



INTERNAL AUDIT DIVISION

REPORT 2014/013

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

Overall results relating to the management of the operations in Bolivia were initially assessed as partially satisfactory. Implementation of nine important recommendations remains in progress.

**FINAL OVERALL RATING: PARTIALLY
SATISFACTORY**

26 March 2014

Assignment No. AE2013/366/04

CONTENTS

	<i>Page</i>
I. BACKGROUND	1-2
II. OBJECTIVE AND SCOPE	2
III. AUDIT RESULTS	2-9
A. Strategic planning and risk management	3-6
B. Project management	6-8
C. Regulatory framework	8-9
IV. ACKNOWLEDGEMENT	9
ANNEX I Status of audit recommendations	
APPENDIX I Management response	

AUDIT REPORT

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

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 Bolivia.

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. UNODC operations in Bolivia were implemented by the UNODC Country Office in Bolivia (COBOL). COBOL was established in 1985 to support Bolivia in finding a solution to stop coca destined for cocaine production in the Yungas of La Paz region (responsible for two thirds of Bolivia's coca cultivation) and the Tropic of Cochabamba (responsible for one third of Bolivia's coca cultivation). In 2007, COBOL extended its activities towards new challenges, such as combating corruption and strengthening state capacities, especially the administration of justice. Due to the subsequent reduction in technical cooperation activities, UNODC decided to close the Country Office in early 2009. In March 2009, most staff were made redundant and in April 2009, the post of the Country Representative was abolished. However, the decision to close the Office was reversed after the Government of the Plurinational State of Bolivia requested the Executive Director of UNODC to maintain the representation and to continue providing its technical assistance to the country.

4. In 2010, COBOL developed, in coordination with the Government of Bolivia, an integrated Country Programme with an aim to strengthen the capacity of the country to respond to drugs, organized crime, terrorism, corruption, and economic crime threats. The country programme was for five years (2010-2015) and had an overall budget of approximately \$47.9 million. It focused on the following six UNODC subprogrammes to address priority areas of drugs and crime in Bolivia:

- Alternative development
- Drug abuse prevention and treatment
- Fight organized crime
- Governability and fight against corruption
- Crime prevention and criminal justice prison reform
- Investigation, analysis and information

5. As of 31 October 2013, COBOL had a portfolio of eight projects supporting its programme of work, of which six were country projects and two were segments of global projects managed from UNODC headquarters in Vienna. These projects had a multi-year approved total budget of \$12.8 million. Annual expenditures of the projects were around \$1.8 and \$1.7 million for the years 2012 and 2013 (up to 31 October) respectively.

6. COBOL was headed by a Country Representative at the P-4 level, assisted by two staff on United Nations Development Programme (UNDP) fixed-term contracts (one National Programme Officer and one General Service staff), one individual contractor and 37 service contract holders.

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 operations in Bolivia**.

9. The audit was added to the 2013 internal audit work plan for UNODC because the Country Office in Bolivia was identified as high risk due to the fact that it was facing significant funding challenges whilst Bolivia, as the world's third largest producer of cocaine, represented an operationally and politically important country for UNODC. In addition, OIOS had not audited UNODC operations in Bolivia since 2005.

10. 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 strategic planning is implemented and reported upon by COBOL 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 COBOL 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 COBOL in the areas of safety and security management, asset management, financial management, procurement and human resources management; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

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

12. OIOS conducted this audit from October to December 2013. The audit covered the period from 1 January 2011 to 31 October 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 operations in Bolivia**. OIOS made nine recommendations to address issues identified in the audit.

15. The COBOL 2010-2015 country programme activities were aligned with the UNODC subprogrammes in the UNODC 2012-2015 Medium Term Strategy. COBOL had a clear and achievable fundraising plan that identified the target donors and realistic funding goals. Project planning, monitoring and reporting arrangements were in accordance with UNODC requirements. The administrative arrangements with UNDP were also working effectively.

