



INTERNAL AUDIT DIVISION

REPORT 2016/099

Audit of United Nations Office on
Drugs and Crime operations in the
Middle East and North Africa

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

FINAL OVERALL RATING: PARTIALLY
SATISFACTORY

9 September 2016
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AUDIT REPORT

Audit of United Nations Office on Drugs and Crime operations in the Middle East and North Africa

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of United Nations Office on Drugs and Crime (UNODC) operations in the Middle East and North Africa.
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. The UNODC Regional Office in Middle East and North Africa (ROMENA) programme of work (Regional Programme) covered operations in Algeria, Bahrain, Egypt, Iraq, Jordan, Kuwait, Lebanon, Libya, Morocco, Oman, Palestinian Authority, Qatar, Saudi Arabia, Sudan, Syria, Tunisia, the United Arab Emirates (UAE) and Yemen. The Regional Programme for 2011-2015 had a projected budget of \$100 million and as of July 2015 ROMENA had received contributions totaling \$76.9 million. The new Regional Programme for 2016-2021 was approved on 14 April 2016. It had an indicative budget of \$116 million and consisted of five sub-programmes: (i) combating organized crime; (ii) countering terrorism; (iii) combating corruption and financial crimes; (iv) criminal justice and crime prevention; and (v) prevention of drug use, treatment and care of drug use disorders and HIV/AIDS prevention and care.
4. ROMENA was headed by a Regional Representative at the D-1 level, assisted by a Deputy Representative. Based in Cairo, Egypt, it had a presence in eight other countries in the region. This included the UNODC Office for the Gulf Cooperation Countries (OGCCR) which was established in Abu Dhabi, UAE, and covered activities in the Gulf Cooperation Council countries (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and UAE). OGCCR was headed by a Representative at the P-5 level who reported to the Director Division of Operations.
5. As of January 2016, ROMENA had a total of 81 staff distributed in various locations as follows: Egypt (36), UAE (nine), Jordan (five), Lebanon (seven), Morocco (one), Palestine (six), Tunisia (11), Libya (six) and Yemen (one). There were 11 vacancies, mostly in Tunisia where ROMENA project portfolio was due to expand in 2016.
6. Comments provided by UNODC are incorporated in *italics*.

II. OBJECTIVE AND SCOPE

7. The audit was conducted to assess the adequacy and effectiveness of UNODC governance, risk management and control processes in providing reasonable assurance regarding the **effective management of UNODC operations in the Middle East and North Africa**.
8. The audit was included in the OIOS 2015 risk-based work plan due to the risks relating to operations in the region which represent a significant segment of the UNODC mandate.

9. The key controls tested for the audit were: (a) strategic planning and risk assessment; and (b) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Strategic planning and risk assessment** - controls that provide reasonable assurance that ROMENA had appropriate strategic planning and risk assessment processes in place and that they were working effectively.

(b) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the operations of ROMENA; (ii) are implemented effectively; and (iii) ensure the reliability and integrity of financial and operational information.

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

11. OIOS conducted this audit from February to May 2016. The audit covered the period from January 2014 to February 2016.

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

III. AUDIT RESULTS

13. The UNODC governance, risk management and control processes examined were initially assessed as **partially satisfactory**¹ in providing reasonable assurance regarding the **effective management of UNODC operations in the Middle East and North Africa**. OIOS made six recommendations to address issues identified in the audit.

14. ROMENA had an approved Regional Programme for the period 2011-2015 and a new Regional Programme for the period 2016-2021. Planning and risk assessment were conducted in accordance with established procedures. However, ROMENA needed to: (i) prepare a donor gap assessment and fundraising strategy; (ii) strengthen coordination arrangements with global programmes; (iii) ensure that it exercises the delegated procurement authority appropriately; (iv) conduct a new physical inventory verification exercise; (v) ensure that requests for reimbursement are properly documented; and (vi) ensure that outstanding travel claims are submitted and travel advances recovered where applicable.

15. 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 six important recommendations remains in progress.

