

TO: Ms. Kristiina Kangaspunta, Officer-in-Charge
A: United Nations Interregional Crime and Justice
Research Institute

DATE: 14 January 2011

REFERENCE: ID-0037/11

CONFIDENTIAL

FROM: Michael Dudley, Officer-in-Charge
DE: Investigations Division
Office of Internal Oversight Services



SUBJECT: **Advisory on irregularities in procurement, finance and human
resources at the United Nations Interregional Crime and Justice
Research Institute (ID Case No. 0456/10)**

1. On 25 September 2009, the Internal Audit Division of the Office of Internal Oversight Services (IAD/OIOS) issued a draft audit report entitled "Comprehensive audit of the United Nations Interregional Crime and Justice Research Institute".

2. On 29 September 2009, the Investigations Division of the Office of Internal Oversight Services (ID/OIOS) undertook an investigation into the procurement and recruitment related findings of the IAD/OIOS audit report, to ascertain if there were violations of United Nations Regulations and Rules (Regulations and Rules) at the United Nations Interregional Crime and Justice Institute (UNICRI).

3. ID/OIOS reviewed the IAD/OIOS audit report of UNICRI and analyzed extensive documentation related to the operations, projects, procurement activities and recruitments within UNICRI. Pursuant to ST/SGB/2004/15, ID/OIOS retrieved and examined the United Nations computer hard drives and official e-mail accounts of several UNICRI staff. ID/OIOS also conducted interviews with UNICRI personnel and external persons.

4. In the course of the investigation, it was established that there were a number of irregular practices at UNICRI, which suggested a management culture of general indifference and disrespect to United Nations norms, especially in the area of human resources, finance and procurement. Whereas several violations of United Nations rules and regulations were found to be the result of individual misconduct, ID/OIOS also observed that there seems to be a general lack of knowledge about proper administrative processes amongst UNICRI staff, and that bad practices with high risks for abuse exist at UNICRI.

Analysis of processes and control systems

A. Procurement

5. ID/OIOS noted significant shortcomings in the area of procurement at UNICRI. The delegation of authority for procurement, limited to US\$30,000, had not been signed

Additionally, the division of responsibilities between UNICRI and the United Nations Office at Vienna (UNOV) remains unclear. As a result, UNICRI operated on an ad-hoc basis at the whim of certain staff members. In general, contracts were awarded to vendors outside of the United Nations legal framework on procurement, without competitive bidding exercises and often in excess of US\$30,000, without the necessary procurement authority and/or approval by UNOV.

6. In the course of the investigation, ID/OIOS analyzed several procurement exercises and found that UNICRI did not follow the principle of separation of responsibilities in procurement. In fact, project managers were in charge of procurement for their own projects, while staff members with procurement responsibilities, merely gave their ex post facto approval on contracts already concluded by the project managers. Official procurement records, such as IMIS, were documented after completion of the procurement. When administrative staff with procurement duties detected irregularities, project-managers often ignored their concerns. The former UNICRI Director did not enforce use of the Regulations and Rules; rather he supported their circumvention and in many instances, referred to them as obstacles.

7. ID/OIOS further observed that the choice of vendors or contractors at UNICRI often seemed to be driven by donors or the personal preferences of project managers. UNICRI project officers could obtain a contract for their preferred candidate/vendor by either entering into a contract, which was approved without application of the United Nations legal framework, or by lobbying the UNICRI senior management for an executive instruction/act to process the contract, even if ex post facto or if UNICRI administrative procurement staff expressed concern. Insufficient mechanisms to ensure the application of Regulations and Rules are in place at UNICRI, and staff at all levels, including managers, are not held accountable for their failures.

8. ID/OIOS noted that recruitment and procurement rules were circumvented by the use of different types of contracts for the same services, the splitting of contracts and outsourcing to the United Nations Office for Project Services (UNOPS). These techniques also evaded control mechanisms, such as approval by the Committee on Contracts and UNOV.

B. Financial transactions and spending

9. ID/OIOS analyzed several transactions of UNICRI with respect to funds received from donors. The review of one event revealed that UNICRI had accepted funds from a donor country that were not officially earmarked, but were "tied aid" for a specific organization and its activities in that donor country. Furthermore, the event was not within the thematic mandate of UNICRI.

10. ID/OIOS observed that on several occasions, UNICRI accepted funds from private entities in exchange for favours, such as a consultancy for the person who brokered a donation. In general, there was a lack of transparency with regard to the fundraising activities of UNICRI carried out by project managers, and safeguards against irregular activities were missing in an environment characterised by high-risk practices.

11. ID/OIOS noted that in general, there were no proper controls for project expenditures and funds were spent on activities and services that were questionable in the light of project objectives and the principle of results-based spending. For example, regional and liaison offices were opened in Lucca/Ciocco, Lisbon, and Boston; UNICRI

maintained a diplomatic car at the Lucca/Ciocco offices; and UNICRI-funded travel was at times considered unjustified by ID/OIOS. In addition, UNICRI promoted the expansion of posts and structures, neglecting verifiable project output and work product.

12. ID/OIOS found that several arrangements made by UNICRI with donors did not comply with accepted practices in the United Nations. Staff members involved in fundraising and processing of donations generally do not have the requisite expertise and lack necessary knowledge of the United Nations Financial Rules and Regulations. There is a lack of transparency with regard to the handling of donations at the local level that leads to a high risk for abuse. For example, UNICRI pays rent for offices in Lucca to the local administration, and funds in the same amount are donated to UNICRI.

C. Human resources

13. The ID/OIOS investigation revealed significant weaknesses and compliance problems in the area of human resources. UNICRI recruits staff members, consultants and individual contractors without a competitive international recruitment exercise and outside of the applicable procedural framework. Candidates are often pre-selected and under-qualified for their positions and salaries. In many cases, recruitment was managed through UNOPS in order to avoid or circumvent the Regulations and Rules, to facilitate the simulation of recruitment exercises and/or to shift responsibility for irregularities.

14. Consultants, individual contractors, interns, fellows and scholarship holders constitute a majority of the UNICRI work force, resulting in a lack of transparency, regulation, accountability and stability. ID/OIOS observed that these UNICRI personnel often served in inappropriate positions and/or with questionable justification, such as liaison officers with the Council of Europe in Brussels and in New York. UNICRI also has a programme for paid internships, "Master dei Talenti", whereas interns at the United Nations Secretariat are not paid.

15. The UNICRI Security Governance and Counter-Terrorism Laboratory (SGCT) and its regional offices were identified by ID/OIOS as particularly problematic. In addition to the abovementioned irregularities, it was revealed that the SGCT managers engaged in continuous circumvention of Regulations and Rules, for example switching contract types to avoid control mechanisms and to hire favoured candidates. ID/OIOS also reviewed evidence suggesting that consultancies were granted based on friendships, family relations with donors or in exchange for donations or favours related to fundraising and networking.

D. Conclusions and recommendations

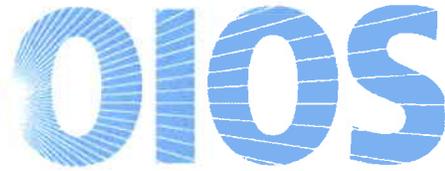
16. The evidence collected during the ID/OIOS investigation established that serious shortcomings exist in the areas of procurement, finance and human resources at UNICRI. Because of irregular practices and lack of managerial oversight, there is an elevated risk for misconduct at UNICRI.

17. ID/OIOS notes that the identified problematic practices are not merely the result of the management style of the last UNICRI Director. They must be seen as systemic and multiple failure of UNICRI to function in compliance with the normative framework of the United Nations. The investigation revealed that many persons working at UNICRI routinely ignore Regulations and Rules. Although not all such activities amount to individual misconduct, ID/OIOS found that UNICRI requires extensive and radical

- individual misconduct, ID/OIOS found that UNICRI requires extensive and radical changes to reduce risks for mismanagement, waste of funds and contraventions of Regulations and Rules.
18. UNICRI should ensure that there is no tolerance for violation of Regulations and Rules. UNICRI personnel at all levels, especially managers, must be instructed to follow the normative framework of the United Nations and must be held accountable if they do not comply or attempt its circumvention. ID/OIOS advises the new leadership of UNICRI, and the UNICRI Administration, to be vigilant in preventing the reoccurrence of identified irregular practices and to intervene if similar problems reoccur, and when appropriate, to utilize the guidance of UNOV and the Department of Management. Individual misconduct should be brought to the attention of ID/OIOS, and UNICRI should take firm action against personnel involved in such acts.
 19. Additionally, ID/OIOS wishes to advise UNICRI to document problematic practices in performance reports to permit appropriate consequences, including termination of collaboration with concerned members of its personnel.
 20. UNICRI leadership should thoroughly review all human resources and procurement contracts, as well as existing arrangements with donors, in order to identify those which were made without proper regard for the United Nations legal framework or are the result of irregular practices identified in this Advisory. Where irregularities are detected, UNICRI should take appropriate action to address them.
 21. ID/OIOS concurs with the findings, conclusions and recommendations of the IAD/OIOS audit report issued on 2 December 2009.
 22. ID/OIOS recommends that UNICRI share the IAD/OIOS audit report and this Advisory with all UNICRI personnel in order to promote transparency and adherence to United Nations norms.
 23. Should you have any questions or comments, please contact me, at extension 3-6706, or Mr. Dan Wilson, at the OIOS Vienna Office at extension 5395.
 24. Thank you and best regards.

Copy to:

Ms. Asha-Rose Migiro, DSG/EOSG
Ms. Angela Kane, USG/DM
Ms. Carman L. Lapointe, USG/OIOS
Ms. Fatoumata Ndiaye, Director, IAD/OIOS



Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

Comprehensive audit of the United Nations Interregional Crime and Justice Research Institute

**Poor governance and non-compliance with United
Nations regulations and rules tainted significant
areas of UNICRI's activities**

2 December 2009

Assignment No. AE2009/383/02

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

OFFICE OF INTERNAL OVERSIGHT SERVICES · BUREAU DES SERVICES DE CONTRÔLE INTERNE
INTERNAL AUDIT DIVISION · DIVISION DE L'AUDIT INTERNE

TO: Ms. Angela Kane, Under-Secretary-General,
A: Department of Management

DATE: 2 December 2009

Mr. Vijay Nambiar, Chef de Cabinet,
Executive Office of the Secretary-General

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

Mr. Sandro Calvani, Director,
United Nations Interregional Crime and Justice Research
Institute (UNICRI)

REFERENCE: IAD: 09- **03162**

for William Petersen
FROM: Fatoumata Ndiaye, Acting Director
DE: Internal Audit Division, OIOS

SUBJECT: **Assignment No. AE2009/383/02 - Comprehensive audit of the United Nations Interregional
OBJET: Crime and Justice Research Institute**

1. I am pleased to present the report on the above-mentioned audit.
2. In order for OIOS to close the recommendations in this report, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Your response indicated that you did not accept recommendation 23. In OIOS' opinion however, this recommendation seeks to address a significant risk area. We are therefore reiterating it and requesting that you reconsider your initial response based on the additional information provided in the report.
4. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendations 1 to 5, 7 to 9, 11, 12, 15 to 17, 19, 20, 23 and 24), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. Jun Yamazaki, Assistant Secretary-General, Controller
Ms. Catherine Pollard, Assistant Secretary-General, Office of Human Resources
Management
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Ms. Susanne Frueh, Executive Secretary, Joint Inspection Unit
Mr. Moses Bamuwanye, Chief, Oversight Support Unit, Department of Management
Mr. Byung-Kun Min, Special Assistant to the USG, OIOS
Mr. Christopher Bagot, Chief, Geneva Audit Service, OIOS

INTERNAL AUDIT DIVISION

FUNCTION

“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).

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EXECUTIVE SUMMARY

Comprehensive audit of the United Nations Interregional Crime and Justice Research Institute

OIOS conducted an audit of the United Nations Interregional Crime and Justice Research Institute (UNICRI or the Institute). The overall objectives of the audit were to evaluate the adequacy of UNICRI's governance structure and the effectiveness and efficiency of internal controls. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

UNICRI is one of the five training and research institutes of the United Nations engaged in formulating and implementing improved policies in the field of crime prevention and control. During the period under review (January 2007 to June 2009), UNICRI undertook over 30 projects and incurred expenditures amounting to approximately \$18 million.

Considerable weaknesses were observed in significant areas of the Institute's activities. Ineffective governance arrangements led to inadequate oversight over Institute. The UNICRI Director did not exercise sound judgement despite his extensive experience in the United Nations system. Several of the findings in this report indicate possible violations of United Nations regulations and rules and the Department of Management should take appropriate action to establish accountability for such violations. *UNICRI stated that its Director cannot be held responsible for management practices established at UNICRI in the past years and caused by the change of seven directors and acting directors in the six years between 2002 and 2008. Further, the report fails to recognize the efforts made by the current management to ferry UNICRI from a previous situation of no application of United Nations Rules into a more regular control environment.*

Major findings from the audit are summarized below:

- The Board of Trustees (the Board) was not effective because it met infrequently and had not put in place adequate arrangements for decision making between meetings.
- Major initiatives were implemented without input and prior approval and guidance from the Board. These included the opening of new offices and field presence in four locations and the move to a new Documentation Centre in Turin, which were not in UNICRI's approved work plan. Further, UNICRI did not conduct any analysis of the associated costs, risks and benefits. *UNICRI commented that the correct interpretation of the relevant Article in its Statute, that had been given in past decades, is that Board approval is only needed for offices that would serve as UNICRI's headquarters. Project offices, which deal only with one specific activity, come under the authority of the Director.* OIOS notes that this interpretation is different from the one given by the United Nations Office of Legal Affairs (OLA) in its recent review of a draft lease

agreement, which OLA stated should include the dates the lease was approved by the Board and the Secretary-General.