16. Strategic planning and risk management was assessed as partially satisfactory because COBOL had not identified key risks to the achievement of its country programme objectives and developed related risk mitigation strategies, and had not undertaken a mid-term review of the country programme. Further, COBOL did not have an implementation plan for the country programme that would set out the expected outcomes and related timeframes, funding requirements and activities. In addition, COBOL had not secured enough funding to implement its country programme objectives by 2015 and needed more support from UNODC headquarters in this regard. Project management was assessed as partially satisfactory because COBOL did not consistently perform project mid-term evaluations and needed to strengthen risk management at the project level. Regulatory framework was assessed as partially satisfactory because COBOL was non-compliant with Minimum Operating Security Standards in a number of key areas and had not reviewed the need for its large fleet of vehicles, some of which were rarely used and subject to high maintenance costs.

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 nine 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 in Bolivia	(a) Strategic planning and risk management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Project management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(c) Regulatory framework	Partially satisfactory	Satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Strategic planning and risk management

COBOL needed to conduct a mid-term review and prepare an implementation plan for its country programme

18. One of the responsibilities of UNODC country offices was to ensure effective delivery as well as consistency with the objectives set forth in their respective country programmes. The COBOL 2010-2015 country programme had an annual project portfolio requirement of \$9.5 million, which was overly ambitious considering that the COBOL annual project portfolio was only \$1.6 million in 2009 when the country programme was developed. The country programme also identified more than 30 expected

results and activities across six different subprogrammes, while the most recent progress report on the implementation of the country programme only reported against six high-level expected outcomes that were narrower in scope than the originally identified expected results. In addition, no projects were developed in the area of Governability and fight against corruption until November 2013, almost four years after the inception of the country programme, although this was one of the six UNODC subprogrammes that the country programme was envisaged to focus on.

19. Further, COBOL did not have an implementation plan for its country programme that would have provided information on how and when each expected outcomes would be achieved and what the related funding requirements would be. Therefore, it was not possible to assess whether the objectives of the country programme were met. In the absence of a detailed implementation plan, COBOL may not achieve its strategic objectives and may not be able to demonstrate the effectiveness and relevance of the Office's operations.

20. As a result of the above-mentioned shortcomings, the country programme was not a valid benchmark against which to measure COBOL performance. Both UNODC headquarters and COBOL considered that it would be a disproportionate effort to develop a fully revised country programme for the remaining two years, i.e. until the end of 2015. The 2012 Annual Progress Report suggested that COBOL would conduct a mid-term review of the country programme, in order to better prioritize the subprogrammes and projects that the Office should be involved in, taking into account the availability of funds. The 2013 Annual Work Plan of COBOL also mentioned the mid-term review as one of its three goals. However, as of November 2013, COBOL had not started the review of the country programme. COBOL needed to at least develop an implementation plan for its country programme, subject to completion of the planned mid-term review, against which performance could be measured until a new country programme would be developed for 2016 and beyond.

(1) The UNODC Country Office in Bolivia should conduct a mid-term review of its Country Programme, as envisaged in its 2013 Annual Work Plan and 2012 Annual Progress Report.

UNODC accepted recommendation 1 and stated that COBOL, in coordination with the Independent Evaluation Unit, had already begun drafting the Terms of Reference for the review of the country programme and would start the review process soon. Recommendation 1 remains open pending receipt of the results of the COBOL country programme mid-term review.

(2) The UNODC Country Office in Bolivia should prepare an implementation plan for its Country Programme setting out the expected outcomes and related timeframes, funding requirements, and activities until 2015 taking into account the results of the planned midterm review.

UNODC accepted recommendation 2 and stated that, based on the results of the country programme evaluation, COBOL would develop an implementation plan that prioritizes results which are in line with the priorities of the government, and are fully financed and technically achievable. The implementation of this recommendation would depend largely on the approval of the agreement with the European Union that would allow COBOL to implement at least \$1.3 million per year. The Country Office was looking for alternative sources of funds besides the agreement with the European Union, i.e., from Bolivia, United States, Denmark, Germany, Italy, Spain and Sweden, as well as exploring regional cooperation with neighbouring countries like Brazil and Peru. Recommendation 2 remains open pending receipt of an implementation plan for the COBOL country programme setting out the expected outcomes and related timeframes, funding requirements, and activities until 2015.

COBOL needed to develop a risk assessment and mitigation action plan for its country programme

21. The UNODC strategic planning process required COBOL to identify and develop mitigation measures to address the major risks to the achievement of its country programme objectives. However, COBOL did not conduct an assessment of the strategic level risks related to the management of its programme at its inception. Specific and foreseeable risks, such as lack of funding to implement the strategic plan and insufficient financial liquidity to cover the Office's operational needs, were not included in the country programme document, as required.

