealing with over- or under-recoveries of costs.

UNODC accepted recommendation 4 and stated that it would establish an objective basis for computing cost estimates and would also improve income recording and income projections. Recommendation 4 remains open pending receipt of the revised costing methodology and details of how over- or under-recoveries will be addressed in the future.

No major problems were noted with respect to ownership of goAML and goCASE

28.   UNODC did not need to formally register ownership of the software products with the World Intellectual Property Organization because computer programmes were protected as literary works under the Berne Convention for the Protection of Literary and Artistic Works. In addition, the United Nations staff rule 1.9b stated that all rights including copyrights in any work performed by a staff member as part of his or her official duties should be vested in the United Nations. The individual staff members involved in the development of the software products under the GLOT29 project could therefore also not claim ownership rights for the products. Although ITS did not have documentation showing that the donor who funded the initial development of the goAML and goCASE software products had allowed UNODC to own the products, no concerns had been raised by the donor or the country. The project was also cleared by the UNODC legal office.

Need to establish guidelines for planning, approving and monitoring projects to develop new software products or to significantly enhance existing products

29.   The development of new software products such as goPRS, and significant enhancements to existing ones such as the new edition of goAML developed for and funded by a Member State at a cost of approximately $900,000, were major projects that required separate planning documents to ensure that they were appropriately planned and approved. The UNODC Programme and Operations Manual required that the standard UNODC project document format be used as a basis for the planning of any project. While the UNODC project document format provided important guidance and quality standards that would have been useful in planning some aspects of the product development or product enhancement projects, the development or enhancement of IT products was different from other regular technical cooperation projects and required additional guidance to ensure that they were consistent with best practices. The GLOT29 project document did not address how the product development projects would be planned, approved and monitored and the product development methodology to be utilized.

30.   As a result, there were deficiencies in planning for the development of goPRS and the new goAML edition. Important elements, such as staffing arrangements, the planning and monitoring framework, the product development cycle, sustainability issues and coordination arrangements, were not adequately documented, reviewed and approved. While relevant substantive divisions and field offices were kept informed of the progress in the development of goPRS as well as project staff visits to the countries, this was not appropriately done in the case of goAML. Also, in both cases, the substantive offices of UNODC were not involved in providing any technical input into the development process. Therefore, UNODC lost opportunities to optimising synergies with the field offices' activities and the use of in-house substantive knowledge and expertise.

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(5) UNODC should establish guidelines for planning, approving and monitoring the development of new products or significant enhancements to existing ones under the framework of the GLOT29 project.

UNODC accepted recommendation 5 and stated that the project team would develop a business case for products that could potentially be included in the "go" product package. The business case would include the recommended guidelines for planning, approving and monitoring of new "go" products. The business case would be submitted to the Project Steering Committee for its review and subsequent recommendation to the Executive Committee for approval. Recommendation 5 remains open pending receipt of evidence that guidelines for planning, approving and monitoring the development of new software products or significant enhancements of existing software products have been established and approved.

Need to strengthen and formalize the arrangements for planning and monitoring the activities related to installation and post-installation support of goAML and goCASE

31.   The GLOT29 project had grown as new countries acquired the software products and was likely to grow further if UNODC was to continue with the project in the future. However, the processes and procedures for the planning and monitoring of the activities related to the installation and post-installation support of the products were not formally documented and formalized, resulting in inconsistencies. For example, there was a need for a tool to monitor that commitments made for travel to install new products or for the annual maintenance visits were met and significant variations explained. There was also a need to clarify the targeted frequency of enhancements to the products and to improve the related prioritization, consultation and testing processes. In addition, there was a need to clarify the minimum information that should be included in the mission reports and to consistently obtain feedback from training participants as a quality control and lessons learned tool.

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(6) UNODC should strengthen and formalize the arrangements for planning and monitoring the activities related to installation and post-installation support of goAML and goCASE.

UNODC accepted recommendation 6 and stated that the implementation of this recommendation would depend on the resolution/implementation of recommendation nos. 1 and 2. The project management team would prepare a detailed planning and monitoring document which would be submitted to the Project Steering Committee for approval. Recommendation 6 remains open pending receipt of evidence of the formalization of the arrangements for planning and monitoring the activities related to installation and post-installation support of the software products.

<u>Need to establish appropriate arrangements for budgeting and accounting for GLOT29 funds</u>

32.   Although separate costing schedules were prepared for each SLA showing the staff, travel and equipment and other overhead costs that were estimated, the funds received were budgeted and accounted for as a pool. No other mechanism was established to track the costs associated with each SLA or product. As a result, there was inadequate assurance that funds received for each product and for enhancements were utilized as intended. As the expenditures associated with each product were not tracked, there was no information on the breakdown of the total expenditures pertaining to goAML and goCASE. This adversely affected the ability to monitor the success or sustainability of each product. Further, there was no available information on the total expenditures related to enhancements. This was needed because UNODC may be required to capitalize or disclose them in the financial statements to comply with the International Public Sector Accounting Standards. Further, there was inadequate information to prepare financial information for donors who required reports on how their portion of funds was used.