- UNICRI's structure, including reporting lines and the authority of its Director, as well as arrangements for its administration, has never been adequately clarified. Although it is a separate entity, UNICRI shared the same trust fund with the United Nations Office on Drugs and Crime (UNODC) which is managed by the UNODC/United Nations Office at Vienna (UNOV) Executive Director. The extent and nature of authority that the UNOV/UNODC Executive Director had over UNICRI has never been clarified and has been a cause of friction and misunderstanding between UNICRI and UNOV/UNODC. This also affected the efficiency and effectiveness of the administrative services provided by UNOV.
- There were inadequate arrangements for the acceptance and approval of new contributions. Both donations in cash and kind, such as the voluntary contribution of Euro 3 million received from a Member State and the provision of free offices in Lucca and the new Documentation Centre in Turin, were accepted without obtaining approval from the Board as required. *UNICRI commented that a process that would require Board consultations on each of the 73 grants received between July 2007 and June 2009 would generate an enormous amount of correspondence with little substantive guidance to UNICRI's management.*
- There were inadequate guidelines and procedures for project creation and implementation, which affected the effectiveness of project management. Following are projects where significant exceptions were noted:
 - Euro 1.5 million voluntary contribution received from a Member State was utilized to finance an NGO's biennial international event that was outside UNICRI's mandate. There was also inadequate oversight over the use of the funds.
 - UNICRI awarded a contract of Euro 873,600 to a vendor who had been pre-selected through a bilateral agreement between two Member States, without any procurement procedures or market research. Therefore, the value of the contract was not assured.
 - UNICRI accepted funding for a project in exchange for employing a former UNODC staff at a level higher than he was qualified.
 - *UNICRI stated that the biennial international event was connected to its mandate in the context of the Millennium Development Goals; no contractor was pre-selected under a bilateral agreement; and that it did not accept any funding in exchange for recruitment of the staff.* OIOS stands by its findings.

- UNICRI did not have the staff capacity to prepare budgets that complied with United Nations regulations and rules and there were inadequate arrangements for the review and approval of its budget.
- UNICRI management did not monitor its expenditures against budget and adequately control its costs. As a result, UNICRI's expenditure level for the General Purpose fund for 2008-2009 is projected to be 25 per cent over budget at a time when UNICRI should have been cutting costs to match significant reductions in contributions due to the financial crisis. *UNICRI stated that it regularly monitors expenditures through periodic revision of allotments.*
- UNICRI's management failed to put in place adequate controls to ensure compliance with United Nations regulations and rules. Procurement, travel and recruitment were generally done without the appropriate authorization and contrary to applicable regulations and rules.
- In May 2009, UNICRI management signed a contract with the United Nations Office for Project Services (UNOPS) to provide administrative services without consultation with UNOV, with which it has a memorandum of understanding for the provision of administrative services, and without approval from the Board of Trustees. In the absence of adequate safeguards, there is a risk that UNOPS could be used to circumvent United Nations regulations and rules as was evident in a sample of procurement and recruitment cases reviewed. Furthermore, UNOPS' charges were high (8 to 10 per cent of the cost of the transaction) and duplicated costs for similar administration services provided by UNOV, for which there is an existing annual fee. *UNICRI commented that its May 2009 contract with UNOPS was the last in a series of contracts since 2000.*
- The 'fellows' type of contract was used extensively in place of staff or consultants contracts, contrary to the guidelines approved by UNICRI's Board. The guidelines themselves had not been submitted to the Office of Human Resources Management for review.

OIOS recommends that the Secretary-General review the governance arrangements of UNICRI including its status and position within the United Nations system and the structure and operation of the Board of Trustees. These recommendations need to be urgently addressed to ensure that the Institute can function effectively and efficiently within the United Nations system. A number of recommendations are made to put in place procedures and guidelines to address the internal control weaknesses noted.

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Interregional Crime and Justice Research Institute (UNICRI of the Institute). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. UNICRI is one of the five training and research institutes of the United Nations. It was first established as the United Nations Social Defense Research Institute in January 1968 by the signing of an agreement between the United Nations and the Government of Italy within the framework of United Nations Economic and Social Council (ECOSOC) resolution 1086B of 30 July 1965. It was subsequently re-established as UNICRI by the ECOSOC in its resolution 1989/56 of 24 May 1989 that also adopted the UNICRI statute.

3. UNICRI's main mandate is to contribute, through research, training, field activities and the collection, exchange and dissemination of information, to the formulation and implementation of improved policies in the field of crime prevention and control, due regard being paid to the integration of such policies within broader policies for socioeconomic change and development, and to the protection of human rights. Its Statute lists the following four principal functions:

(a) To promote, conduct, co-ordinate and support research and, in collaboration with the countries concerned, to organize and support field activities with a view to:

(i) Establishing a reliable base of knowledge and information on social problems involving juvenile delinquency and adult criminality, special attention being given to the new, frequently transnational forms of the phenomena;

(ii) Identifying appropriate strategies, policies and instruments for the prevention and control of the phenomena so as to contribute to socioeconomic development and to promote the protection of human rights; and

(iii) Designing practical models and systems aimed at providing support for policy formulation, implementation and evaluation.

(b) To provide action-oriented research and training relating to the United Nations programme on crime prevention and criminal justice.

(c) To design and carry out training activities at the interregional level and, at the request of interested countries, at the national level.

(d) To promote the exchange of information by, *inter alia*, maintaining an international documentation centre on criminology and

related disciplines to enable the Institute to respond to the need of the international community for the dissemination of information worldwide and to serve the needs of the United Nations and of scholars and other experts requiring such facilities.

4. UNICRI is governed by a Board of Trustees (Board) consisting of seven elected members serving in their personal capacity and four ex-officio members. The Board operates under the overall guidance of the Commission on Crime Prevention and Criminal Justice (Commission), which is a functional commission of the ECOSOC. The Commission is also the overall governing body for the United Nations Crime Prevention and Criminal Justice Programme which comprises UNICRI, the United Nations Office on Drug and Crime (UNODC), and 15 other regional and interregional institutes and specialized centres affiliated to the United Nations.

5. UNICRI is located in Turin, Italy and at the time of the audit had its main offices in Turin and offices/field presences in Rome, Lucca, Ciocco, Pomezia, Angola, Mozambique, Laos, New York and Geneva, and a Documentation Centre in Turin. At the time of the audit, UNICRI was in the process of finalizing an agreement to open a project office in Lisbon.

6. UNICRI is headed by a Director at the D-2 level (previously L-7 level). In 2008 it had 26 approved posts: 19 Professional and 7 General Service level posts. In addition, it had on average 53 junior and senior fellows, consultants and individual contractors. The current Director joined UNICRI in July 2007 after the previous incumbent's resignation on 1 October 2006. *UNICRI commented that the previous Director's resignation was the sixth Director's or acting Director's resignation or re-assignment in four years from 2003 to 2006.*

7. UNICRI is funded by voluntary contributions from Member States and is also allowed to derive resources in cash or in kind from other sources into the United Nations Crime Prevention and Criminal Justice trust fund, which is the same trust fund used by UNODC. The trust fund is managed by the United Nations Office at Vienna (UNOV), which has the same Executive Director and Director of Management as UNODC.

8. During the period January 2007 to June 2009, UNICRI received contributions of approximately \$25 million and was involved in 34 projects with total allotments of approximately \$18 million as at June 2009. Nine projects make up about 75 per cent of the allotments as shown in Table 1. Details of income and expenditure of the UNICRI sub-account of the trust fund in the last two biennia are shown in Table 2.

Table 1: List of the nine largest projects as at June 2009

Amounts in thousands of dollars

Project	Allotments 2008-2009
Reducing trafficking from Nigeria to Italy	2,754
Project to promote Millennium Development Goals	2,595

Project	Allotments 2008-2009
Multilateral cooperation in post conflict and crisis situations	2,010
European Union Security project Phase II	1,471
Strengthening juvenile justice in Mozambique	1,406
Knowledge management system	1,241
Legacy project in Bosnia-Herzegovina	804
Support for the children in Angola	628
European Union Security project	576
TOTAL	13,485

Table 2: Income and expenditure statement for the last two biennia

Amounts in thousands of dollars

Details	2006-2007 (2 years) Actual	2008-2009 Budget	January 2008- June 2009 Actual
Total Income	19,214	32,254	16,989
Less: Expenditure	(9,569)	(29,382)	(19,057)
Surplus/(deficit)	9,645	2,872	(2,068)
Refunds/adjustments	(1,550)	-	(235)
Brought forward balance	11,424	19,519	19,519
Carried forward balance	19,519	22,391	17,216

9. Comments made by UNICRI, UNOV and the Department of Management (DM) are shown in *italics*.

II. AUDIT OBJECTIVES

10. The main objectives of the audit were to assess:
- a. The adequacy of the governance structure in providing guidance and oversight to UNICRI's activities;
 - b. The effectiveness and efficiency of UNICRI's project management and the management of its financial and human resources; and
 - c. UNICRI's compliance with applicable United Nations regulations and rules.

III. AUDIT SCOPE AND METHODOLOGY

11. The audit covered the period January 2007 to June 2009 and included interviews of UNICRI and UNOV staff, interviews and discussions with Board members and verification of records. It also included the administration of a control environment survey questionnaire to all staff members, all of whom responded. A summary of the survey results is included in Annex 2.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Governance

Current arrangements for governance need to be strengthened to improve accountability

12. The responsibilities of UNICRI's Board include formulating principles, policies and guidelines; formulating UNICRI's strategy; approving UNICRI's work plan and budget; and evaluating completed and ongoing activities. UNICRI's Statute under Article III specifically requires that the Board and the Secretary-General approve the opening of such other offices as are deemed necessary and under Article VII, requires that the President of the Board approves the receipt of further resources in cash or in kind.

13. According to Article IV of the Statute, the Board is required to meet at least once every two years. In the opinion of OIOS, the mandated frequency of meetings is insufficient to ensure adequate fulfillment of the functions entrusted to the Board. The Board held annual meetings from 2003, but since 2005, the Board has only had one formal meeting with a full quorum in October 2007. The meeting held in December 2008 did not have the required quorum and therefore no decisions could be taken with respect to the annual work plan and the revised budget that UNICRI had submitted to the Board.

14. The current arrangements for obtaining approval between meetings were not adequate to ensure effective decision making. The Board's rules of procedures required that should the need for urgent measures going beyond the power of the Director arise between meetings, the President of the Board, in consultation with the Director of the Institute, may submit these measures in writing to the Board. *UNICRI commented that the Director submits key issues to all members, who must reply in ten days.* OIOS observes that the only area that UNICRI requested approval in writing was with respect to changes to the staffing table. There were no alternative arrangements such as working groups or advisory panels, which would enable the Board to review and deliberate on important issues arising between meetings. Therefore, although UNICRI management submitted annual and semi-annual reports to the Board, the lack of face-to-face meetings affected the effectiveness of the Board's review and decision-making. In addition, while the reports that were submitted to the Board were detailed, they did not highlight important information that needed to be brought to the attention of the Board members. For example, the Board was informed about the opening of the Documentation Centre in Turin, yet important details such as the fact that the initial contract for the provision of free office space was for four years and the details of the costs of furnishing and renovating the centre were not reported.

15. Article III (3) of UNICRI's Statute specifically requires that the Board and the Secretary-General approve the opening of offices other than the Headquarters office. There was no document made available to OIOS that showed formal approval was obtained before the opening of new offices and field presence in Lucca, Ciocco, Geneva and New York, and initiating a new Documentation Centre in Turin, yet these activities had not been included in the work plan and there was no evidence that they had been budgeted for.

16. *UNICRI commented that Article III of the Statute regulates only the status, organization and location of the Institute. It makes reference to the Institute's location and not to its activities. The correct interpretation given in the past decades of this Article has always been that the Article refers to offices to serve UNICRI's Headquarters, which is the title of the Article. In fact, project offices opened in the past in Congo, Mozambique and Angola, and the Liaison Office in Rome were never submitted to the approval of the Board of Trustees and the Secretary-General. Project offices, which deal only with one specific activity of the Institute, are instead ruled by Article V.2 (g), which established that only the Director has authority on activities. UNICRI's management's interpretation is consistent with the delegation of authority to the other directors of United Nations institutions, who in fact do not request the authorization of the Secretary-General when they open project offices. OIOS notes that this interpretation is different from that of the United Nations Office of Legal Affairs' (OLA) in its review of the draft lease agreement for the UNICRI Lisbon office. In a memo dated 3 August 2009 to UNICRI, OLA stated that with regard to Article III (3) of its Statute, UNICRI should include in the lease agreement the dates when the approval from the Board and the Secretary-General were obtained. Further, in OIOS view, UNICRI could pursue a change in its Statute to reflect its current interpretation, as long as alternative controls are put in place to ensure that Board members are given a chance to weigh in on important decisions that may have financial or operational implications or involve the adoption of new strategies, since this is their mandated responsibility.*

17. *UNICRI also commented that since all the Board members are prominent people, public officials and internationally recognized experts, they also express their guidance through e-mail messages, frequent phone calls and personal meetings during international conferences, which the members and the Director jointly attend.*

18. According to the Statute, the Board should operate under the overall guidance of the Commission. The Commission reviews aspects of UNICRI's work, but this appears often to be subsumed under UNODC activities, leading UNICRI to comment that inadequate attention was being paid to its work.

19. Prior to the establishment of the current statute, there was a Secretary-General's Bulletin (ST/SGB/134) that outlined the reporting lines of the UNICRI Director and other arrangements for the provision of

administrative services to UNICRI, which at the time was known as the United Nations Social Defense Institute. The Secretary-General's Bulletin was replaced by the Statute giving UNICRI special status but what this means has not been clarified by the Secretariat. Article III of the Statute states that UNICRI shall form part of the United Nations system but does not clearly outline UNICRI's position within the United Nations system and the reporting lines of the Director. This has resulted in a situation where the performance of the UNICRI Director has never been formally evaluated.

20. The Director is of the view that he reports directly to the Secretary-General but he is not covered by the administrative oversight the Secretary-General exercises over senior officials. The Director's performance is not managed and evaluated either through a compact with the Secretary-General or participation in the performance appraisal system. The Director travels extensively; however, apart from financial approval in the accounting system, it is not clear who should approve his travel. Unlike other officials who report directly to the Secretary-General, the Director does not submit a quarterly report on his official travel to the Executive Office of the Secretary-General as required by administrative instruction ST/AI/2006/4.

21. The UNICRI Statute has not been reviewed since it was established in 1989 and is no longer factually accurate in some places, for example the change in name of the Crime Prevention and Criminal Justice Commission, which is still being referred to by its old name 'Committee on Crime Prevention and Control' in Article 4 (1) and Article V (d). Therefore, in addition to reviewing the governance arrangements, there is a need to amend the Statute with changes that have taken place since it was adopted in 1989 to avoid any ambiguities. *UNICRI stated that if a review of the Statute is to be undertaken, it should be done by ECOSOC, which approved the present Statute.*

22. While not directly within the scope of the audit, OIOS reviewed the situation in other research and training institutes and noted that the governance arrangements for two of them, the United Nations Institute for Disarmament Research (UNIDIR) and the United Nations Research Institute for Social Development (UNRISD), were similar to UNICRI's with respect to reporting lines of their Directors. This suggests that there is a need for a general review of the governance arrangements for research institutes in the United Nations system.