(3) The UNODC Country Office in Bolivia should develop a risk assessment and mitigation action plan for its Country Programme.

UNODC accepted recommendation 3 and stated that the Country Office would develop a risk assessment and mitigation action plan for its country programme. Recommendation 3 remains open pending receipt of a risk assessment and mitigation action plan for the COBOL country programme.

COBOL had a clear and achievable fundraising plan that identified the target donors and realistic funding goals

22. COBOL had developed a fundraising plan for 2013-2015 that identified the target donors and realistic funding goals. For example, the Office aimed to raise approximately \$2 million for 2014, which was in line with what it had secured in terms of funding in 2009 (\$1.6 million) when the current country programme was developed, and more achievable than the annual target of \$9.5 million as per the country programme. In addition, the Office closely monitored the funding situation of each project and took steps to secure funding for the ongoing operations. As a result of its fundraising efforts, COBOL had in 2013 raised \$100,000 from the Narcotics Affairs Section of the United States of America Embassy in Bolivia and \$26,000 from UNODC headquarters to allow two projects to continue, both of which would otherwise have been shut down early. COBOL was also close to securing 5.0 million Euros (\$6.8 million) from the European Union for the five years starting in 2015. It had further negotiated \$895,000 from Sweden for a new country project in the area of Governability and anti-corruption. OIOS concluded that the COBOL fundraising plan was sufficiently clear and achievable.

COBOL needed to establish an action plan, with support from UNODC headquarters, to implement its fundraising plan and partnership building proposal

23. The overall UNODC Fundraising Strategy 2012-2015, developed by UNODC headquarters, highlighted the central role of the Co-financing and Partnership Section at the headquarters in driving institutional coherence at three key levels of the fundraising strategy: i) policy dialogue and strategic partnering; ii) directing and managing donor relations; and iii) accountability and funds management. It also underlined the important role of coordinating fundraising initiatives with the field offices in close consultation with the Integrated Programming Branch, Division for Operations. COBOL had not been able to carry out its planned country programme delivery due to lack of funding that had not surpassed \$2 million annually in the past three years. In addition to the fundraising plan discussed in the section above, the COBOL Representative had prepared a partnership building proposal to help resolve the difficult funding situation faced by COBOL. In a memorandum sent to UNODC headquarters dated 12 June 2013, he had proposed key actions to be taken such as: partnership building with two UNODC offices in the region (Brazil and Peru), with the support of UNODC headquarters; close working relationships and negotiations with the European Union to revitalize the COBOL counter narcotics enforcement portfolio; and sustained and increased Bolivian Government contribution of \$150,000 per year.

24. On 18 June 2013, the Representative met with the UNODC Executive Director and shared with him information about the shrinking project portfolio of COBOL, as well as the key elements of his 2013-2015 fundraising plan and partnership building proposal. In the minutes of the meeting, the UNODC Executive Director required follow-up actions to be taken by UNODC headquarters to support COBOL. While there were several e-mail exchanges showing that UNODC headquarters had made an effort to search for project funding for Bolivia, there was a need to develop a clear action plan to outline the roles and responsibilities of key staff and sections to be involved in the execution of the COBOL fundraising plan and partnership building proposal. Because of the lack of funding, three successful COBOL projects were closed earlier than planned in 2013. According to COBOL, these projects were not part of donor funding priorities. Therefore, COBOL needed to expand its donor base and seek to increase the multiyear commitments by donors, in coordination with the Co-financing and Partnership Section. The declining level of financial support from donors toward the COBOL country programme may put at risk the sustainability of UNODC presence in Bolivia.

(4) The UNODC Country Office in Bolivia should establish an action plan, in coordination with the UNODC Co-financing and Partnership Section, to implement its 2013-2015 fundraising plan and partnership building proposal.

UNODC accepted recommendation 4 and stated that COBOL would work together with the Co-financing and Partnership Section on developing an action plan for the execution of its fundraising plan and partnership building proposal. Recommendation 4 remains open pending receipt of an action plan for the implementation of the COBOL fundraising plan and partnership building proposal.