33.   The rationale for determining the GLOT29 portion of costs shared with other projects had also not been established and documented. Review of the staffing costs charged to the project identified some costs that were not related to project activities. These included the cost of the Training Manager who was charged to the goAML/goCASE staff budget account for the period from 1 January 2011 to 30 September 2013. ITS explained that the training manager supported all ITS projects and therefore the costs were shared amongst the various projects. However, the rationale for charging GLOT29 with the training manager's salary for 2 years and 9 months continuously was not documented and justified.

> **(7) UNODC should establish appropriate arrangements for budgeting and accounting for GLOT29 funds including: (a) establishing separate accounts for each Service Level Agreement or, at a minimum, separate accounts for goAML and goCASE, the costs of enhancements, and the costs relating to agreements where donors have requested financial statements; and (b) clearly documenting the rationale used to determine the GLOT29 portion of expenses shared with other projects.**
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> *UNODC accepted recommendation 7 and stated that the arrangements/procedures for budgeting and accounting for GLOT29 funds would be established, as follows: (a) separate segments for goAML and goCASE would be created and enhancement costs would be tracked. Costs would also be tracked in relation to agreements where donors requested financial statements; (b) shared costs would be determined/documented and submitted to FRMS for clearance.* Recommendation 7 remains open pending receipt of documentation on the revised arrangements for budgeting and accounting for GLOT29 funds.

IV.   ACKNOWLEDGEMENT

34.   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 Intelligence and Law Enforcement Systems project

Recom. no.	Recommendation	Critical[1]/ Important[2]	C/ O[3]	Actions needed to close recommendation	Implementation date[4]
1	UNODC should, as a matter of priority, prepare a revised planning document for the GLOT29 project that includes: (i) a comprehensive business case for UNODC involvement in the "go" family software products that should be approved by the Executive Director; (ii) details of how the project will be aligned with the thematic programmes in the UNODC strategic framework; (iii) a comprehensive strategy for implementing the project to be presented to the UNODC Executive Committee, including a risk management strategy and an exit strategy in case UNODC opts not to implement the project as an open ended activity upon review of the business case.	Important	O	Submission to OIOS of the revised planning document for GLOT29 addressing all the points raised in the recommendation.	30 November 2014
2	UNODC should: (a) resolve the issue concerning the responsibility for managing the GLOT29 project; (b) define clear terms of reference for the project's steering committee; and, (c) ensure that the steering committee provides effective coordination and project oversight.	Important	O	Submission to OIOS of the revised structure for the management and oversight of the GLOT29 project.	31 January 2015
3	UNODC should determine the staff requirements for implementing the goAML and goCASE segments of the GLOT29 project and how they will be funded, and adopt a flexible model for use in increasing or decreasing the number of staff as the number of agreements increases or decreases.	Important	O	Submission to OIOS of the flexible staffing model and the vacancy announcement for the project coordinator post.	30 April 2015

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[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.

[3] C = closed, O = open

[4] Date provided by UNODC in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the United Nations Office on Drugs and Crime Intelligence and Law Enforcement Systems project

Recom. no.	Recommendation	Critical[1]/ Important[2]	C/ O[3]	Actions needed to close recommendation	Implementation date[4]
	Once this is done, UNODC should, as a matter of priority, formally appoint a project coordinator for the project				
4	UNODC should review and revise the costing methodology used for the GLOT29 project, including: (i) establishing an objective basis for computing cost estimates; and (ii) establishing arrangements for dealing with over- or under-recoveries of costs.	Important	O	Submission to OIOS of the revised costing methodology and details of how over- or under-recoveries will be addressed in the future.	31 December 2014
5	UNODC should establish guidelines for planning, approving and monitoring the development of new products or significant enhancements to existing ones under the framework of the GLOT29 project.	Important	O	Submission to OIOS of evidence that guidelines for planning, approving and monitoring the development of new software products or significant enhancements of existing software products have been established and approved.	30 April 2015
6	UNODC should strengthen and formalize the arrangements for planning and monitoring the activities related to installation and post-installation support of goAML and goCASE.	Important	O	Submission to OIOS of evidence of the formalization of the arrangements for planning and monitoring the activities related to installation and post-installation support of the software products.	30 April 2015
7	UNODC should establish appropriate arrangements for budgeting and accounting for GLOT29 funds including: (a) establishing separate accounts for each Service Level Agreement or, at a minimum, separate accounts for goAML and goCASE, the costs of enhancements, and the costs relating to agreements where donors have requested financial statements; and (b) clearly documenting the rationale used to determine the GLOT29 portion of expenses shared with other projects.	Important	O	Submission to OIOS of documentation of the revised arrangements for budgeting and accounting for GLOT29 funds.	30 September 2014

APPENDIX I

Management Response

Management Response

Audit of the United Nations Office on Drugs and Crime Intelligence and Law Enforcement Systems project