23. *UNICRI commented that the proposed review was already done by a consultant who produced a report in October 2006 titled 'Draft report for UNITAR on review of mandate'.* However, OIOS noted that the purpose of this review, as indicated in the introduction section of the report, was to examine the mandate of UNITAR with a view to strengthening and adapting the institute to the priorities of today. The report states the governance structure of each of the United Nations research and training institutes, but does not include information indicating that a review or evaluation of the governance structure and arrangements was carried out.

24. *UNICRI also commented that the Executive Office of the Secretary-General has already initiated, in May 2009, a consultation with the directors of the seven United Nations research and training institutes. A consensus was reached in the Secretary-General's office on how to follow up on the review. However, OIOS noted that the notes of the meeting did not show that governance issues were discussed. The follow-up actions agreed on did not also include any action on issues relating to the review of the governance arrangements and structure of the research institutes.*

Recommendations 1 to 3

The Secretary-General should:

(1) Review the governance arrangements of UNICRI including its status and position within the United Nations system. The review should also determine whether a revised statute and Secretary-General's Bulletin are required. The results of the review should be submitted to the Commission on Crime Prevention and Criminal Justice. Consideration should also be given to this review being undertaken as part of a more general review of the governance arrangements for all research institutes;

(2) Initiate a review of the structure and operation of the Board of Trustees with the aim of strengthening its management and oversight functions. The review should include the composition, length and frequency of meetings, approval mechanisms between sessions and management reporting requirements. The results of the review should be submitted to the Commission on Crime Prevention and Criminal Justice; and

(3) Institute a mechanism for appropriate administrative oversight of the UNICRI Director.

25. *The Secretary-General accepted recommendations 1 to 3 and stated that OLA and DM, under the direction of the Office of the Deputy Secretary-General, will review the governance arrangements and structure of UNICRI aimed at ensuring the appropriate management of this Institute and clear reporting lines of its Director. Recommendations 1 to 3 remain open pending receipt of the results of the review of the governance arrangements and structure of UNICRI.*

Lack of clarity in the delegation of authority affected the provision of administrative services

26. Article V of the UNICRI Statute states that the UNICRI Director shall have overall responsibility for the organization, direction and administration of the Institute, in accordance with general directives issued

by the Board and within the terms of the authority delegated to the Director by the Secretary-General. It also states that the Director shall, *inter alia*, submit the work programmes and the budget estimates of the Institute to the Board and make the expenditures envisaged in the budget.

27. However, the terms of authority delegated to the UNICRI Director have not been fully clarified. No formal delegation of authority has been issued to the UNICRI Director with respect to procurement and human resources management though the current and past directors have exercised authority in these areas. Despite repeated recommendations by the Board of Auditors since 2002 that the delegation of authority to the UNICRI Director needs to be clarified, as well as follow-up by both UNICRI and UNOV/UNODC, no decisive action has been taken by DM.

28. The authority to maintain the UNICRI trust fund, which is a sub-account of the United Nations Crime Prevention and Criminal Justice Fund, has been delegated to the UNOV/UNODC Executive Director and the Director of Management through delegation of authority memos from the Controller of the United Nations. In addition, General Assembly resolution 61/252 of 22 December 2006 established that the UNOV/UNODC Executive Director has responsibility for maintaining the budget and accounts of the United Nations Crime Prevention and Criminal Justice Fund. The UNOV/UNODC Director of Management has delegated the certifying and some approving functions to the UNICRI Director and staff.

29. However, the extent to which the UNOV/UNODC Executive Director has authority over UNICRI as well as the responsibility of the UNICRI Director over the budget and expenditures of UNICRI were not clear. This was firstly because, as noted above, the authority delegated to the Director and the reporting lines of the UNICRI Director have not been clarified and secondly, because UNICRI and UNOV are separate entities, yet they share the same trust fund that is under the overall management of the UNOV/UNODC Executive Director. The lack of clarity has caused frictions and misunderstandings between UNICRI and UNOV/UNODC, which have affected the effectiveness of the administrative support provided by UNOV. This further reinforces the need for a review of the governance arrangements of UNICRI.

Recommendation 4

(4) The Department of Management should review and clarify the delegation of authority that should be given to the UNICRI Director in relation to financial rules and procurement and human resources management.

30. *DM accepted recommendation 4 and stated that it will liaise with UNOV/UNODC to define clearly the delegation of authority and specify the extent of administrative services to be provided to UNICRI by UNOV.*

Recommendation 4 remains open pending clarification of UNICRI's delegation of authority and the extent of administrative services to be provided by UNOV to UNICRI.

Lack of clarity in the provision of administrative services

31. Article VIII of the UNICRI Statute states that the Secretary-General shall provide the Institute with appropriate administrative and other support in accordance with the Financial Regulations and Rules of the United Nations. It also states that UNICRI shall reimburse the United Nations the cost of such support as determined by the Controller after consultation with the Director. However, the details of the arrangements for the provision of administrative services have not been clearly laid down and were also affected by the lack of clarity in delegation of authority mentioned in the previous section of the present report.

32. Available documentation indicates that UNOV was delegated the authority for the administration of the UNICRI sub-account in 2003. The Memorandum of Understanding (MOU) between UNICRI and UNOV provides for UNOV to render administrative services to UNICRI in the areas of human resources management, financial resources management and information technology (IT) services. However, the respective roles and responsibilities were not clearly defined as discussed in the section on financial management of the present report.

33. UNOV has been providing support on human resources management based on an agreement between UNICRI and UNOV that was signed on 4 March 1994. However, there is no specific delegation of authority issued by the Office of Human Resources Management to either UNOV or UNICRI for managing UNICRI's human resources. Therefore, it is unclear to OIOS on what basis any recruitment activity has been undertaken. UNOV human resources staff indicated to OIOS that they too were uncertain on what authority they were assisting UNICRI in this area.

34. The current MOU between UNICRI and UNOV did not cover procurement and no delegated authority for procurement appears to have been granted to UNICRI. UNOV informed OIOS that discussions on this issue have taken place between UNOV and DM, but no final decisions had been reached at the time of the audit. *UNICRI commented that it has no delegation of authority for procurement and therefore it has no procurement responsibility. All procurement is made only upon UNOV authorization.* However, OIOS observed that UNICRI had undertaken several procurement actions without UNOV's authorization.

35. In May 2009, UNICRI signed a contract with the United Nations Office for Project Services (UNOPS) for the provision of administrative services including recruitment and administration of project personnel as well as procurement. There is no evidence that this decision was discussed with the Board, DM or UNOV. The basis and rationale for this decision are

therefore unclear and do not appear to be within the spirit of Article VIII of UNICRI. Since UNICRI pays a standard annual amount of approximately \$111,000 to UNOV for the provision of administrative services, the use of UNOPS, especially for headquarters-related administrative actions, is a duplication of costs. UNOPS charges UNICRI 8 to 10 per cent of the cost of each administrative action and therefore the justification for using them instead of UNOV for headquarters administrative services was not clear. In addition, according to the contract, UNOPS' responsibility was to issue recruitment and procurement contracts based on UNICRI's selection decisions. There was therefore a risk that under the current contract, there may be inadequate oversight of the recruitment or procurement processes carried out by UNICRI.

36. *UNICRI commented that UNOPS has served UNICRI since 2000. The mentioned contract in 2009 was just the last one of a series of several others. UNOPS has a long history of servicing the United Nations operations and it is on this basis that UNICRI's management entrusted to UNOPS, since the year 2000, the administration of field staff contracts administered in previous cases by the United Nations Development Programme. Management of UNICRI operations is a responsibility of UNICRI's management, not of UNICRI's Board as per Article IV and Article V of the Statute. OIOS' point is in reference to the contract signed in May 2009 which is broad and gives UNICRI the possibility of using UNOPS for headquarters administrative services that are provided by UNOV.*

Recommendations 5 and 6

The Department of Management should:

(5) Review and clarify the responsibility of the Secretariat with respect to Article VIII of the UNICRI Statute, which states that the Secretary-General is responsible for the provision of administrative services to UNICRI; and

(6) Review the propriety of the use of the May 2009 contract between UNICRI and the United Nations Office for Project Services for administrative services that could be provided by UNOV, and determine whether additional costs were incurred by this use and, if so, take appropriate action for any duplication of payment for administrative services.

37. *DM accepted recommendation 5 and stated that UNOV currently provides administrative support to UNICRI. DM will nevertheless review this matter. DM also accepted recommendation 6 explaining that in principle, services that can be performed using in-house services should not be outsourced to other entities including UNOPS. DM will be reviewing this matter to determine if any duplication of services took place and how it can*

be corrected. Recommendations 5 and 6 remain open, pending receipt of the results of DM's reviews into these matters.

Inadequate arrangements for the review and approval of the budget by the governing bodies

38. The UNICRI budget is not subjected to a separate review by the Advisory Committee on Administrative and Budget Questions (ACABQ) to ensure transparency and accountability. The General Assembly in its resolution 61/252 of 2006 decided that the consolidated budget for the Crime Prevention and Criminal Justice Fund, which includes UNICRI and UNODC crime funds, should be reviewed by the ACABQ and approved by the Commission based on recommendations by the ACABQ. Under existing arrangements, UNICRI's budget is consolidated with the UNODC budget under the Crime Prevention and Criminal Justice Fund. UNICRI budget figures are a small proportion, about 7 per cent, of the total UNODC budget and are not separately disclosed except for a footnote indicating that one of the budget lines, 'Rule of Law' included UNICRI funds. Therefore, the figures would not be visible during the review process. This does not seem consistent with the intent expressed in the UNICRI Statute that UNICRI is an entity in its own right within the United Nations system.

39. *UNICRI commented that in consultation with its Board, it might initiate steps with DM to have its budget estimates reviewed by the ACABQ. However, this new procedure will require additional resources and will be feasible only subject to the availability of United Nations regular budget funds or other identified source.*

Recommendation 7

(7) The Department of Management should review the existing arrangements for the preparation, presentation and approval of the UNICRI budget and make appropriate proposals to the United Nations Crime Prevention and Criminal Justice Commission.

40. *DM accepted recommendation 7 and stated that it will review the responsibilities and arrangements for the budget preparation, presentation and approval.* Recommendation 7 remains open pending receipt of the results of the review by DM, of the UNICRI budget preparation process.

The results of the control environment survey indicate that a third of the staff was concerned about the operating style of management

41. During the planning phase of the audit, OIOS administered an online survey to UNICRI staff to obtain information on how certain aspects of UNICRI operations are viewed by the staff, who are the most important part of an organization. All 23 staff members currently on board responded to the survey, which consisted of questions on the various areas that affect an

organization's control environment. Please see Annex 2 for responses to the survey questions relating to control environment.

42. Table 3 summarizes the responses and comments made by staff. The main area of concern for OIOS was that only 33 per cent of staff were positive that management promoted compliance with regulations and rules (See question 12 in Annex 2). Most of the concerns raised in the survey responses were considered in the audit tests carried out and findings have been addressed in the relevant sections of this report.

Table 3: Summary of responses to control environment survey

Area	Comments
Commitment to values	<p>In response to question 1, most of the staff (90 per cent) indicated that they were aware of the United Nations code of conduct and core values.</p> <p>Average ratings of responses to questions 2 to 6 show that about 54 per cent of the staff were satisfied that values and ethics were appropriately exhibited by staff and management; 25 per cent were not satisfied and the rest were not sure.</p> <p>Comments made were mainly in relation to general lack of respect for rules and regulations. Staff provided examples of cases when they felt that United Nations core values were not exhibited.</p>
Management philosophy and operating style	<p>The average ratings of responses to the questions in this area show that 33 per cent of the staff were satisfied with management's philosophy and operating style with respect to attitudes towards risk taking, communication, safeguarding of resources and promotion of compliance with regulations and rules; 37 per cent were not satisfied and the rest indicated that they were not sure.</p>
Human resources/ Information flow	<p>The majority of the staff (about 52 per cent) indicated that they did not have sufficient time to carry out their responsibilities and that staffing levels were not sufficient. Also, the majority (62 per cent) indicated that they were satisfied with the way their performance was evaluated. (See questions 13,14 and 16)</p> <p>The positive ratings were lower on questions 15 and 17. A third of the staff was of the opinion that recruitment practices were fair and transparent; the remaining 67 per cent were equally split between those who were not satisfied and those who were not sure. Twenty-nine per cent of staff were positive that the current organization structure promoted free flow of information; 24 per cent were not and the rest were not sure.</p>

Area	Comments
	Comments made in this area included detailed examples of cases where staff members who made comments had concerns with the recruitment process.
Delegation of authority	<p>Fifty-seven per cent of the staff indicated that they understood their responsibilities because they were clearly defined and communicated to them (question 18).</p> <p>The average rating of responses to questions 19 to 21, which dealt with various aspects of the way authority was delegated, shows that 36 per cent of the staff were satisfied while 24 per cent were not and 40 per cent were not sure.</p>
Commitment to competency	<p>Most staff indicated that they understood their responsibilities (86 per cent) and that their supervisors explained to them their job descriptions (67 per cent). Forty-eight per cent indicated that they had not attended any training courses in the last two years, while 38 per cent had attended at least one.</p> <p>On questions about the staff members' views of their supervisors, 43 per cent were satisfied that management is ensuring that staff is committed to excellence, and 48 per cent believed that their supervisors are competent and trained to perform their responsibilities.</p>

43. As these are views expressed by staff members, OIOS is not raising a recommendation on the outcome of the survey but requests management to take note of the responses. *UNICRI stated the high percentage of 'not sure' responses were due to the timing of the survey. The survey was done two days after the news of the attempt of summary dismissal, without reasons, of the UNICRI Director. The shocking news created an enormous uncertainty with UNICRI staff, also because there were rumours of mismanagement by the Director.*

B. Project management

I. Voluntary contribution of Euro 3 million received from a Member State

Lack of clarity on the purpose of the funding and process of selecting related projects may indicate that UNICRI acted on a request from a Member State to award grants to pre-selected recipients.