COBOL country programme activities were aligned with the UNODC 2012-2015 Medium Term Strategy

25. In accordance with the UNODC Programme and Operations Manual, the COBOL 2010-2015 country programme was prepared in direct collaboration with the Bolivian authorities who contributed with information on their national needs. Although the country programme was developed before the UNODC 2012-2015 Medium Term Strategy, its six areas of work were aligned with the six subprogrammes identified in the Medium Term Strategy.

B. Project management

Project mid-term evaluations needed to be performed in a timely manner

26. The UNODC Evaluation Handbook stated that projects lasting four years or more must undergo at the very least a mid-term evaluation after two years and a final evaluation. OIOS reviewed four out of the eight ongoing projects at the time of the audit and noted that one project did not have any evaluations despite being in its 12th year of implementation and another project did not have a mid-term evaluation initiated until October 2013, more than four years after the project began. Project evaluations are an essential tool for learning lessons, holding project and office management to account and improving future performance. By not undertaking evaluations for long-term projects, especially the larger ones, COBOL had not been able to realize these benefits.

(5) The UNODC Country Office in Bolivia should undertake mid-term evaluations of existing and future projects lasting longer than four years within the first two years of the project as well as final evaluations at the end of the projects, as required by the UNODC Evaluation Handbook.

UNODC accepted recommendation 5 and stated that, in close coordination with the Independent Evaluation Unit, COBOL had begun planning for mid-term and final evaluations for projects which would be carried out as part of the forthcoming mid-term evaluation of the country programme in Bolivia. New projects with a duration of at least four years would include budget provisions for mid-term evaluations to be conducted within the first two years of implementation as well as for final evaluations. Recommendation 5 remains open pending: (a) receipt of mid-term evaluation reports for all current projects; and (b) confirmation that new projects have a mid-term evaluation planned and budgeted for to take place within two years of the project start date.

Risk management at the project level needed to be strengthened

27. None of the projects reviewed by OIOS had identified, assessed, mitigated, monitored and reported on their risks through a systematic process. For example, project staff from one project implemented in the Yungas of La Paz region explained that their key operational risk was a lack of fuel for vehicles given the remote location where the project was implemented. Previously, the project had mitigated this risk by keeping its own fuel reserves but new government controls on the supply and storage of fuel meant that this was no longer legal. While this was a key risk for the project, it was not mentioned in the project progress reports or any other formal project documents. Although exchanges of letters were present on the issue, it had not been brought to the attention of the current Country Representative. Potential solutions to the problem, such as petitioning the host government for the project to be allowed to store fuel, had not been pursued. Having a risk management process in place that would have included maintaining a project risk register and reviewing it regularly with the Representative and/or Programme Officer would have given the project a means by which to escalate and manage this key risk. The existing UNODC instructions and guidance addressed requirements for risk identification, evaluation and mitigation but did not provide sufficient clarity to assist field offices on how risks at the project level should be monitored and escalated if required. UNODC also did not have specific criteria or procedures for the development and maintenance of project risk registers.

(6) UNODC should develop formal guidelines for field offices to monitor and escalate project level risks.

UNODC accepted recommendation 6 and agreed that the areas of risk monitoring and risk escalation must be further strengthened. UNODC would instruct field offices to address these important aspects of risk management. UNODC would also update the guidelines contained in the Programme and Operations Manual to include additional language to focus attention on risk monitoring and risk escalation as a necessary complement to risk identification, assessment and mitigation. Recommendation 6 remains open pending confirmation that the Programme and Operations Manual has been updated with clear guidance to field offices regarding the monitoring and escalation of project level risks.

(7) The UNODC Country Office in Bolivia should introduce a formal risk management process at the project level, including a risk register that project personnel continually monitor, update and discuss with the Representative.

UNODC accepted recommendation 7 and stated that COBOL would implement the risk management process following the guidelines in the Programme and Operations Manual and would develop a project risk register to be monitored by project personnel. Recommendation 7 remains open pending receipt of a copy of a project risk register and a document describing the project risk management process at COBOL.

Project planning, monitoring and reporting arrangements were in accordance with UNODC requirements

28. OIOS reviewed four ongoing COBOL projects and noted that the project documents and revisions were prepared in accordance with the Programme and Operations Manual and were approved and uploaded in the UNODC Programme and Financial Information Management System in a timely manner. The project performance indicators were specific, measurable, achievable, relevant and timebound. In addition, each project had a steering committee composed of COBOL management, officials from the Bolivian Government and donor representatives, and they met at least once a year to discuss project implementation plans and potential issues. There was also evidence that monthly meetings were held with project managers to discuss progress of projects against work plans and to ensure that reporting schedules were duly documented. OIOS therefore concluded that the project planning, monitoring and reporting arrangements were satisfactory and in accordance with the requirements of the Programme and Operations Manual.