¹ A rating of “**partially satisfactory**” means that important (but not critical or pervasive) deficiencies exist in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

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 UNODC operations in the Middle East and North Africa	(a) Strategic planning and risk assessment	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Strategic planning and risk assessment

Planning and risk assessment were performed in accordance with established procedures

16. ROMENA had an approved Regional Programme for the period 2011-2015 and in April 2016, the Programme Review Committee (PRC) approved the new Regional Programme for the period 2016-2021. Prior to approval by PRC, the 2016-2021 Regional Programme was reviewed by the Interdivisional Task Team, Evaluation Unit, Strategic Planning Unit, Human Resources Management Service and Financial Resources Management Service as required by the Integrated Programming Approach “how to” guide. Major stakeholders were also consulted in the development of the Regional Programme. Risks were explained in the Regional Programme and at project level as required by UNODC instructions. Further, ROMENA had prepared annual work plans and Annual Programme Progress Reports which assessed the overall progress made in achieving the planned outcomes, as well as reasons for gaps between planned and actual outcomes. OIOS therefore concluded that planning and risk assessment were performed by ROMENA in accordance with established procedures.

Need to prepare a donor gap assessment and fundraising strategy for ROMENA

17. According to the UNODC Fundraising Strategy (MI/6/Rev2 of 20/9/2006), field offices are responsible for: (a) undertaking and coordinating local policy dialogue and fundraising initiatives; (b) managing the donor funds entrusted to them; and (c) consulting with the UNODC Division for Policy Analysis and Public Affairs and Co-Financing and Partnership Section on key funding issues as necessary. The 2014 “how to” guide also states that a programme-specific resource mobilization plan for Regional Programmes should be prepared in consultation with the Co-Financing and Partnership Section and communicated to all Headquarters offices for joint and coordinated fundraising actions.

18. For the 2011-2015 Regional Programme, ROMENA raised \$79 million out of the total estimated budget of \$100 million. The annual expenditure increased from \$8.9 million in 2011 to \$14.7 million in 2015. ROMENA considered the fundraising results for 2011-2015 a success because donors had curtailed the flow of funds to the region due to political instability. The new 2016-2021 Regional Programme had a total estimated budget of \$116 million. According to ROMENA, its capacity to expand the regional portfolio was affected by limited fundraising resources, the region’s political volatility, lack of coordination with UNODC Headquarters, and temporary difficulties due to the implementation of Umoja.

19. The Regional Programme for 2016-2021 identified fundraising as one of the risk areas and indicated that ROMENA would develop donor mapping and a coordinated fundraising strategy. However, ROMENA had not yet developed the donor mapping and fundraising strategy or work plan and had not estimated the costs of fundraising activities. A fundraising strategy and work plan is required to facilitate the definition and prioritization of fundraising activities and enhance coordination between UNODC Headquarters and field offices in the region.

(1) The UNODC Regional Office in the Middle East and North Africa should prepare a donor assessment and fundraising plan and share it with relevant stakeholders at Headquarters.

UNODC accepted recommendation 1 and stated that the fundraising methodology for ROMENA which was cleared by the Co-financing and Partnership Section (CPS) is part of the Regional Programme that was approved by the Programme Review Committee in the second quarter of 2016 (subsequent to the field audit) and cleared by the UNODC Executives Committee. This fundraising methodology is the basis for the detailed donor mapping and fundraising plan which ROMENA is currently developing with relevant stakeholders at UNODC Headquarters, for a fully coordinated field and Headquarters fundraising plan that will guide joint fundraising of ROMENA, the Division for Operation's Regional Section for Africa and the Middle East, CPS and Global Programmes. Recommendation 1 remains open pending receipt of a donor assessment and fundraising plan.

Need to strengthen coordination between ROMENA and UNODC Headquarters

20. Effective coordination between ROMENA and UNODC Headquarters is essential to avoid duplication, optimize synergies and ensure that UNODC presents a united front to its stakeholders. Interviews with programme managers and Representatives in Cairo and Abu Dhabi as well as at UNODC Headquarters indicated that there was need to strengthen coordination mechanisms. ROMENA was not adequately informed of events managed by UNODC Headquarters in the region. Representatives stated that on several occasions they were informed of planned activities in the region only after UNODC Headquarters had made arrangements with major stakeholders, or at the time they were requesting ROMENA for logistics support. For example, they were not consulted or involved with the development of programme proposals for two global projects which included activities in the region. There were also instances when Representatives were informed of fundraising activities at the last minute.