44. OIOS was informed that the UNICRI Director attended a meeting at the Foreign Ministry of a Member State during early 2008, where proposals

were made by ministry officials for UNICRI to participate in specified projects. It was agreed at the meeting that UNICRI would receive a voluntary contribution of Euro 3 million, out of which Euro 1.5 million was to be allocated to a non-governmental organization (NGO) engaged in networking food communities and Euro 1 million to a project related to post-conflict situations. It was not specified how the balance of Euro 500,000 was to be spent. There was no record of the meeting.

45. *UNICRI commented that it attends regular meetings with the Member State during which it consults on different topics on coordination. During these consultations, UNICRI often mentions its project ideas and listens to the counterparts' advice and suggestions. Such meetings are informal and no minutes are taken.*

46. Following the meeting, the UNICRI Director issued a letter to the Member State's Foreign Ministry dated 9 February 2008, requesting funding for the following projects totaling Euro 3.5 million:

- a. A project that would support the Millennium Development Goals (MDGs) by organizing a major event with the "participation of UN experts and 4,000/5,000 farmers, small producers and representatives from the developing world";
- b. Another project pertaining to research that would be useful in situations of post-conflict; and
- c. A third project to conduct a seminar/analysis on the issue of human mobility and micro-credit in the Sahel area.

47. The Member State responded with a *note verbale*, which announced a voluntary contribution of Euro 3 million.

48. Although the letter suggests that the proposal to fund the projects was conceived by UNICRI, OIOS did not find any evidence in the files that the intended recipients had approached UNICRI with requests for funding or that the activities were part of UNICRI's work plan. In the absence of such evidence, it is plausible that UNICRI has acted on a request from a Member State to award grants to pre-selected projects. This is discussed further later in the report.

49. *UNICRI explained that the first project was meant to raise awareness on MDGs and in particular on some issues directly linked to UNICRI's mandate, namely trafficking in human beings, sexual tourism, microcredit (in favor of victims of crime), environmental protection, counterfeiting and right to the land. UNICRI considered that the NGO's experience contributes to reducing people's vulnerability to crime by enhancing local cultures and productions, and the principles of social justice and development. The partnership with the NGO was also meant to develop a debate, within the context of the event that would have then allowed UNICRI to intervene in new areas, such as the right to land, women's rights,*

protection of seeds, etc. The relationship with the NGO continues to be around the issues of food, crime and justice with benefits that are tangible, sustainable and related with the UNICRI mandate. UNICRI will continue its work with the NGO in 2010-2011 with projects in two countries.

50. OIOS does not find this explanation convincing in view of UNICRI's mandate as described in paragraph 3. The event included the following conferences: Food in the engine? - the production of biofuels and the consequences for food security; Potatoes and other tubers; Network of universities – the projects; The network of quality coffee; Healthy canteens; Participative development models; The future of climate and food; Saving Amazonia by using foods of the forest; Honey depends on bees; Sustainability in the restaurant; Fewer intermediaries, more trust; Network of universities – the big themes in education; Indications of origin; Fruit and vegetables in the global market; When the product speaks; Meat: native breeds and good practices; The roots of a menu; Learning communities; Water and agriculture; Cereals: local identities and global raw materials; Cheese – tradition and regulations; Tradition, sustainability and technology; Honey: all the steps for quality; The promotion of natural fibers; Youth, food agriculture; Consumers seeking producers; Custodian herders; Fish: transform and preserve.

51. In addition to the conferences organized by the NGO, UNICRI participated by erecting a stand to create an information point on MDGs, development and the rule of law; and contributing experts to collaborate in five more conferences: Producing quality with dignity – comparisons, experiences and presentation of participative approaches to improving security, health and working conditions in small scale agriculture; Stopping the cement – alternatives for protecting agricultural land; Sharing in order to protect – how to protect traditional knowledge and intellectual property; How much can I sell it for? – how do you set a fair price for a product; and Last Call – what effect does uninformed tourism have on injustice and pollution? Of these, only three workshops were actually held. In OIOS' view, these activities were clearly unrelated to UNICRI's mandate. Furthermore, UNICRI did not play any role in organizing the event. UNICRI actually paid an additional Euro 35,900 for the relatively few activities in which it participated; refer to Amendment 1 of the agreement with the NGO in which UNICRI agrees to pay Euro 35,900 for these activities. Under these circumstances, it is not clear why the Member State did not donate the money directly to the NGO.

Treatment of the funds in UNICRI's records

52. There was conflicting information on whether the funds used to finance the projects had been received as a voluntary contribution or earmarked funds. UNICRI finance staff recorded the funds as earmarked, however, the UNICRI Director informed OIOS that the contribution was unearmarked and the letter from the Member State also described the funds as voluntary contribution. If the funds were earmarked as reflected in UNICRI's records then, according to Article VII of the Statute, acceptance of such

earmarked funds should have been done in consultation with the President of the Board. These consultations were not held. On the other hand, if the funds were un-earmarked as stated by the Director, this raised the question whether UNICRI had acted on a request by the Member State to award grants to pre-selected recipients and if not, why UNICRI had elected to use voluntary contribution to finance this project, although there was a budget approved by the Board on how voluntary contributions were to be used, which did not include financing this NGO event.

53. *UNICRI stated that although it had submitted a request to the donor Member State for funding specified projects, the Member State preferred to give a voluntary contribution leaving any further decision to UNICRI. However, informal consultations confirmed a soft earmarking towards certain projects of interest. Multi-bilateral cooperation (grant to multilateral organizations for projects of bilateral interest with donors' participation in the policy) is clearly defined by the legislation of the donor country. OIOS notes that the terms "soft earmarking" and "multi-bilateral cooperation" do not exist in official United Nations terminology and are therefore not regulated through policies and procedures. It remains that the grant was from a donor to recipients selected by the donor, raising questions about the role played by UNICRI in these transactions.*

54. Below are specific concerns related to each of the projects:

i. Project to promote Millennium Development Goals

UNICRI derived no tangible benefit in terms of accomplishing its mandate, by accepting a contribution of Euro 1.5 million from a Member State to provide a grant to an Italian NGO operating in the food industry

55. UNICRI utilized Euro 1.5 million of a contribution received from a Member State to provide a grant to an Italian NGO to organize a biennial international event, which brought together players in the food chain that support sustainable agriculture, fishing, and breeding with the goal of preserving taste and biodiversity. The event was held in October 2008 in Turin, Italy and was attended by 6,300 delegates comprising 4,000 small-scale farmers, breeders, fishermen and artisan producers, 800 cooks, 300 academics, 1,000 young people and 200 musicians representing 1,652 food communities and 150 countries, as well as hundreds of volunteers and observers.

56. *UNICRI commented that the issues related to this project are highly relevant to UNICRI and very well connected to its mandate. In the context of the MDGs, the result of UNICRI's work with the NGO is increased understanding of the connection between food, crime and justice. This was done by organizing an exhibition on this issue as well as by organizing workshops focusing particularly on counterfeiting of food and beverages, organized crime, such as human trafficking and the use of forced labor in food production and distribution, child sexual exploitation in tourism*

industry, which is also very much connected to food distribution especially restaurants and victim support, such as rehabilitation of human trafficking victims in food production and distribution. These are all issues mentioned in several resolutions of the Commission as well as in the United Nations Convention against Transnational Organized Crime and its Protocols - all these documents guide the international crime prevention and criminal justice policy and are thus directly under the mandate of UNICRI. OIOS maintains that the exhibition and workshops were the subject of a supplementary agreement with the NGO and could have been held without UNICRI using voluntary contributions to help finance the entire event. Further, neither the substantive report submitted by the NGO to UNICRI on the event nor the page “wrapping it up” on the NGO’s website mentions any of the above issues that would justify UNICRI’s Euro 1.5 million participation.

57. OIOS interviewed the UNICRI Project Manager of the NGO project and was informed that the relationship between UNICRI and the NGO was a difficult one. While UNICRI attempted to participate in the event as provided for in the project agreement, the NGO was not interested in any such collaboration. The NGO had insisted that UNICRI, despite being the sponsor should separately pay for the one stall it had occupied and for holding three seminars. The NGO gave no recognition to UNICRI as a partner in the event.

58. *UNICRI commented that the statements by the Project Manager should have been corroborated by OIOS with other staff members. The difficult nature of the relationship between the NGO and UNICRI was connected to the size of the project, not to the partnership. Since the overall budget for the event was Euro 5.7 million and UNICRI’s contribution was Euro 1.5 million, it was difficult for the NGO to accept to put UNICRI’s logo on the event material as UNICRI requested.* OIOS questions the nature of the partnership where, even after providing over 25 per cent of the financing for the event, UNICRI’s logo was not on the event materials. Neither was UNICRI acknowledged as one of the donors of the event on the NGO’s website.

59. OIOS interviewed the finance officer of the NGO, who confirmed that the primary source of funding to the NGO has been and continues to be from the Member State in question, and that UNICRI’s role was essentially to channel the funds to the NGO. It is unclear why UNICRI was chosen for this purpose and why the Member State could not fund the NGO directly.

60. The totality of circumstances and events described above raise concerns on whether there was any real relationship between the NGO and UNICRI or any tangible substantive benefit to UNICRI, in terms of accomplishment of its mandate.

Financial and reputation risks arise from inadequate financial oversight of the project and inadequate financial reporting

61. Under the terms of its agreement with UNICRI, the NGO was required to maintain separate accounts for the funds it received from UNICRI. The project agreement also had an audit clause allowing the United Nations to audit these accounts and requiring the NGO to maintain the accounts and supporting documents for a period of two years after the event and to produce them if necessary.

62. The NGO submitted a final financial report to UNICRI which shows that the bulk of the UNICRI funding went towards the following components:

- a. Event costs (infrastructure for the actual farmers' event): Euro 638,820
- b. Air fares costs to fly in around 2,000 farmers from all over the world, and local transportation of which UNICRI share was: Euro 500,000
- c. Share of hotel costs to accommodate these farmers: Euro 140,000

63. As supporting documents, certain invoices were produced. OIOS noted the following:

- a. The hotel expenses of over Euro 185,000 were represented by a single invoice, with no breakdown or supporting documents showing who stayed at the hotels and for what duration;
- b. The airline invoices showed that nearly 2,000 tickets were purchased from one travel agent. It was unclear whether the best prices were obtained and whether there were any cancellations. There was also no evidence that the persons for whom tickets were purchased actually traveled; and
- c. There was no breakdown of the transportation invoices for buses to indicate exactly what trips they pertained to, the number of persons transported and if these persons were all related to the event.

64. The auditor hired by UNICRI to issue an opinion on the grant payment informed OIOS that the NGO did not segregate and maintain separate accounts for the Euro 1.5 Million contributed by UNICRI, contrary to the project agreement. He also stated that while the overall event cost was approximately Euro 5.7 million, the NGO could only produce invoices for Euro 2.4 million; it was therefore to be assumed that UNICRI funded part of these invoices. This increased risks as it gave rise to the possibility of double or false accounting. In the absence of detailed accounting information regarding the cost of the entire event, there was no assurance that the same

invoices had not been presented to other donors to justify how the funds received from them had been utilized. Further, the auditor hired by UNICRI did not have the requisite academic qualifications or experience. Discussions with him revealed that he did not carry out audit tests that would provide assurance that the expenses were reasonable and adequately supported.

65. *UNICRI stated that the consultant had been selected to review the accounts of the NGO because UNICRI lacked the resources in house and the individual concerned was a former United Nations officer with thorough knowledge of United Nations financial regulations and rules. He certified that the final financial statements and annexes were correct after which UNICRI requested for final payment to be made to the NGO. UNOV authorized the final payment [of Euro 450,000] which proves that UNOV holds full responsibility for the payment.*

66. Given the financial and reputation risks noted, OIOS requested the Finance Officer of the NGO to provide detailed supporting documentation (including copies of cheques and bank statements), summaries and reconciliations to accurately account for all the expenses paid for from UNICRI's funds. The NGO has failed to produce the requested documents, which raises concerns about the validity and propriety of the expenditures and the potential for fraud.

Staff regulation 1.2 may have been violated

67. Staff Regulation 1.2 states that staff members are expected to uphold the highest standards of efficiency, competence and integrity. OIOS is of the view that UNICRI management may have violated this regulation and may have been negligent in its decision to accept funding of Euro 1.5 million for a grant to finance an event for which UNICRI's participation was minimal and unrelated to its mandate. In OIOS' view, the event itself, that brought together players in the food chain that support sustainable agriculture, fishing, and breeding with the goal of preserving taste and biodiversity, bore little relevance to UNICRI's mandate in spite of UNICRI's claims. Further, failure to adequately monitor the funds increased the risk of fraud.

68. *UNICRI stated that its managers not only behaved with full integrity, but also are very proud of UNICRI's participation in this project. Staff regulation 1.2 has not been violated because the cooperation with the NGO as well as the event was totally in line with the mandate of UNICRI. All necessary safeguards were put in place including hiring a consultant with a long standing United Nations experience in financial issues to support the financial management of the project. Because of these monitoring measures no fraud happened, as proved by the fact that no evidence of fraud can be found.*

ii. Project to manage crisis in post-conflict areas

Lack of competitive process in selecting the recipient of a \$1.5 million grant

69. A grant of Euro 1 million or approximately \$1.5 million was awarded to an institution to study post conflict situations. There was no evidence that UNICRI conducted a competitive assessment of institutions engaged in this area of work before selecting the recipient of the grant and requesting funding from the Member State. There was also no justification why a competitive assessment was not considered necessary. A grants committee approved the selection of the institution ex-post facto, four months after the contract with the institution had been signed. The grants committee wrote a brief memorandum stating the institution was positively evaluated, but provided no details of the documents reviewed and the evaluation carried out in reaching its conclusion.

70. *UNICRI stated that the institution submitted an application for a grant for an applied research on a subject of UNICRI interest. UNICRI was then able to identify the necessary funding. After the procedures for the contract were already started, UNOV informed UNICRI that a "Grant contract" was needed. For this reason, supporting documentation required for grant agreements was provided post facto. OIOS notes that UNICRI did not produce a copy of the application submitted by the institution.*

II. Project to install software for anti-human trafficking

No evaluation or negotiation was done before a contract was awarded to a contractor pre-selected under a bilateral agreement

71. UNICRI awarded a contract for Euro 873,600 to Company X in May 2008 to install software for anti-human trafficking. UNICRI did not carry out any procurement procedures or take steps to satisfy itself that the amount was reasonable before signing the contract. Additionally, UNICRI has no delegation of authority to enter into procurement contracts of this magnitude as procurement actions should have been referred to UNOV. UNOV only became aware of the contract when UNICRI requested them to process a payment to Company X.