Partners and beneficiaries were satisfied with their working relationship with and support received from COBOL

29. OIOS interviewed COBOL partners such as the European Union Commission in Bolivia, the Narcotics Affairs Section of the United States of America Embassy and the Vice-Ministry of Social Defense that was the main Government partner in the execution of one COBOL project and noted that they were satisfied with their working relationship with COBOL. In addition, during OIOS field visits, the beneficiaries interviewed expressed satisfaction with the support received from COBOL.

C. Regulatory framework

COBOL was not compliant with security standards in a number of key areas

30. It was mandatory for COBOL to comply with the Minimum Operating Security Standards (MOSS) established by the United Nations Department of Safety and Security (UNDSS). In 2011, UNDSS conducted an assessment of MOSS compliance by COBOL and certified that the office was in compliance with 98 per cent of the relevant requirements. However, in 2013, the MOSS for Bolivia was revised. COBOL conducted an initial self-assessment against the revised standards and found that it was non-compliant in a number of key areas, including vehicles and security of project premises. However, it had not prepared an action plan for the achievement of full MOSS compliance.

(8) The UNODC Country Office in Bolivia should develop a costed action plan to achieve full compliance with Minimum Operating Security Standards.

UNODC accepted recommendation 8 and stated that COBOL would develop a costed action plan to achieve full MOSS compliance. The plan was scheduled for completion by the end of June 2014. COBOL would factor the resources required to achieve full MOSS compliance into the action plan for the implementation of its fundraising strategy. Recommendation 8 remains open pending receipt of a costed action plan for COBOL to achieve full compliance with MOSS.

COBOL had not reviewed the need for its large fleet of vehicles

31. In accordance with UNODC management instructions, COBOL had carried out an independent physical verification of its assets in October 2013. Based on the physical verification results, corrections were made in the Field Office Fixed Asset Register and various cases were prepared for the UNODC Property Survey Board's approval of items to be written off. Among the existing assets, COBOL had a

fleet of 16 vehicles, of which two needed to be written off. None of the vehicles were MOSS compliant. COBOL explained that vehicles with features such as four air bags, as required by the MOSS, were not widely available in the local market. As a result, MOSS compliant vehicles were expensive. COBOL further stated that it often needed to use unofficial garages to complete vehicle repairs. While these garages could charge a lower price for work, the Office expressed the view that the quality of the repairs was often inadequate, resulting in more frequent maintenance.

32. For the largest project, COBOL had nine vehicles in use, with higher maintenance costs due to difficult roads conditions. A review of the vehicle log books showed that the monthly vehicle usage was less than five times a month. It therefore appeared that COBOL had more vehicles than it required (or that it was unable to make use of due to their bad condition), but it had not conducted a review of its use of vehicles based on a needs assessment.

(9) The UNODC Country Office in Bolivia should review its use of vehicles for possible downsizing of the fleet, if justified, and explore ways to ensure that its vehicles comply with Minimum Operating Security Standards.

UNODC accepted recommendation 9 and stated that COBOL had already taken actions to downsize its vehicle fleet. The current condition of all of the vehicles was reviewed and from that analysis, ten (10) units were identified for write-off or for sale. As part of the costed action plan mentioned in UNODC comments on recommendation 8, COBOL would establish the optimum size of its vehicle fleet needed for the implementation of its programme. COBOL was undertaking action with UNDSS Bolivia, in consultation with UNODC headquarters in Vienna, to mitigate any remaining security and safety risks related to UNODC cars, with a view to obtaining a written local record of MOSS compliance at the earliest possible time. Recommendation 9 remains open pending receipt of confirmation of the completion of the exercise undertaken to downsize the COBOL vehicle fleet.