Rec. no.	Recommendation	Critical1/ Important 2	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	UNODC should, as a matter of priority, prepare a revised planning document for the GLOT29 project that includes: (i) a comprehensive business case for UNODC involvement in the "go" family software products that should be approved by the Executive Director; (ii) details of how the project will be aligned with the thematic programmes in the UNODC strategic framework; (iii) a comprehensive strategy for implementing the project to be presented to the UNODC Executive Committee, including a risk management strategy and an exit strategy in case UNODC opts not to implement the project as an open ended activity upon review of the business case.	Important	Yes	Chief, Information Technology Service (ITS)	November 2014	UNODC agreed with the recommendation and will prepare a revised planning document for GLOT29 that addresses all the points raised in the recommendation, i.e., (i) approved comprehensive business case for UNODC involvement in the "go" family software products; (ii) details of project's alignment with the thematic programmes; (iii) comprehensive strategy for implementing the project. The revised planning document will be submitted to the Executive Director for approval. Separate presentations will be made to the

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[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.

Management Response

Audit of the United Nations Office on Drugs and Crime Intelligence and Law Enforcement Systems project

Rec. no.	Recommendation	Critical1/ Important 2	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						Executive Committee (ExCom).
2	UNODC should: (a) resolve the issue concerning the responsibility for managing the GLOT29 project; (b) define clear terms of reference for the project's steering committee; and, (c) ensure that the steering committee provides effective coordination and project oversight.	Important	Yes	Director, Division for Management in coordination with the Divisional Directors of UNODC, the Chief of ITS and the Chief, Office of the Executive Director	a. November 2014 b. January 2015 c. January 2015	UNODC agreed with the recommendation and the following actions will be taken: (a) The overall responsibility for the management of GLOT29 will be addressed/tackled in conjunction with the implementation of recommendation no. 1. (b) A Project Steering Committee will be established and its Terms of Reference (TOR) will be drawn up. (c) The committee will document how effective coordination and project oversight is carried out.
3	UNODC should determine the staff requirements for implementing the goAML and goCASE segments of the GLOT29 project and how they will be funded, and adopt a flexible model for use in increasing or decreasing the number of staff as the number of agreements increases or decreases. Once this is done, UNODC should, as a matter of priority, formally appoint a project coordinator for the project.	Important	Yes	Chief, ITS in coordination with the respective Chiefs of Human Resources Management	November 2014 (adoption of a flexible model) April 2015 (appointment of a Project Coordinator)	UNODC agreed with the recommendation. A costed flexible staffing model will be prepared by ITS, submitted to and cleared by FRMS and HRMS. Following the implementation of recommendation no. 1, the recruitment process for the post of Chief, GSPS who will act as overall

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Rec. no.	Recommendation	Critical1/ Important 2	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
				Service (HRMS) and of the Financial Resources Management Service (FRMS)		project coordinator will be initiated and the post filled up.
4	UNODC should review and revise the costing methodology used for the GLOT29 project, including: (i) establishing an objective basis for computing cost estimates; and (ii) establishing arrangements for dealing with over- or under-recoveries of costs.	Important	Yes	Chief, ITS in coordination with the Chief, FRMS	December 2014	UNODC agreed with the recommendation and will establish an objective basis for computing cost estimates and will improve income recording and income projections.
5	UNODC should establish guidelines for planning, approving and monitoring the development of new products or significant enhancements to existing ones under the framework of the GLOT29 project.	Important	Yes	Chief, ITS	April 2015	UNODC agreed with the recommendation. The project team will develop a business case for products that could potentially be included in the "GO" product package. The business case will include the recommended guidelines for planning, approving and monitoring of new "GO" products. The business case will be submitted to the Project Steering Committee for its review and subsequent recommendation to the ExCOM for approval.
6	UNODC should strengthen and formalize the arrangements for planning and monitoring the	Important	Yes	Chief, ITS	April 2015	The implementation of this recommendation will depend on the

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Rec. no.	Recommendation	Critical1/ Important 2	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	activities related to installation and post-installation support of goAML and goCASE					resolution/implementation of recommendation nos. 1 and 2. The project management team will prepare a detailed planning and monitoring document which will be submitted to the Project Steering Committee for approval.
7	UNODC should establish appropriate arrangements for budgeting and accounting for GLOT29 funds including: (a) establishing separate accounts for each Service Level Agreement or, at a minimum, separate accounts for goAML and goCASE, the costs of enhancements, and the costs relating to agreements where donors have requested financial statements; and, (b) clearly documenting the rationale used to determine the GLOT29 portion of expenses shared with other projects.	Important	Yes	Chief, ITS in coordination with the Chief, FRMS	(a) August 2014 (b) September 2014	UNODC agreed with the recommendation. The arrangements/procedures for budgeting and accounting for GLOT29 funds will be established: (a) Separate segments for goAML and goCASE will be created and enhancement costs will be tracked. Costs will also be tracked in relation to agreements where donors requested financial statements. (b) Shared costs will be determined/documented and submitted to FRMS for clearance.