72. According to UNICRI's presentation to UNOV, the donor country agreed bilaterally with the recipient country in Africa to adapt software already in use by the donor to the needs of the recipient. Since the matter was essentially a bilateral cooperation agreement, it is unclear why the matter was not dealt with bilaterally between the two governments and why it was necessary to involve UNICRI.

73. As it was an ex-post facto case, the Vienna Committee on Contracts (COC) took note and recorded violations and failures to adhere to the following procurement procedures:

- i) Acquisition Planning, Procurement Manual, Para. 8
- ii) Development of a Source Selection Plan, Procurement Manual, Para. 11
- iii) Formal solicitation of a Request for Proposal for a requirement in access of US\$30,000.00, Procurement Manual, Para. 9.4.2 (2) (c)
- iv) Consideration of:
 - Best value for money, FR 5.12
 - Fairness, integrity, and transparency, FR 5.12
 - Effective international competition, FR 5.12 (although a case might be made that the proprietary nature of the Company X software offered an exception to effective competition, i.e., software development other than that to be accomplished by Company X could satisfy the UNICRI requirement)
- v) The interest of the United Nations, FR 5.12
- vi) Advertisement, FR 5.13--even in the case of a proprietary product, Procurement Manual, Paras. 8.2.4 (9) and 9.3.6
- vii) Procurement authority, FR 105.13 (a)
- viii) Consideration by the Committee on Contracts before final action on, i. e., award of a contract, FR 105.13 (c)
- ix) Justification for advance and progress payments, FR 105.19
- x) Determination and justification as to the fairness and reasonableness of the price.

Figure 1: Extract from minutes of COC meeting regarding the Company X dated 3 September 2008

74. The Vienna COC also noted that UNICRI was already under a legal obligation since the Director had already signed the contract, and recommended that “ameliorative and/or administrative action be taken to ensure appropriate accountability and respect for regulations and rules”.

75. OIOS agrees with the conclusions of the COC and notes further that:

a. The amount of Euro 873,600 essentially consisted of staff costs derived from over 63 billable person months of effort. The rates budgeted ranged from Euro 500 per day for a programmer to Euro 1,000 per day for the Project Manager. In the absence of any credible market research, it is unclear if these rates were reasonable;

b. The evaluation of the proposal from Company X was done post facto on 26 August 2008 while the contract itself was signed on 8 May 2008. The evaluation included statements regarding the adequacy of technical IT specifications and was signed by the Executive Officer of UNICRI. It is unclear whether any analysis or review was undertaken that was used as a basis for making this conclusion; and

c. Adequate measures were not in place to ensure effective monitoring of the progress of the project and evaluation prior to making payments.

76. In the absence of any evidence of research into the above aspects and documentation to show that these concerns were effectively addressed, OIOS concluded that UNICRI had exposed itself to considerable risks, including reputation risk. *UNICRI stated that any market survey on the fee of IT security experts will clearly prove the reasonability of these figures. UNICRI*

has been working on cyber crimes for years and the cost of these experts are well known to us. In addition, the system developed is now a well recognized good practice and for the time being, this component of the programme is proceeding very well.

UNICRI did not adhere to policies regarding the use of donor funds for procurement

77. The Secretary-General's Bulletin on the establishment and management of trust funds (ST/SGB/188) states, with regard to the acceptance of contributions to trust funds, that: "A prospective donor should be made aware that engagement of personnel and procurement of supplies or equipment financed from trust funds are subject to the regulations, rules, policies and procedures of the Organization. Exceptions to such regulations, rules, policies or procedures are not permissible, unless specifically authorized by the Secretary-General or on his behalf by officials having the necessary delegated authority under applicable regulations, rules and procedures".

78. OIOS found that the acceptance by UNICRI of the earmarked contribution under terms that effectively precluded any fair and transparent procurement exercise was a violation of ST/SGB/188. Furthermore, the Director did not have the delegated authority to make any exceptions in this regard. The only appropriate and acceptable course of action was to request DM for specific authority for an exception or decline the contribution on the basis that it would be in violation of United Nations policy.

79. *UNICRI stated that no contractor was pre-selected under a bilateral agreement. The related contribution was earmarked for a large project in the recipient country, not for a contractor. The awarding entity was the Ministry of Foreign Affairs of the donor country, while the suggestion to hire a contractor to handle the database on human trafficking came from a judicial authority of the donor country. The two entities are constitutionally separate.*

80. OIOS fails to appreciate the distinction UNICRI is making between the foreign ministry and the judicial authority of the donor country. If the judicial authority was not part of the donor country, it is inconceivable that it would be in a position to direct the use of the contribution.

81. *UNICRI further stated that the proposal for the establishment of a database was the output of a project task force established during the first anti-trafficking programme in the recipient country. This task force identified the strategies and activities to be carried out in the follow-up project. The database is used by the judicial authority and it was and is the only available system to put together and share information between prosecutors investigating trafficking cases from the recipient country to the donor country, on cases of human trafficking as part of the organized crime. The added value is that the same system is used by EUROJUST [an agency of the European Union dealing with judicial cooperation] and this has facilitated the response to the problem of human trafficking.*

82. OIOS notes that the contract in question was part of a UNICRI project “Preventing and Combating Trafficking of Minors and Young Women from [recipient country] to [donor country]”. This project was a follow-up activity of an 18-month pilot project, which concluded in April 2004. Two task forces were created during the pilot project comprising officials from both countries; UNICRI was not a member of either task force. According to the project document, the task force recommended the establishment of a database similar to the one used by the donor government. In March 2004, the donor government offered the database to the recipient government “as an in kind contribution”, thus indicating a bilateral arrangement between two Member States. Company X was not involved in the pilot project; it only came into the picture as a result of the donation of the software (as it owned the software in question) and not as a result of a competitive selection process. The fact that the vendor and its software had been in use in the donor country does not automatically make it the sole possible choice for the project in the recipient country.

83. *Procurement by open bidding was not possible since this is a case of market “monopoly”. However, the project staff was unaware of the proper procedures to certify the impossible bidding, due to the lack of information concerning this issue. The post-facto nature of the procurement was due to UNICRI’s lack of knowledge and information of the proper procedure because of the unclear situation concerning the delegation of authority on several administrative issues at the time of the issuance of the contract. When informed about the procedure, UNICRI initiated corrective actions. In a later phase of the project, in 2009, the same contractor was chosen by UNOV/COC following the COC procedures. The new selection of the same contractor under the regular COC procedures in 2009 proves that the contractor selection in 2008 was the correct action. An alternative would have been to create a new information system; however, this would have posed problems with regard to sharing of information and security. Any market survey on the fee of IT security experts will clearly prove the reasonability of these figures. UNICRI has been working on cyber crimes for years and the cost of these experts are well known to us. UNICRI has an IT unit which can be consulted on issues relating to IT. All necessary evaluation and monitoring mechanisms were put in place according to United Nations requirements.*

84. Any procurement action that took place in 2009 does not affect the finding that the initial contract award was inappropriate. UNICRI, by not following the procurement process initially, placed Company X in a preferred position and increased risks to the United Nations including reputation risk.

Representations to UNOV by both the UNICRI Executive Officer and Director were misleading

85. Available documentary evidence shows that while UNOV was considering the appropriate course of action in the circumstances, UNICRI

brought pressure to bear on UNOV to endorse the contract and approve payment, with the UNICRI Executive Officer:

- a. Claiming that Company X had to be chosen as it was the only company authorized by the donor government to handle the extremely sensitive data and that therefore UNICRI was compelled to enter into direct negotiations with it;
- b. Claiming that every day of delay in implementing the contract would cause serious damage and in the end serious harm to the recipient country's minors and young women; and
- c. Declaring the existence of serious exigency conditions as defined in the Procurement Manual (paragraph 9.5.2) and requesting a waiver from the use of formal solicitation documents in favour of a direct negotiation with Company X.

86. However, the serious exigency, if it existed, was never reported and documented at the time it first came into existence or when the Executive Officer completed the statement of award of contract. The Procurement Manual provisions cited by the UNICRI Executive Officer do not support the claim of exigency in this case. The Manual emphasizes that exigency is not a rationale "in situations resulting from delay or omission on the part of the requisitioning office." Furthermore, there was no real evidence that any lives were in imminent danger. OIOS noted that the project, which was conceived in 2004, was only actualized four years later, bringing into question how exigency could have arisen precisely when payment to the contractor is held up.

87. In an e-mail message to officials at UNOV, the UNICRI Director stated that the software "is in fact the only scientific tool (data-base) available on trafficking of women ... the idea of bidding or source analysis is unthinkable without putting the lives of hundreds of women at serious risk. The enormous delay in clearing payment ... might make a mockery of UNOV/UNODC policy on human trafficking if just one life of a trafficked woman will be at risk because of this delay. UNICRI runs now the risk of expulsion from [the recipient country] for lack of delivery...".

88. It is unclear how the need to obtain the required authorization from the Controller or follow procurement procedures for the installation of a database could threaten the lives of hundreds of women. OIOS inferred from the language used that the primary intention was to thwart any procurement process, and use threats of dire consequences, to put pressure and ensure early release of payment to Company X.

89. OIOS concluded that neither the Executive Officer in question nor the Director was acting in a manner that was in the interests of the Organization. By involving UNICRI in a contract which exposed it to significant risks, and participating in efforts to ensure that a pre-selected

vendor was awarded a contract of significant value, the two staff members violated UN Staff regulations 1.2 and Article V of the UNICRI Statute.

90. *UNICRI stated that its messages are taken out of context as UNICRI was highlighting the need for high security of the database, given the evidence of very violent behaviour by human trafficking organizations towards family members of any victim who cooperate with law enforcement authorities. Therefore, the donor country's prosecutor sought UNICRI's assurance that the database on victims and human trafficking cases would not be shared with any other operator outside the company certified for such criminal justice data handling. The bidding process was not possible since there was only one service provider in the market. In OIOS' view, UNICRI should not have accepted to undertake the project under these circumstances without obtaining necessary authorization as required by ST/SGB/188.*

91. *UNICRI explained that the urgency referred to in the minutes of the COC was due to the fact that the project had already started and also because of UNOV's commitment to conduct "as quick a review as it is possible to undertake before any funds are paid". Delays in payments would have put at risk the full programme, putting the blame on the organizations involved (UNICRI and UNODC), and leaving the beneficiary country and the donor without the outputs envisaged by the project. There was no urgency in the four years of preparation for the project but once the project started, the database became necessary and the facts mentioned in paragraphs 85 a, b and c became clear and present dangers. OIOS reiterates that no exigency, as defined by the Procurement Manual, existed. The database was only one of the components of a 24-month project, for which the project document was signed with the recipient in February 2008. At the time of the exchange of correspondence, the project had only been operational for a few months.*

92. *UNICRI further stated that the Executive Officer and the Director were both trying to assist the Member States to secure the rights to safety and protection of the victims of human trafficking, especially women and children, following obligations of the international law including the United Nations Protocol against Trafficking in Persons. This is totally in line with the United Nations Charter.*

III. Project to train judiciary and law enforcement authorities

There was a risk that funding for this project valued at \$2 million may have been secured under questionable arrangements

93. UNICRI is in the process of setting up a project in a beneficiary country in Asia. The project is funded by another Member State, with an overall commitment of \$2 million.

94. OIOS interviewed the project manager and reviewed available correspondence and found the following:

a. The project manager in the field is a former employee of UNODC at the L-2 level, who approached the UNICRI Director with a proposal – that he would secure funding for the project from his home government on the condition that he would be appointed as the project manager at the L-4 level. E-mail correspondence indicates that the Director had supported and approved his recruitment at the L-4 level;

b. The staff member's recruitment ran into difficulty when UNOPS, which was handling the process on behalf of UNICRI, determined that he did not have sufficient qualification, seniority or experience to be appointed at the L-4 level. The Director maintained that he should be appointed at the L-4 level as he had already made such a commitment. Eventually, UNOPS did proceed with the recruitment; and

c. The first installment of \$500,000 for the project was received in June 2009.

95. OIOS is concerned that these actions could be in violation of Staff Regulation 1.2 (General rights and obligations) which states under paragraph (g) that "Staff members shall not use their office or knowledge gained from their official functions for private gain, financial or otherwise, or for the private gain of any third party, including family, friends and those they favour." Similarly, Staff Rule 1.2 (Basic rights and obligations of staff) stipulates under 'Specific instances of prohibited conduct' that "Staff members shall neither offer nor promise any favour, gift, remuneration or any other personal benefit to another staff member or to any third party with a view to causing him or her to perform, fail to perform or delay the performance of any official act".

96. *UNICRI stated that there is no link between the two alleged facts. The true history is explained in the mission report of the Executive Officer, who traveled to the donor Member State to seek funding for the project¹. The UNODC former employee approached UNICRI with a programme proposal on judicial training which, due to its magnitude, required the opening of a dedicated training centre in loco. The most suitable level for such position was an ALD 4, as UNICRI indicated to UNOPS. All responsibility for the contract belongs to the contract signatories, in this case to UNOPS.*

97. OIOS has confirmed that UNICRI only received one contribution from the donor country in question, in respect of the concerned recipient country. As UNICRI, in its explanation, states that it was approached by the former UNODC employee with the programme proposal relating to the same two countries, these issues are linked. Further, while UNOPS bears some responsibility for recruiting an employee at a higher level than was

¹ However, the mission report only stated that at the conclusion of a board meeting, which the staff member had attended in the donor country, a commitment was made to fund a capacity building to the tune of \$2 million for four years.

appropriate, OIOS has seen correspondence from the UNICRI director, which stated that the “classification at L4 [equivalent to ALD 4 level] was cleared by me since the beginning”.