Administrative arrangements with UNDP were working effectively

33. As the local service provider, UNDP performed a number of administrative actions on behalf of COBOL and charged COBOL for these services as per the local version of the Universal Price List (UPL). Each quarter, COBOL reviewed the charges in detail and requested corrections or clarifications where appropriate. COBOL provided OIOS with two specific examples where its review of UPL charges had resulted in less payment to UNDP than what was originally claimed. COBOL also received procurement and recruitment services from UNDP as part of the working agreement between UNODC and UNDP. OIOS reviews showed that COBOL procurement actions were undertaken in accordance with UNDP rules and procedures. For the recruitment of local staff, UNDP had performed reference and background checks by contacting former employers, as expected. OIOS therefore concluded that the administrative arrangements with UNDP were working effectively.

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 operations in Bolivia

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	The UNODC Country Office in Bolivia should conduct a mid-term review of its Country Programme, as envisaged in its 2013 Annual Work Plan and 2012 Annual Progress Report.	Important	O	Submission to OIOS of the results of the COBOL country programme mid-term review.	31 October 2014
2	The UNODC Country Office in Bolivia should prepare an implementation plan for its Country Programme setting out the expected outcomes and related timeframes, funding requirements, and activities until 2015 taking into account the results of the planned mid-term review.	Important	O	Submission to OIOS of an implementation plan for the COBOL country programme setting out the expected outcomes and related timeframes, funding requirements, and activities until 2015.	31 December 2014
3	The UNODC Country Office in Bolivia should develop a risk assessment and mitigation action plan for its Country Programme.	Important	O	Submission to OIOS of a risk assessment and mitigation action plan for the COBOL country programme.	31 December 2014
4	The UNODC Country Office in Bolivia should establish an action plan, in coordination with the UNODC Cofinancing and Partnership Section, to implement its 2013-2015 fundraising plan and partnership building proposal.	Important	O	Submission to OIOS of an action plan for the implementation of the COBOL fundraising plan and partnership building proposal.	31 December 2014
5	The UNODC Country Office in Bolivia should undertake mid-term evaluations of existing and future projects lasting longer than four years within the first two years of the project as well as final evaluations at the end of the projects, as required by the UNODC Evaluation Handbook.	Important	O	Submission to OIOS of the following: (a) mid-term evaluation reports for all current projects; and (b) confirmation that new projects have a mid-term evaluation planned and budgeted for to take place within two years of the project start date.	31 October 2014
6	UNODC should develop formal guidelines for field offices to monitor and escalate project level risks.	Important	O	Submission to OIOS of documentation confirming that the Programme and Operations	30 September 2014

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 OHCHR in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

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

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
				Manual has been updated with clear guidance to field offices regarding the monitoring and escalation of project level risks.	
7	The UNODC Country Office in Bolivia should introduce a formal risk management process at the project level, including a risk register that project personnel continually monitor, update and discuss with the Representative.	Important	O	Submission to OIOS of a copy of a project risk register and a document describing the project risk management process at COBOL.	30 November 2014
8	The UNODC Country Office in Bolivia should develop a costed action plan to achieve full compliance with Minimum Operating Security Standards.	Important	O	Submission to OIOS of a costed action plan for COBOL to achieve full compliance with MOSS.	30 June 2014
9	The UNODC Country Office in Bolivia should review its use of vehicles for possible downsizing of the fleet, if justified, and explore ways to ensure that its vehicles comply with Minimum Operating Security Standards.	Important	O	Submission to OIOS of a confirmation of the completion of the exercise undertaken to downsize the COBOL vehicle fleet.	31 December 2014

APPENDIX I

Management Response

Management Response

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

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation Date	Client comments
1	The UNODC Country Office in Bolivia should conduct a mid-term review of its Country Programme, as envisaged in its 2013 Annual Work Plan and 2012 Annual Progress Report.	Important	Yes	Representative, UNODC Country Office in the Plurinational State of Bolivia with the support of the Chief, Independent Evaluation Unit	October 2014	The Country Office in Bolivia (COBOL), in coordination with the Independent Evaluation Unit (IEU) has already begun drafting the Terms of Reference (TORs) for the review of the Programme (adapting a project approach) and will start the review process soon.
2	The UNODC Country Office in Bolivia should prepare an implementation plan for its Country Programme setting out the expected outcomes and related timeframes, funding requirements, and activities until 2015 taking into account the results of the planned mid-term review.	Important	Yes	Representative, UNODC Country Office in the Plurinational State of Bolivia	December 2014	Based on the results of the Country Programme evaluation, COBOL will develop an implementation plan that prioritize results which are in line with the priorities of the government, are fully financed and are technically achievable. The implementation of this recommendation depends largely on the approval of the agreement with the European Union that will allow COBOL to implement at least US\$1.3 million per year. The Country Office is looking for alternative