21. Further, ROMENA was not adequately consulted during planning and identification of emerging risks and mitigating measures for five of the six global projects with segments implemented in the region in 2015. UNODC Headquarters staff on the other hand stated that they were not always contacted by ROMENA and cited a case where ROMENA pursued fundraising initiatives without informing them. It was evident from the above that coordination mechanisms were not working effectively. The issue of inadequate coordination was raised during the Field Representative Meetings in the past years. Lack of coordination was a systemic issue which had also been raised in recent independent evaluations. UNODC needed to address this matter to enhance the effectiveness of its global programmes and also to protect its reputation as a cohesive organization.

(2) UNODC should assess the risks of inadequate coordination and establish appropriate measures to strengthen coordination between UNODC Headquarters global programmes and field offices, regional programmes and country programmes.

UNODC accepted recommendation 2 and stated that the 2016 Field Representatives Meeting reviewed this matter with senior management and global programme managers. Recommendations were issued and UNODC Senior Management (Executives Committee and Directors Forum) committed to address the coordination issues and will do so in the current review of the UNODC

business model. Recommendation 2 remains open pending receipt of evidence of measures taken to strengthen coordination between UNODC Headquarters and field offices.

B. Regulatory framework

Need to ensure that ROMENA exercises the delegated procurement authority appropriately

22. ROMENA procured goods and services totaling \$3.7 million and \$4.4 million respectively in 2014 and 2015. During this period, ROMENA did not have delegation of authority to sign procurement contracts. According to the UNODC Programme Operations Manual, the United Nations Development Programme (UNDP) was required to review, approve and sign the procurement documents. However, before the implementation of Umoja in November 2015, ROMENA used to select vendors without the support of UNDP for cases below \$50,000 which was the threshold for the use of the Contracts and Procurement Committee under UNDP procurement rules. OIOS reviewed 16 procurement actions worth around \$900,000 processed between January 2014 and October 2015 and noted the following:

- In 10 instances ROMENA had not issued a Request for Quotation as required by UNDP procurement rules for purchases above \$5,000 and there was no approved evaluation form to justify the decisions made. In two of these cases (purchase of two vehicles in Jordan worth \$49,800 and hotel services in Jordan worth \$27,000) there was no justification for disregarding the cheapest quotation.
- Records were poorly maintained and the documentation had to be retrieved from e-mail accounts of staff.

23. ROMENA explained that it did not have a procurement associate for the first nine months of 2015 which could have contributed to the deficiencies. ROMENA indicated that internal controls had been strengthened: a new Procurement Associate was hired in 2016; and staff with buyer and requisitioner roles in Umoja completed the mandatory training. In April 2016, UNODC Headquarters delegated to the ROMENA Deputy Representative the authority to approve procurement contracts up to \$40,000. However, the decision to delegate procurement authority was based on completion of the training modules. There was no evidence that UNODC Headquarters made an assessment of the capacity of ROMENA for this function. In 2015, ROMENA processed around 500 purchase orders with value below \$40,000 and there was a risk that it may not have the capacity to manage such a high volume of work. There was need for oversight particularly in the initial years to ensure that ROMENA exercises the delegated authority appropriately. UNODC also needed to assess the capacity of field offices before procurement functions are delegated to them.

(3) UNODC should: (a) establish reporting and monitoring arrangements to ensure that the Regional Office in Middle East and North Africa exercises the delegated procurement authority appropriately; and (b) ensure that a capacity assessment is conducted before procurement authority is delegated to field offices.

UNODC accepted recommendation 3 and stated that the Procurement Unit of the General Support Section (PU/GSS) will require that ROMENA devise a reporting and monitoring arrangement in line with its organizational structure. The Procurement Unit will then validate the proposed arrangements to ensure that such arrangements comply with requirements related to segregation of duties and the procurement manual. A mechanism for capacity assessment that can be applied to all Field Offices will be developed in consultation with the Division of Operations, so as to ensure that any resulting staffing or organizational implications will be acceptable and implementable.

Recommendation 3 remains open pending receipt of evidence that reporting and monitoring arrangements for delegation of procurement authority have been implemented and that capacity assessments are being conducted before delegation of procurement authority to field offices.