IV. Lack of guidelines and procedures on project management

98. In addition to the projects referred to above, OIOS observed other weaknesses in project management. Some of these weaknesses were attributable to the fact that UNICRI had not established standard procedures or a project management manual to guide project officers. Most of the project officers had also not received any training on project management since they joined UNICRI. This affected the effectiveness of project management as reflected in the following weaknesses noted from a review of 10 projects.

a. Project documents were not always prepared and those prepared were sometimes weak. For example, some of the project documents did not have sufficient justification for selecting the projects and their linkage to UNICRI’s mandate. Monitoring and evaluation plans were incorporated but did not always contain specific information on how the monitoring would be done.

b. A grants committee was established in 2008 based on guidelines provided by UNODC. However, grants were awarded without competitive selection or adequate documentation of the reasons for not undertaking competitive evaluation. The grants committee did not clearly document the evaluation done before approving the grants. *UNICRI commented that often grants are based on submissions or applications by a research institution. Intellectual property laws do not allow one to take a research project and circulate it to other research institutions.*

c. Financial monitoring of grants to implementing partners was not adequate in some cases. Though the grants contracts had appropriate clauses for project monitoring and the right to audit, project staff did not adequately review and seek clarification on the financial reports received from implementing partners.

d. Annual and semi-annual reports sent to Board members mainly listed accomplishments and did not compare planned and targeted outputs to actual achievements for effective monitoring.

e. Most of the projects were not independently evaluated and as a result, the accomplishments recorded were not independently validated. Management had addressed this weakness and submitted an evaluation policy to the Board for approval in December 2008. The established evaluation policy could be improved by specifying the criteria to be used in determining which projects would be subjected to external independent evaluation.

Recommendations 8 to 10

(8) The Department of Management should determine whether United Nations regulations and rules, including Staff Regulation 1.2 and ST/SGB/188, have been violated by the Director and other officials of UNICRI in the management of certain projects (see paragraphs 44 to 97 of the report) and take appropriate action.

(9) UNICRI management should prepare a project manual, for the approval of the Board of Trustees, outlining the process for project management. This should include project identification, selection and approval as well as the modalities for identifying and selecting partners to implement the project and arrangements for project monitoring, audit and evaluation.

(10) UNICRI management should arrange for all its project officers to undertake training on project planning, and monitoring and evaluation, and establish a requirement for new staff to undertake such training.

99. *DM accepted recommendation 8 and stated that the determination of whether United Nations regulations and rules have been violated by the Director and other officials of UNICRI and the appropriate course of action to be taken will be contingent upon a formal investigation from OIOS [Investigations Division], which will be requested by DM. Recommendation 8 remains open pending receipt of the outcome of the investigation carried out by OIOS Investigations Division.*

100. *UNICRI accepted recommendation 9 and stated that it will prepare a project manual, outlining the project management key requirements, for the approval of the Board of Trustees at its 19th regular session. Recommendation 9 remains open pending receipt of a project manual approved by the Board of Trustees.*

101. *UNICRI accepted recommendation 10 and stated that project managers will receive training on project planning and evaluation during 2010 and new project staff will also receive such training. Recommendation 10 remains open pending receipt of evidence that a training plan has been put in place for project staff.*

C. Strategy

Need for a strategic framework in compliance with United Nations rules

102. For the meeting of the Board planned for December 2009, UNICRI prepared a document setting out the key principles of its strategy for the biennium 2010-2011. UNICRI informed OIOS that this was the first time that such a document had been produced and OIOS comments should be viewed in this context.

103. While acknowledging the positive development that the document represents, OIOS is concerned that UNICRI had not prepared a strategic framework in support of its budget according to the requirements of General Assembly resolution 58/269 “Strengthening the United Nations”. OIOS attributes this to the problems in the governance arrangements that have resulted in inadequate oversight because the UNICRI budget is not separately reviewed by the ACABQ. *UNICRI indicated that at its Board meeting in 2008, the Board asked UNICRI management to prepare a strategic framework.*

104. With respect to the strategic principles presented in the document to be submitted to the UNICRI Board in December 2009, OIOS noted weaknesses that show the need to improve the process of preparing and reviewing the strategic framework. The linkage between the seven strategic objectives outlined in Section 6G of the document and UNICRI’s mandate as outlined in Article II of its Statute was not clear. It is important for the linkage to be articulated in the strategy document to facilitate review and ensure there is common understanding by all stakeholders of how UNICRI is interpreting its mandate and prioritizing its activities. The linkage could also help UNICRI assess the relevance of all aspects of its mandate which would be useful because UNICRI’s mandate has not been reviewed since the statute was adopted 20 years ago. Efficient use of resources is identified as a main goal for preparing the strategy document, but how this will be achieved was not articulated as part of the strategy section. It was also not clear whether UNICRI had consulted with its stakeholders, e.g., UNODC and the Commission in the formulation of its strategic objectives.

105. OIOS acknowledges having reviewed the strategic principles before they were reviewed by the Board and therefore some of these weaknesses might be addressed during the review by the Board. Therefore, OIOS is not making any specific recommendations with respect to the draft strategy, but requests UNICRI to ensure that all the concerns raised above are addressed before the strategic framework is finalized.

Recommendation 11

(11) UNICRI management should establish standard procedures for the preparation and review of its strategic framework, which outlines the review process and how

and at what stage stakeholders such as the United Nations Office on Drug and Crime and the Commission on Crime Prevention and Criminal Justice would be consulted.

106. *UNICRI accepted recommendation 11 and stated that the recommendation will possibly be considered by the Board. UNICRI may explore ways to produce the strategic framework in support of its budget as required by the General Assembly resolution. Recommendation 11 remains open pending receipt of the standard procedures for the preparation and review of UNICRI's strategic framework.*

Lack of a fundraising strategy

107. UNICRI did not have a fundraising strategy. Fundraising was largely decentralized, without adequate coordination of the activities. Staff indicated during interviews and in the control environment survey that a lot of emphasis and pressure were put on them to raise funds which in many cases was tied to the renewal of their contracts.

108. A fundraising strategy would help in ensuring integration of fundraising plans with strategic goals and enhance chances of raising funds in a more coordinated and efficient manner.

Recommendation 12

(12) UNICRI management should prepare, for the review and approval of the Board of Trustees, a fundraising strategy.

109. *UNICRI accepted recommendation 12 and stated that it has started to prepare a fundraising strategy for the approval of the Board at its 18th regular session in 2009. The final report was endorsed by the management team on 24 September 2009 and was circulated internally on 6 October 2009. Recommendation 12 remains open pending receipt of the fundraising strategy approved by the Board.*

Need for a strategy or guidelines for opening new offices

110. During the period 2008-2009, as part of the initiative to increase partnership and special purpose funds, UNICRI Management opened new liaison offices in Geneva, New York, Brussels and Sarajevo and planned to open others in Lisbon and Boston. In addition, project/programme offices were opened in Lucca, Ciocco and Pomezia and UNICRI moved its documentation centre to a new location in Turin.

111. *UNICRI commented that it had not opened new offices that can be legally defined as liaison offices. UNICRI opened just one liaison office in Rome in 2001 when the Headquarters were moved to Turin. International*

fellows are regularly accepted by UNICRI for “training in action” stages in various countries. A private foundation selects and pays directly outstanding young officials, who UNICRI sends to places of interest. However, UNICRI has referred to these offices as “liaison offices” in reports to the Board and in the information it provided to OIOS during the audit.

112. There was no clear strategy approved by the Board of when offices would be opened. There was also no evidence that an evaluation of costs, risks and benefits of opening such new offices were reported to the Board. As pointed out earlier in this report, the need to open the offices was not in the approved work plan and no evidence was provided to OIOS that formal approval was obtained from the Board before the offices were opened. In addition, the UNICRI Director signed the lease agreements for Lucca and the new Documentation Centre even though he did not have the appropriate delegation of authority to do so and before submitting the lease documents to the Office of Legal Affairs for review.

113. *UNICRI commented that the Board of Trustees was not in a position to approve the opening of the project offices of the Laboratory (Lucca and Ciocco) during its last meeting in December 2008 since attendance at the meeting did not reach the required quorum. However, the strategy was described and members were requested (some did) to visit the premises where UNICRI is conducting the mentioned activities. These offices serve to implement activities supported by local entities with no use of funds of the core General Purpose budget.*

114. Part of the Security and Governance Section’s programmes including the head of the section were moved to the Lucca and Ciocco offices. In OIOS’ opinion, the justification for opening and maintaining the Lucca office, which is about 300 kilometers from Turin, needs to be evaluated by the Board to determine whether the office is necessary especially if the activities carried out in Lucca could be carried out from Turin. There are logistical issues, financial costs, risks and operational inefficiencies in having a branch that should be evaluated against the benefits of having a presence in Lucca. At the time of the audit, the office had been in operation for about two months and therefore there was insufficient information available to OIOS for an assessment.

115. *UNICRI commented that the decision to open the project offices of the Security and Governance Section in Lisbon and Lucca followed a specific strategy called ‘Host an Idea’ that was presented to the United Nations Member States in New York in January 2009. UNICRI provided detailed comments of the justification for opening the Lucca office covering the following main points:*

- a. Italy was preferred because UNICRI has already signed a host country agreement;*
- b. Lucca is located in Tuscany which has a large civil society presence and is one of the more active regions in the area;*

- c. *Lucca is surrounded by high quality universities; and*
- d. *The local bank foundation agreed to support UNICRI activities and provided a budget of Euro 200,000 per year.*

116. OIOS is of the view that these justifications could be incorporated in the overall review of the need to maintain the Lucca office.

Recommendations 13 and 14

UNICRI management should:

(13) Submit to the Board of Trustees, for review and approval, the justification for maintaining the Lucca office; and

(14) Prepare, for review and approval by the Board of Trustees, guidelines for opening new offices.

117. *UNICRI accepted recommendation 13 and stated that it will submit again for review and approval of the Board of Trustees at its 18th session, the justification for maintaining the Lucca office.* OIOS was not provided with evidence that justification outlining costs and benefits for the Lucca office had been submitted to the Board for review and approval. Recommendation 13 remains open pending receipt of evidence that a detailed cost benefit analysis of the Lucca office has been submitted to the Board for review.

118. *UNICRI accepted recommendation 14 and stated that it would prepare guidelines for approving new offices for review and approval of the Board of Trustees at its 19th regular session.* Recommendation 14 remains opened pending receipt of guidelines approved by the Board, for the opening of new offices.

D. Financial management

Inadequate capacity and arrangements for effective budget preparation

119. The Board is responsible for reviewing and approving the UNICRI budget. As per Article V of the Statute, the UNICRI Director, in consultation with UNOV, which was delegated authority for the trust fund in 2003, should ensure that the budget presented to the Board complies with Financial Rule 102.1 (b) and related instructions issued by the Office of Programme Planning and Budget Division. The budget preparation procedures were never clarified or agreed and consequently budgets had not been prepared that complied with the rules.

120. UNICRI lacked the staff capacity to prepare a budget that complied with the relevant rules and instructions. The P-3 Finance Officer post had

been vacant for more than five years because of difficulties in getting qualified candidates. Two recruitment exercises have been undertaken, but the selected candidates did not get the required clearance from the United Nations Controller. At the time of the audit in August 2009, UNICRI was in the process of initiating a new recruitment exercise for the post. The new P-5 post for the Head of Resource and Partnership Division (equivalent to the Chief of Administration) had also been vacant since it was established in 2007 until June 2009 when it was filled.

121. UNOV and UNICRI had not established formal procedures that outlined the timelines and review process for the budget before it is submitted to the Board. In addition, the budget preparation and review process was not included in the MOU between UNICRI and UNOV and the two organizations had also not agreed on the level of support that the UNOV Financial Resources Management Service would provide in the budget preparation process. Though senior management exchanged e-mails and memos on the need to harmonize the budget preparation process for UNICRI and UNODC and the need for UNICRI to submit its budget to UNOV for review in a timely manner, the absence of formally agreed procedures led to inadequate cooperation. This affected the effectiveness and efficiency of the review process as evidenced in the review of the budgets for the last two biennia.

122. UNOV indicated that UNICRI submitted the 2008-2009 budget to UNOV for review less than a week before the Board meeting was to be held. OIOS noted that as a result, important queries raised by UNOV which would have helped to improve the quality of the budget were not fully considered by UNICRI. Consequently, the budget had several weaknesses that affected its effectiveness as a tool for planning and prioritization of expenditures. For example, the budget that was first presented to the Board for approval did not clearly differentiate between General Purpose and Special Purpose fund expenditures. The Board at its meeting of October 2007 reviewed the budget without clear information on how UNICRI planned to use its General Purpose funds and the extent to which it planned to use prior year savings on General Purpose funds to finance its 2008-2009 activities.

123. *UNICRI commented that the budget estimates for 2008-2009 that was submitted to the Board was based on an internal UNICRI format, which had been used in the past twenty years. UNICRI also said that in October 2007, the UNICRI Administration cluster worked closely with the Vienna Budget colleagues, and in fact the latter substantially helped in re-formatting the UNICRI-format to reflect the standard requested layout for biennium budget estimates. However, OIOS is of the opinion that the review process appears not to have been effective since there were some errors in the re-formatted budget which were not detected; the re-formatted summary page of the budget reflected a higher budgeted amount of \$32 million instead of \$29 million approved in the Board meeting of October 2007, subject to the budget being re-formatted to the United Nations layout. UNICRI further commented that in November 2007, the UNICRI Director re-submitted –*

through mail – the newly formatted 2008-2009 budget estimates, which were then approved by all the Board members.

124. Despite the experience of 2008-2009 budget preparation exercise and knowing that UNICRI lacked the staff capacity, the UNICRI Director still submitted a first draft of the 2010-2011 budget to the Board first and then a week later to UNOV for review. At the time of the audit in August 2009, which was about one month before the Board meeting, UNOV had raised several queries about the budget which required UNICRI to re-do and re-submit the budget to UNOV for review and then re-submit it to the Board. This was inefficient and was also likely to affect the quality of the final budget because it was being done in a hurry.

125. *UNICRI commented that the experiences with the 2008-2009 budget were not comparable. For the 2008-2009 budget, UNOV took responsibility for re-formatting the UNICRI submission, transforming it in the required format. UNICRI just accepted the job well done by UNOV. In the case of the 2010-2011 budget, UNICRI submitted a much better budget document with more extended text justifications. Nevertheless, UNOV requested much more justifications. Exchange of correspondence, which started in early August 2009, had not been concluded at the time these comments were being written on 13 October 2009. OIOS reviewed some of the exchanges and noted that they illustrate the weaknesses discussed in this section of the report. UNICRI further commented that the UNICRI management team is willing to continue using the United Nations standard budget estimates format. UNICRI will submit to the Board a new time schedule for budget creation as follows: 30 April – budget estimates circulated; 30 August – UNOV clearance obtained; early October – budget approved by the Board.*

Recommendation 15

(15) UNICRI management in consultation with UNOV/UNODC should prepare standard procedures outlining the processes for budget preparation and review and incorporate them in the memorandum of understanding between UNICRI and UNOV. These procedures should include a system whereby Board members receive assurance from UNOV/UNODC that the budget has been reviewed and is in accordance with the United Nations regulations and rules.