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 operations in Bolivia

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation Date	Client comments
						sources of funds besides the agreement with the European Union, i.e., from Bolivia, United States, Denmark, Germany, Italy, Spain and Sweden, as well as exploring regional cooperation with neighbouring countries like Brazil and Peru.
3	The UNODC Country Office in Bolivia should develop a risk assessment and mitigation action plan for its Country Programme.	Important	Yes	Representative, UNODC Country Office in the Plurinational State of Bolivia	December 2014	The Country Office will develop a risk assessment and mitigation action plan for its country programme.
4	The UNODC Country Office in Bolivia should establish an action plan, in coordination with the UNODC Co-financing and Partnership Section, to implement its 2013-2015 fundraising plan and partnership building proposal.	Important	Yes	Representative, UNODC Country Office in the Plurinational State of Bolivia with the support of the Chief, Co-financing and Partnership Section	December 2014	COBOL will work together with the Co-financing and Partnership Section of the Division for Policy Analysis and Public Affairs (DPA/CPS) on developing an action plan for the execution of COBOL's fundraising plan and partnership building proposal.
5	The UNODC Country Office in Bolivia should undertake mid-term evaluations of existing and future projects lasting longer than four years within the first two years of	Important	Yes	Representative, UNODC Country Office in the Plurinational	October 2014	In close coordination with IEU, COBOL has begun planning for mid-term and final evaluations for projects which will be carried out as part of the

Management Response

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

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	the project as well as final evaluations at the end of the projects, as required by the UNODC Evaluation Handbook.			State of Bolivia with the support of the Chief, Independent Evaluation Unit		forthcoming mid-term evaluation of the Country Programme in Bolivia (recommendation 1). New projects with a duration of at least four years will include budget provisions for mid-term evaluations to be conducted within the first two years of implementation as well as for final evaluations.
6	UNODC should develop formal guidelines for field offices to monitor and escalate project level risks.	Important	Yes	Director, Division for Operations in coordination with the Project Coordinator of the Strategic Planning Unit	September 2014	UNODC agrees that the areas of risk monitoring and risk escalation must be further strengthened, and will instruct field offices to address these important aspects of risk management. UNODC will update POM guidelines to include additional language to focus attention on risk monitoring and risk escalation as a necessary complement to risk identification, assessment and mitigation.
7	The UNODC Country Office in Bolivia should introduce a formal risk management process at the project level, including a risk register that project personnel continually monitor, update and discuss with the Representative.	Important	Yes	Representative, UNODC Country Office in the Plurinational State of Bolivia	November 2014	COBOL will implement the risk management process following the guidelines in the POM and will develop a project risk register to be monitored by project personnel.

Management Response

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

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8	The UNODC Country Office in Bolivia should develop a costed action plan to achieve full compliance with Minimum Operating Security Standards.	Important	Yes	Representative, UNODC Country Office in the Plurinational State of Bolivia	June 2014	COBOL will develop a costed action plan to achieve full Minimum Operating Security Standards compliance. The plan is scheduled for completion by the end of June 2014. COBOL will factor the resources required to achieve full MOSS compliance into the action plan for the implementation of the fund raising strategy (mentioned in our comments on recommendation 4).
9	The UNODC Country Office in Bolivia should review its use of vehicles for possible downsizing of the fleet, if justified, and explore ways to ensure that its vehicles comply with Minimum Operating Security Standards.	Important	Yes	Representative, UNODC Country Office in the Plurinational State of Bolivia	December 2014	COBOL has already taken actions to downsize its vehicle fleet. The current condition of all of the vehicles was reviewed and from that analysis, ten (10) units were identified for write-off or for sale. As part of the costed action plan mentioned in our comments on recommendation 8, COBOL will establish the optimum size of its vehicle fleet needed for the implementation of its programme. COBOL is undertaking action with UNDSS Bolivia, in consultation with UNODC Vienna, to mitigate any remaining security and safety risks related to UNODC cars, with a view to

Management Response

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

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						obtaining a written local record of MOSS compliance at the earliest possible time.