Need to conduct a new physical inventory verification exercise and ensure that assets are properly recorded

24. To prepare for the migration of asset inventory in Umoja, UNODC required all field offices to conduct a physical inventory check before November 2015 and identify discrepancies and assets to be written off. ROMENA had completed a full inventory and Umoja records showed 385 assets with a total acquisition value of \$548,000 of which 178 with a total acquisition value of \$76,000 were to be written off. All assets in Umoja were registered under the Cairo and Tripoli offices. However, assets were also located in other offices. OIOS reviewed a sample of 20 assets under Cairo and noted that only six items were properly coded and accurately recorded. The remaining 14 were either in the wrong location or had incorrect descriptions. ROMENA explained that its capacity to follow-up on assets was limited by its on-going move to new premises, migration to Umoja, and sudden departure of the staff in charge of asset management in September 2015. ROMENA planned to have a physical inventory exercise in the fourth quarter of 2016.

(4) The UNODC Regional Office in the Middle East and North Africa should undertake a new physical inventory verification exercise, investigate and reconcile any discrepancies, and ensure that assets are accurately recorded in Umoja.

UNODC accepted recommendation 4 and stated that implementation is in progress. Due to the relocation of its offices, ROMENA could not conduct a physical inventory exercise. Furthermore, the office has been advised that GSS/UNOV will issue Guidelines for the Physical Verification of Equipment and Fixed Assets to all the field offices by the end of September 2016. In the meantime, the ROMENA Asset Manager has already started the review of assets in Umoja to correct or update information. Recommendation 4 remains open pending receipt of evidence that ROMENA has undertaken a new physical inventory verification exercise, investigated and reconciled any discrepancies, and ensured that assets are accurately recorded in Umoja.

Need to ensure that requests for reimbursement are properly documented and adequately supported

25 In the Jordan office, ROMENA did not have a petty cash account because it had no regular staff member assigned to the office. For low value expenses, the project officer used his personal funds and claimed reimbursement. In 2015, there were ten instances where the project officer in Jordan requested reimbursements totaling \$9,880 which included mostly invoices for fuel, transportation, miscellaneous items/services and telephone bills. OIOS reviewed the reimbursement claims and noted that supporting documents were inadequate. Telephone bills were all under the name of staff and there was no mechanism in place to identify any private calls included in them. With regard to fuel, there was no car log associated with the fuel invoice and the invoices did not indicate the vehicle registration number or UNODC/UNDP as a contractual party. A similar situation was noted in the office in Tunisia which submitted invoices to ROMENA for payment of fuel; supporting documents did not include the car log reader. Following concerns raised by the Financial Resources and Management Service (FRMS) in March 2016, ROMENA instructed the office in Jordan to keep a car log and was following up to determine whether ROMENA could use UNDP local contracts for telephone and fuel.

(5) The UNODC Regional Office in the Middle East and North Africa should ensure that all reimbursements of office expenses claimed are based on appropriate supporting

documents.

UNODC accepted recommendation 5 and stated that instructions to all remote offices have been issued to ensure proper documentation and records are maintained and monitored. Procurement action has been initiated for fuel and telephone services. Recommendation 5 remains open pending receipt of evidence that ROMENA has taken necessary actions to ensure that reimbursement claims are adequately supported.

Need to ensure that all travel claims are submitted and travel advances recovered where applicable

25. According to administrative instruction ST/AI/2013/3, staff members shall, within two calendar weeks after completion of travel, submit a travel claim in form F.10. Failure to do so shall result in immediate recovery of the travel advances. For the sample of 20 staff travel cases that OIOS reviewed, 100 percent daily subsistence allowance (DSA) advance was paid to 19 of the 20 staff and only four out of the 20 staff had submitted F.10 forms upon return. ROMENA explained that it was not aware of the requirement to submit F.10 forms for cases where no additional claim was to be made beyond the DSA paid in advance. F.10 claims constitute evidence that the travel took place as planned, and they form the basis for settling the travel entitlements. With the implementation of Umoja, the submission of travel claims and recovery of travel advances is automated and therefore, this is not likely to be a problem in future. However, ROMENA needs to ensure that all outstanding travel advances processed outside of Umoja are fully accounted for, and make recoveries wherever justified.

(6) The UNODC Regional Office in the Middle East and North Africa should ensure that all outstanding travel claims are submitted and travel advances recovered where applicable.

UNODC accepted recommendation 6 and stated that Umoja now controls all travel processes and provides for automatic recovery for payroll staff. Further, all relevant personnel with travel request or approval roles have been trained in Umoja. ROMENA will issue instructions detailing the policy on Umoja travel claims and record keeping. All remaining outstanding travel claims will be submitted to ROMENA and required corrective action will be taken in cooperation with UNODC Headquarters. Recommendation 6 remains open pending receipt of evidence that remaining travel claims have been submitted to ROMENA and that travel advances have been recovered where applicable.