126. *UNICRI accepted recommendation 15 and stated that it will explore, with the guidance of the Board, the feasibility of using the United Nations standard budget estimates format. UNICRI will develop standard procedures for budget preparation and review, in order to ensure that the budget is in accordance with the United Nations regulations and rules.*

127. *UNOV also accepted recommendation 15 and stated that this recommendation is directly linked to the implementation of recommendations 4, 5 and 7. When the arrangements for the preparation, presentation and approval of the*

UNICRI budget are reviewed and settled, UNOV can provide additional guidance to UNICRI in this respect. The memorandum of understanding will be adjusted appropriately at the same time. In the meantime, UNOV will formalize the current guidelines for budget preparation and consolidate it in one document to be provided to UNICRI. Recommendation 15 remains open pending receipt of standard procedures on budget preparation and review that are in line with United Nations regulations and rules and administrative instructions.

Lack of adequate mechanism for use of the budget to plan, prioritize and monitor expenditures

128. UNICRI did not have a system in place to monitor its expenditures against its budget and to prepare budget performance reports. A breakdown of the budget by budget line to facilitate such monitoring was not maintained. The UNICRI Director explained that he only monitored the overall expenditure level against the budget and not the variances in the various budget appropriation lines. Therefore, allotments were issued without reference to budgeted amounts. For Special Purpose funds, the lack of overall monitoring was mitigated by the fact that the budgets were controlled and monitored through the project budgets agreed with donors. However, for General Purpose funds these weaknesses affected UNICRI's ability to effectively plan and prioritize its expenditures. There was no clear basis for the prioritization of expenditures charged to the General Purpose funds, which was necessary especially because for the period 2008-2009, as at the time of the audit in June 2009, General Purpose contributions were approximately \$1.8 million lower than the anticipated income of \$4.1 million.

129. Consequently, UNICRI was not able to comply with the 2007 Board decision that required changes above 10 per cent per appropriation line to be approved by the Board. UNICRI was also not able to effectively control its expenditures. A review of expenditures in the General Purpose fund showed that by May 2009 UNICRI had spent more than 10 per cent over budget for two of the three budget lines relating to General Purpose funds as shown in Table 4.

Table 4: General Purpose fund: Comparison of budget and actual amounts for 2008-2009

Amounts in thousands of dollars

Expenditure	Approved budget (24 months)	Actual expenditure May 2009 (17 months)	Total projected expenditure* (24 months)	Percentage of projected expenditure over approved budget
Governance, Direction and Rome Liaison office	576	768	1,014	76%
Other Administrative costs	1,675	2,023	3,196	91%

Expenditure	Approved budget (24 months)	Actual expenditure May 2009 (17 months)	Total projected expenditure* (24 months)	Percentage of projected expenditure over approved budget
Staff costs	4,180	2,227	3,860	(8%)
Total	6,431	5,018	8,070	25%

* Based on total allotments issued as at June 2009 including allotments against Programme Support Costs funds

130. Overall, as shown in Table 4, the UNICRI General Purpose fund expenditures for the 2008-2009 biennium is projected to be 25 per cent above the budget if UNICRI spends all allotted funds. If no additional income is received in 2009, which is likely given the current financial crisis, the projected shortfall in income over expenditures for 2008-2009 is expected to be almost \$5 million including foreign exchange losses. This will reduce UNICRI's General Purpose fund balance to about \$6 million, net of end of service liabilities and anticipated exchange losses. At the current spending level, this represents about 1.5 years' expenditures from the General Purpose fund. This shows that UNICRI needs to control its expenditure level and reassess its current expansion strategy in its next budget. UNOV has noted this issue in its review comments on the 2010-2011 UNICRI budget and at the time of the audit, UNICRI was addressing the UNOV review comments and re-doing its budget.

131. *UNICRI commented that the General Purpose budget for 2008-2009 as at 6 October 2009 is estimated at \$6,414,550 and is not expected to exceed the approved budget of \$6,431,000.* OIOS noted that UNICRI's computation of estimated expenditures did not include expenditures charged against Project Support Costs (FSC accounts). The total allotments in the FSC accounts were \$938,000 of which over \$614,000 had already been committed as at end of October 2009. Therefore, total expenditures as at October 2009 is about \$7 million (6,414,550 + 614,000), which is 9 per cent above budget. The extent to which final expenditures will be over the budget depends on the level of additional commitments that UNICRI will enter into in the next two months. The main purpose of the analysis was to illustrate that UNICRI needed to review its spending pattern and control its expenditures since its General Purpose income was about \$2 million lower than expected. Monitoring expenditures against budget is a useful tool for controlling and prioritizing expenditures.

Recommendations 16 and 17

UNICRI management should:

- (16) Prepare standard procedures for monitoring expenditures and for seeking Board approval for budget variances in excess of the thresholds set by the Board.**

These procedures should be reviewed and approved by the Board; and

(17) Determine, with guidance from UNOV, a strategy for managing its General Purpose fund. The strategy should be reviewed and approved by the Board.

132. *UNICRI accepted recommendation 16 and stated that the recommendation should be considered by the Board. Recommendation 16 remains open pending receipt of standard procedures for monitoring expenses against the budget.*

133. *UNICRI accepted recommendation 17 and stated that several attempts for getting automated reports putting together data of FAA (Main accounts) and FSC (Programme Support Costs account) Trust Funds have been made without success. Even UNOV Financial Resources Management Service (FRMS) admitted during meetings held in Vienna that they hardly get feedback from their IT colleagues for instance when requesting new financial reports extracting information from IMIS (Integrated Management Information System) into Paradox. UNICRI will seek, with guidance from UNOV FRMS, to build up "technical" solutions of improving budget monitoring capacities. The change of monitoring system will be implemented subject to availability of funds. Procedures for monitoring expenditures already exist. Twenty eight revisions of allotments were submitted between January 2008 and October 2009 as a result of 28 monitoring exercises. Such procedures might be further improved as suggested in the recommendation. In consultation with UNOV FRMS, UNICRI may develop a Standard Operating Procedure describing the monitoring of General Purpose and Special Purpose expenditures versus budget estimates so as to put such tool into practice from the beginning of the new biennium, after having submitted such procedures to the Board for its approval.*

134. *UNOV also accepted recommendation 17 and stated that during 2009, UNOV has provided guidance on an ongoing basis to UNICRI management regarding the strategy required for managing the General Purpose fund. Supporting evidence in this regard was provided to OIOS. Recommendation 17 remains opened pending receipt of evidence that UNICRI has put in place a strategy for managing its General Purpose fund.*

Procedures for acceptance of contributions were not adequate

135. Article VII of the UNICRI Statute states that "The institute may derive further resources in cash or in kind from the United Nations, its specialized agencies, other intergovernmental and governmental organizations and institutions, and non-governmental organizations. Acceptance by the Institute of offers of such further assistance shall, in every case, be subject to the decision of the President of the Board, in consultation with the Director of the Institute, in accordance with the basic aims of the Institute and the relevant provisions of the rules governing the financial management of the Institute."

136. There was no mechanism in place for the President of the Board to approve acceptance of offers of resources in cash or in kind as required under Article VII. Donations in kind such as the provision of free offices in Lucca and the new Documentation Centre in Turin were not approved by the President of the Board. Donor agreements were also signed before they were reviewed by a United Nations legal officer because UNICRI had not established guidelines for referring donor agreements to the Office of Legal Affairs for review.

137. In addition, UNICRI did not refer to the Controller for approval the decision to charge less than the stipulated 13 per cent for programme support costs (PSC). In the delegation of authority memorandum to the UNOV/UNODC Director of Management, the Controller instructed that cases where PSC were less than 13 per cent should be referred to him for approval. UNOV had raised the issue of obtaining approval for PSC below 13 per cent in its comments on the UNICRI 2008-2009 budget. However, UNOV did not take steps to ensure that UNICRI obtained the relevant approval from the Controller.

138. *UNICRI commented that the practice established in previous years on the acceptance of voluntary contributions has always been that voluntary contributions are accepted and reported to the next Board meeting. Such practice has not been changed in the past ten years. There have been 73 grants received between July 2007 and June 2009 for a total of approximately \$24 million plus in-kind contributions with the estimated value of \$715,972. A process of Board consultations on contributions one by one for 75 times (four new grants per month) would have generated an enormous amount of correspondence with little substantive guidance to UNICRI's management since all grants are of different nature and from different sources. The Board President, if involved in such a vetting procedure on grants, should dedicate at least 25 per cent of his/her time to such a job.*

Recommendation 18

(18) The managements of UNICRI and UNOV should establish standard procedures for the review and approval of UNICRI contributions, specifying the evidence to be provided before pledged contributions are recorded. Such evidence should include approval by the President of the Board of Trustees, subject to any changes in the Statute, and by the Controller to charge programme support costs of less than 13 per cent where applicable.

139. *UNICRI accepted recommendation 18 and stated that it will explore ways, with the guidance of the Board, to establish standard procedures for the review and approval of UNICRI contributions.*

140. *UNOV also accepted recommendation 18 and stated that UNICRI and UNOV will discuss the procedures to be established for the review and approval of UNICRI contributions. The involvement of UNOV in the process will depend on the clarification and/or decision of DM regarding the responsibility of UNOV in respect of UNICRI (the result of the reviews recommended in recommendations 4 and 5). Such decision may have an impact on resource requirements and the current MOU regarding UNOV services to UNICRI may require review/amendment. Recommendation 18 remains open pending receipt of standard procedures for the review and approval of UNICRI contributions.*

E. Procurement and travel

Procurement activities were not carried out in accordance with the United Nations Procurement Manual

141. UNICRI has been carrying out procurement activities without delegation of authority; neither the staff nor the Director had the authority to sign procurement contracts. The staff did not also have adequate knowledge and training on procurement issues as they had not undergone any training courses arranged by the United Nations Procurement Division. OIOS was informed that in mid-2008, the UNOV Director of Management issued a delegation of authority for up to \$30,000 to the UNICRI Director, but the Director had not yet signed it at the time of the audit. However, since then UNICRI carries out procurement activities below \$30,000 and refers cases above \$30,000 to the UNOV Procurement Section.

142. Internal controls to ensure transparent and competitive procurement were weak. Project managers obtained their own quotations and did not adhere to most requirements of the Procurement Manual with regard to planning, bidding, and evaluation of the bids. Contracts were often entered into without any competitive bidding because UNICRI indicated that they were not aware of the need for competitive bidding. Ex-post facto cases were also not referred to the Committee on Contracts as required by the Procurement Manual. These weaknesses expose UNICRI to high risk that it would not achieve best value for money, as well as risks of fraud.

143. An example of one of the major procurement activities that took place in 2009 was the procurement related to the new Documentation Centre. The entire expenditures were incurred over a two-month period between March and May 2009, which involved an amount of \$253,000, consisting of approximately \$165,000 in sunk cost and \$88,000 recurring cost. The lease agreement shows that at the end of the four-year lease, the owner has the right to demand the return of the building. UNICRI therefore has no right to seek compensation for the sunk cost. This risk could have been avoided had UNICRI sought the review of the lease documents by the Office of Legal Affairs.

144. The project was entrusted to a General Service staff member who informed OIOS that no planning was done. The project was carried out on an *ad hoc* basis, with additions being made as the project went along. In the end, there was a complete renovation of the building. Procurement procedures were not followed. No public solicitation of bids was done and most of the major contracts went to one contractor or a set of contractors who were mostly selected based on previous association with UNICRI or other United Nations agencies. In the absence of bids being solicited in a transparent manner, there was no evidence to show that value for money was obtained, and that UNICRI had not been overcharged for goods and services.

145. OIOS noted with concern that the Director of UNICRI may, because of the actions described above, have violated UN Staff Rule 1.7 (Financial responsibility) which states that “Staff members shall exercise reasonable care in any matter affecting the financial interests of the Organization, its physical and human resources, property and assets”. Furthermore, Financial Rule 101.2 states “[a]ll United Nations staff are obligated to comply with the Financial Regulations and Rules and with administrative instructions issued in connection with those Regulations and Rules. Any staff member who contravenes the Financial Regulations and Rules or corresponding administrative instructions may be held personally accountable and financially liable for his or her actions”.

146. *UNICRI stated that until 2007, procurement activities were not carried out in accordance with the Procurement Manual. UNICRI’s management started to consult UNOV and UN Headquarters in 2008 to regularize the situation, but received little substantive support. Staff was not trained on procurement issues because it was difficult to identify resources for such training.*

147. *Regarding the Documentation Centre, UNICRI stated that it will try to renegotiate the lease agreement for a much longer period and require compensation for sunk cost when the building is returned to the owner. UNICRI further explained that three different building evaluations were done. The old Documentation Centre had grown in size and had been moved to a store-like space, which resulted in the Centre receiving visits from only 12 outside scholars in nine years. Management therefore decided to accept an offer of a new building (1,300 square metres) at no cost and the new Centre has received more than 600 visitors in its initial two months of operation. The new facility will allow a cost recovery programme through income-generating activities.*

The UNICRI Director attempted to rent new office space in Rome without Board approval

148. The UNICRI Director initiated the lease of a 700 square metres-space in Rome at an estimated cost of Euro 250,000 per annum, without any approval from the Board. The new office space was intended to be used in place of the existing premises which were said to be badly in need of renovation and to provide appropriate premises for use by visiting dignitaries

such as the Secretary-General. Available correspondence indicates that the Director envisaged that the new office would play a more representational role as the United Nations' office in Rome. OIOS noted that there was no official documentation of any consultations in this regard with United Nations Headquarters or evidence of any request for such services from UNICRI. Although UNICRI had signed an MOU with the Department of Public Information to take over the archives in Rome and maintain them, this did not in itself imply that UNICRI would represent the United Nations Secretariat.

149. OIOS noted from available correspondence that the matter met with considerable opposition from officials at UNOV when they were consulted. They felt that a proper procurement exercise had not been undertaken for this lease and that the process lacked transparency. UNOV officials also pointed out that the UNICRI Director did not have the delegated authority for procurement and that the matter had to be subject to competitive bidding and clearance by the COC. The Director strenuously objected to UNOV's position, stating that he had only requested UNOV for guidance, not approval.