IV. ACKNOWLEDGEMENT

26. 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) Eleanor T. Burns
Director, Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of United Nations Office on Drugs and Crime operations in the Middle East and North Africa

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	The UNODC Regional Office in the Middle East and North Africa should prepare a donor assessment and fundraising plan and share it with relevant stakeholders at Headquarters.	Important	O	Receipt of the detailed donor mapping and fundraising plan.	31 March 2017
2	UNODC should assess the risks of inadequate coordination and establish appropriate measures to strengthen coordination between UNODC Headquarters global programmes and field offices, regional programmes and country programmes.	Important	O	Receipt of evidence of measures taken to strengthen coordination between UNODC Headquarters and field offices.	30 June 2017
3	UNODC should: (a) establish reporting and monitoring arrangements to ensure that the Regional Office in Middle East and North Africa exercises the delegated procurement authority appropriately; and (b) ensure that a capacity assessment is conducted before procurement authority is delegated to field offices.	Important	O	Receipt of evidence that reporting and monitoring arrangements for delegation of procurement authority have been implemented and that capacity assessments are being conducted before delegation of procurement authority to field offices.	31 October 2017
4	The UNODC Regional Office in the Middle East and North Africa should undertake a new physical inventory verification exercise, investigate and reconcile any discrepancies, and ensure that assets are accurately recorded in Umoja.	Important	O	Receipt of evidence that ROMENA has undertaken a new physical inventory verification exercise, investigated and reconciled any discrepancies, and ensured that assets are accurately recorded in Umoja.	31 January 2017
5	The UNODC Regional Office in the Middle East and North Africa should ensure that all reimbursements of office expenses claimed are based on appropriate supporting documents.	Important	O	Receipt of evidence that ROMENA has taken necessary actions to ensure that reimbursement claims are adequately supported.	31 December 2016

² Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

³ Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

⁴ C = closed, O = open

⁵ Date provided by UNODC in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of United Nations Office on Drugs and Crime operations in the Middle East and North Africa

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
6	The UNODC Regional Office in the Middle East and North Africa should ensure that all outstanding travel claims are submitted and travel advances recovered where applicable.	Important	O	Receipt of evidence that remaining travel claims have been submitted to ROMENA and travel advances have been recovered where applicable.	31 December 2016

APPENDIX I

Management Response

Management Response

Audit of United Nations Office on Drugs and Crime operations in the Middle East and North Africa

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted ? (Yes/No)	Title of responsible individual	Implementation date	Client comments (August 2015)
1	The UNODC Regional Office in the Middle East and North Africa should prepare a donor assessment and fundraising plan and share it with relevant stakeholders at Headquarters.	Important	Yes	Regional Representative, Regional Office for the Middle East and North Africa (ROMENA)	March 2017	UNODC agrees with the recommendation. The fundraising methodology for ROMENA which was cleared by the Co-financing and Partnership Section (CPS) is part of the Regional Programme (RP) that was approved by the Programme Review Committee (PRC) in the second quarter of 2016 (subsequent to the field audit) and cleared by the UNODC Executives Committee (ExCom). This fundraising methodology is the basis for the detailed donor mapping and fundraising plan which ROMENA is currently developing with relevant stakeholders at UNODC HQs, for a fully coordinated field and HQ fundraising plan that will guide joint fundraising of ROMENA, the Division for Operation's Regional Section for Africa and the Middle East (RSAME), CPS and Global Programmes.
2	UNODC should assess the risks of inadequate coordination and establish appropriate measures to strengthen coordination between UNODC Headquarters global programmes and	Important	Yes	The respective Directors of the Division for Operations (DO), Division for Treaty Affairs (DTA) and the Division for Policy Analysis and Public Affairs (DPA)	June 2017	UNODC agrees with the recommendation. The 2016 Field Representatives Meeting (FRM) reviewed this matter with senior management and global programme managers. Recommendations were issued and UNODC Senior Management (ExCom and Directors Forum) committed to address the coordination issues and will do so in the current review of the UNODC business model.

¹ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

² Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or 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 United Nations Office on Drugs and Crime operations in the Middle East and North Africa

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted ? (Yes/No)	Title of responsible individual	Implementation date	Client comments (August 2015)
	field offices, regional programmes and country programmes.					
3	UNODC should: (a) establish reporting and monitoring arrangements to ensure that the Regional Office in Middle East and North Africa exercises the delegated procurement authority appropriately; and (b) ensure that a capacity assessment is conducted before procurement authority is delegated to field offices.	Important	Yes	(a) Chief, Procurement Unit/General Support Section (PU/GSS), UNODC HQs in coordination with the Regional Representative, ROMENA (b) Chief, PU/GSS, UNODC HQs in coordination with the Chief, Field Operations Management Support Section (FOMSS)	(a) January 2017 (b) October 2017	UNODC agrees with the recommendation. (a) The Procurement Unit of the General Support Section (PU/GSS) will require that ROMENA devise a reporting and monitoring arrangement in line with its organizational structure and management preferences. The Procurement Unit will then validate the proposed arrangements to ensure that such arrangements comply with requirements related to segregation of duties and with the procurement manual. (b) PU/GSS is awaiting revised delegation framework from UNHQs New York and will need to ensure that FO delegations are aligned. A mechanism for capacity assessment that can be applied to all Field Offices will be developed in consultation with DO, so as to ensure that that any resulting staffing or organizational implications will be acceptable and implementable. At senior management level, UNODC Directors are monitoring Umoja related developments and instructions, and discuss the impact of these on the UNODC business model, as well as the need to take suitable remedial action.

Management Response

Audit of United Nations Office on Drugs and Crime operations in the Middle East and North Africa

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted ? (Yes/No)	Title of responsible individual	Implementation date	Client comments (August 2015)
4	The UNODC Regional Office in the Middle East and North Africa should undertake a new physical inventory verification exercise, investigate and reconcile any discrepancies, and ensure that assets are accurately recorded in Umoja.	Important	Yes	Regional Representative, ROMENA in coordination with the Chief, General Support Section, UNODC HQs	January 2017	<p>UNODC agrees with the recommendation. Implementation is in progress and scheduled for completion by the end of January 2017.</p> <p>Due to the relocation of its offices, ROMENA could not conduct a physical inventory exercise. Furthermore, the office has been advised that GSS/UNOV will issue Guidelines for the Physical Verification of Equipment and Fixed Assets to all field offices by the end of September 2016. Physical Verification will be conducted during October 2016 in all Field Offices and results will be submitted to Property Management Team/GSS/UNOV. All Field Office submissions will be reviewed by Property Management Team/GSS/UNOV and any necessary updates/corrections will be done in Umoja. By end of January 2017, all records should be corrected and accurate.</p> <p>In view of the finding of OIOS and its impact on the 2015 IPSAS Financial Statements, all material ROMENA assets were re-validated and where appropriate, corrected. This ensured that there was no material discrepancy in the year end balances.</p> <p>In the meantime, the ROMENA Asset Manager has already started the review of assets in Umoja to correct or update information.</p>
5	The UNODC Regional Office in the Middle East and North Africa should ensure that all reimbursements of office expenses	Important	Yes	Regional Representative, ROMENA	December 2016	<p>UNODC agrees with the recommendation and implementation is in progress.</p> <p>ROMENA requires that concerned personnel in Jordan are trained by both ROMENA and UNODC HQs on compliance with procedure and proper record keeping. Instructions to all remote offices have been issued to</p>

Management Response

Audit of United Nations Office on Drugs and Crime operations in the Middle East and North Africa

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted ? (Yes/No)	Title of responsible individual	Implementation date	Client comments (August 2015)
	claimed are based on appropriate supporting documents.					ensure proper documentation and records are maintained and monitored. Procurement action has been initiated for fuel and telephone services.
6	The UNODC Regional Office in the Middle East and North Africa should ensure that all outstanding travel claims are submitted and travel advances recovered where applicable.	Important	Yes	Regional Representative, ROMENA in coordination with the Chief, Accounts Section, Financial Resources Management Service (FRMS)	December 2016	UNODC agrees with the recommendation. Implementation is in progress. Umoja now controls all travel processes and provides for automatic recovery for payroll staff. Further, all relevant personnel with travel request or approval roles have been trained in Umoja. ROMENA will issue Management Instructions detailing policy on Umoja travel claims and record keeping. All remaining outstanding travel claims will be submitted to ROMENA and required corrective action will be taken by ROMENA in cooperation with UNODC HQs Travel Unit and FRMS.