150. UNICRI did eventually agree to undertake certain procurement steps, which were however not to the satisfaction of UNOV. The proposal for the office was ultimately shelved, and remains suspended as at the time of completion of the audit. OIOS noted that these events raised concerns regarding the lack of willingness on the part of the Director to adhere to United Nations regulations and rules.

151. As recommended under the governance section of this report, the issue of procurement delegation of authority needs to be urgently addressed. In addition, steps need to be taken to put in place a structure that would enable UNICRI to carry out procurement activities in accordance with United Nations procurement procedures. A positive development is that a P-5 Head of Resource and Partnership Division joined UNICRI in June 2009 and can therefore oversee the setup of a new structure. OIOS was also pleased to note that the Chief of Procurement at UNOV gave a half day briefing on procurement to UNICRI staff in June 2009. Further training is necessary especially for project managers who did not generally understand the procurement procedures and their responsibilities.

152. *UNICRI stated that its Director did not attempt to rent new office space in Rome. His only action was to consult UNOV on procedures to be applied in case of such a decision. UNOV suggested checking market conditions through advertisements in local newspapers. However, no suitable office was found and the idea was abandoned. OIOS findings are on intentions not on facts.*

153. OIOS notes that the action had progressed beyond an intention as the property had been identified, the annual rent fixed and a draft lease agreement drawn up.

Recommendations 19 and 20

The Department of Management should:

(19) Assess the competency of UNICRI to handle its own procurement and ensure that all staff involved in undertaking procurement receives appropriate training; and

(20) Determine the accountability of the staff involved in violations of procurement rules as required under United Nations Financial Rule 101.2 on responsibility and accountability.

154. *DM accepted recommendation 19 and stated that it will liaise with UNOV/UNODC to specify the extent of administrative services to be provided to UNICRI by UNOV. Recommendation 19 remains open pending clarification of the extent of administrative services to be provided by UNOV to UNICRI.*

155. *DM accepted recommendation 20 and stated that the determination of whether United Nations regulations and rules have been violated by the Director and other officials of UNICRI and the appropriate course of action to be taken will be contingent upon a formal investigation from OIOS [Investigations Division], which will be requested by DM. Recommendation 20 remains open pending receipt of the outcome of the investigation carried out by OIOS Investigations Division.*

UNICRI's sponsorship of travel of local authorities to New York could not be justified

156. OIOS received reports that individuals who were not connected with any United Nations project or programme activity were flown and accommodated in New York at the Organization's expense, at the time a security conference was being held. The costs (approximately \$16,239) were charged to the Security Governance 2008 project. The Director stated that while these individuals may not have had a direct relationship with the United Nations activity or the specific projects charged, their trips were justified as "they were partners who were taken to New York to announce a partnership with the UN". OIOS was informed that the persons concerned included a journalist, the provincial president of a region of Italy and his assistant. The main function performed by the provincial president was the hosting of a cocktail party in New York to celebrate the opening of the Lucca office. There was no evidence that the journalist or the assistant performed any function related to Security Governance.

157. OIOS is concerned that this could be a case of negligence on the part of the Director resulting in a financial loss to the Organization. The Director responded to OIOS' concern by stating that OIOS' position "exaggerates the

gravity of a minor deviation” and that the “attendance at UNICRI cost of the protagonists of the first UNICRI dialogue test was justified at least in part”.

158. OIOS notes that these actions could be in violation of Staff Regulation 1.2 (General rights and obligations) which states under paragraph (g) that “Staff members shall not use their office or knowledge gained from their official functions for private gain, financial or otherwise, or for the private gain of any third party, including family, friends and those they favour.” Similarly, Staff Rule 1.2 (Basic rights and obligations of staff) stipulates under ‘Specific instances of prohibited conduct’ that “Staff members shall neither offer nor promise any favour, gift, remuneration or any other personal benefit to another staff member or to any third party with a view to causing him or her to perform, fail to perform or delay the performance of any official act.”

159. OIOS also noted that in instances where officials are found to be negligent in the management of United Nations funds, and have caused financial loss to the Organization, they may be held personally financially liable for such loss. In this context, ST/AI/2004/3 provides that such negligence could result in disciplinary proceedings and financial recovery.

160. *UNICRI explained that the conference "Innovative policies to advance security governance" was an opportunity to provide United Nations Member States with an overview of some of the main activities developed by the UNICRI Laboratory including announcing the opening of the project office in Lucca, Italy. The president of the province was invited to New York to actively participate to the official announcement. UNICRI also invited the chief of the staff/interpreter of the president and a journalist from an authoritative newspaper of Tuscany to the conference in New York. The journalist guaranteed adequate media coverage to the UNICRI conference and to the official announcement of the signature of the agreement between UNICRI and the Province of Lucca, while the chief of staff participated in a meeting with United Nations Television. Contrary to what has been indicated in OIOS report, the total cost of the travel was \$9,531.*

161. OIOS reiterates its finding as the Director does not have the authority to use project funds to fly and accommodate various individuals in New York, when those individuals have no direct link to any United Nations project activity. A local official in whose town or province the United Nations happens to have an office is not entitled to a trip to New York to host a cocktail party to announce the opening of an office. The roles of the other individuals traveling and receiving daily subsistence allowance at United Nations expense could have been undertaken by other arrangements which did not include travel. The estimated cost of the travel is based on travel authorizations.

Recommendation 21

(21) The Department of Management should consider whether the actions of the UNICRI Director with regard to financing the travel of individuals who were not involved in any ongoing project or programme activity constitutes a violation of United Nations regulations and rules and if so, take appropriate action.

162. *DM accepted recommendation 21 and stated that the determination of whether United Nations regulations and rules have been violated by the Director and other officials of UNICRI and the appropriate course of action to be taken will be contingent upon a formal investigation from OIOS [Investigations Division], which will be requested by DM. Recommendation 21 remains open pending receipt of the outcome of the investigation carried out by OIOS Investigations Division.*

F. Human resources

'Fellows' type of contract was used as a basis to circumvent rules and regulations on recruitment and as a cheap source of human resources

163. Article VI of UNICRI's Statute states that the Director may designate a limited number of well-qualified persons to serve as senior fellows who shall be permitted to pursue their research at the Institute and shall be expected to provide advice and assistance in matters related to the work programme of the Institute. The Director may also designate junior fellows as part of the training programme of the Institute and a restricted number of national fellows specialized in the field of criminological research. The Statute further states that the fellows shall be designated in accordance with criteria established by the Board and procedures formulated by the Secretary-General. In December 2004, the Board of Trustees approved guidelines outlining the criteria and procedures for recruitment. Although the Statute requires that the procedures should be formulated by the United Nations Secretary-General, the guidelines were not submitted to the Headquarters Office of Human Resources Management (OHRM), as the United Nations office that has the delegation of authority for human resources issues, for their input and approval.

164. Contrary to its Statute that requires the appointment of a limited number of fellows, UNICRI has used 'fellows' extensively and for long durations and in practice 'fellows' has become like a special category of staff. At the time of the audit, UNICRI had 38 fellows, which was even higher than its approved staffing level of 26. Most of these fellows performed functions that should be performed by staff members including core administrative functions, e.g., a receptionist. Those working for projects sometimes represented UNICRI at meetings and made presentations on behalf of UNICRI. In addition, two of the new offices opened in 2008, New York and Pomezia, had fellows acting as liaison representatives.

165. Managers explained that they preferred using the ‘fellows’ type of contract because there were no strict selection procedures; fellows, unlike consultants, did not have to take a six-month break before being recruited as staff; and, the remuneration rates were relatively low, ranging between Euro 1,500 and Euro 2,500 per month. In addition, the use of fellows and consultants was interchangeable and the choice was largely determined by the project manager. Remuneration rates were also sometimes arbitrarily increased.

166. The practice of extensively using fellows almost like another category of staff exposed UNICRI to reputation risk because of the low remuneration and poor conditions of service. The poor conditions of service also meant that UNICRI may not be attracting the best candidates. Since most of the fellows are from the host country and end up being recruited as staff, this practice limits UNICRI’s ability to diversify its workforce which currently is predominantly Italian. In addition, during interviews and workshop, some of the fellows indicated that the uncertainties stemming from the short-term nature of the contracts affected their performance.

167. The Department of Economic and Social Affairs (DESA) has established comprehensive guidelines for use of fellows which OIOS reviewed for comparison purposes. The DESA guidelines state that DESA fellowships are awarded only to candidates sponsored by their respective governments and are designed to improve the fellows’ professional knowledge and competence with the objective that it will enable them to participate more actively in the development of their countries. The guidelines include detailed explanations of the benefits which include a monthly stipend, travel and insurance. In OIOS view, the DESA guidelines are a good benchmark that UNICRI could use to evaluate its practice on the use of fellows.

Recommendation 22

(22) UNICRI should submit its guidelines for the use of fellows, their recruitment and related salary scales for approval by the Office of Human Resources Management.

168. *UNICRI accepted recommendation 22 and stated that approved salary scales for United Nations fellows are regularly published online by DESA for all countries. The UNICRI Human Resources Section will submit, by end November 2009, draft guidelines for fellows. UNICRI’s Management will review these and submit for Board approval. If endorsed by the Board, the guidelines for fellows will be submitted to OHRM and, subject to availability of funds, UNICRI will deploy solutions ensuring systematic and transparent sourcing processes; solutions based on cost-effective on-demand software technology. OIOS advises that any new guidelines should consider the current guidelines that were already reviewed and approved by the Board and should also be consistent with UNICRI’s Statute, which states that*

UNICRI should recruit a limited number of fellows (unless the Statute is changed). Recommendation 22 remains open pending receipt of evidence that UNICRI has obtained clearance from OHRM on its guidelines on the use of fellows.

Lack of oversight of recruitment undertaken using UNOPS

169. From 2009, UNICRI is increasingly using UNOPS for the recruitment of staff under Appointments of Limited Duration (ALD) and Individual Contractor Agreements (ICA). The terms of the contract between UNICRI and UNOPS do not provide for adequate independent oversight of the recruitment process since UNICRI is fully responsible for the selection process. The terms in relation to recruitment are as follows:

- a. UNICRI shall place advertisement as it requires (Section 2.4b and c);
- b. UNICRI shall identify, interview and select qualified and experienced personnel based on the United Nations Staff Regulations and Rules or UNOPS ICA Policy as applicable. In respect of ICA personnel, UNICRI shall be responsible for setting the fee level, which may be lower than that prescribed by the UNOPS ICA policy (Section 2.4 d); and
- c. UNICRI shall inform UNOPS of the results of its selection and UNOPS shall recruit the personnel in accordance with UNOPS policies (Section 2.4e).

170. Weaknesses were noted in the recruitment cases carried out by UNOPS. A review of eight ALD recruitment cases showed that they were not done in a transparent and competitive manner. There is also the risk that even where UNOPS identified anomalies in the process, they may not have the authority to enforce corrective actions. For example in one case, UNOPS went ahead to issue a one year contract even though it had correctly identified that the candidate did not have the required qualification and experience for an L-4 post. The candidate had also been first recruited as a consultant, but he did not take the mandatory six-month break required.

171. The fact that UNOPS does not provide adequate oversight is all the more reason for UNICRI to put in place procedures to ensure recruitment is undertaken in a transparent and competitive manner. According to ST/SGB/2009/1 'Authority of UNOPS in matters relating to Human Resources Management', UNOPS recruitment practices are expected to comply with United Nations Staff Rules.

Recommendation 23

(23) UNICRI should suspend the use of the United Nations Office for Project Services (UNOPS) for the provision of administrative services that can be provided

**by UNOV until clarification on the propriety of its May
2009 contract with UNOPS is received.**

172. *UNICRI did not accept recommendation 23 and stated that it will reinforce the selection process for all new individual contractor agreements as well as other UNOPS-related sourcing such as consulting firms. If authorized by its Board and subject to availability of funds, UNICRI will deploy solutions ensuring systematic and transparent sourcing processes; solutions based on cost-effective on-demand software technology. This change management process shall allow UNICRI to gradually decrease the use of UNOPS services. It is not clear why UNICRI would need additional funding to establish systematic and transparent sourcing processes. On the contrary as stated in the governance section of this report, the use of UNOPS for the provision of administrative services that can be provided by UNOV, which would also provide the required oversight, is a duplication of costs. Recommendation 23 remains open pending receipt of the results of the review of the propriety of UNICRI's contract with UNOPS.*

Recruitment of consultants and individual contractors was not done in compliance with ST/AI/1999/7

173. Article VI of UNICRI's Statute states that consultants shall be engaged in accordance with policies established by the Secretary-General. From 1 January 2007 to 30 June 2009, UNICRI issued approximately 350 consultancy contracts with a value of about \$2 million. However, contrary to the provisions of ST/AI/1999/7 dated 25 August 1999, "Consultants and individual contractors", UNICRI did not have a systematic and transparent process to identify and recruit consultants in a competitive manner. There was no centralized roster made available to OIOS; instead, some project managers maintained informal lists or rosters of candidates and recruited consultants from these lists or their own networks. It was also not evident that background checks were carried out. Project managers' actions over recruitment of consultants were therefore not subjected to adequate oversight.

Recommendation 24

(24) UNICRI management should develop and establish procedures for recruitment of consultants that ensure transparent and competitive recruitment and compliance with ST/AI/1999/7 on the recruitment of consultants.

174. *UNICRI accepted recommendation 24 and stated that before the end of 2009, UNICRI management will enforce a proper selection process prior to the issuance of consultant and individual contractors' contracts. UNICRI Human Resources Section will submit by the end of November 2009 draft guidelines for consultants for Board approval. If authorized by its Board and subject to availability of funds, UNICRI will deploy solutions ensuring systematic and transparent sourcing processes; solutions based on cost*

effective on-demand software technology. OIOS wishes to clarify that recommendation 24 requires UNICRI to develop internal procedures that are consistent with the United Nations administrative instructions for the recruitment of consultants (ST/AU/1999/7). Such procedures do not need to be approved by the Board or OHRM. UNICRI should only develop alternative guidelines for approval by its Board and OHRM if the aim is to seek exemption from full compliance with the administrative instructions.

V. ACKNOWLEDGEMENT

175. We wish to express our appreciation to the Management and staff of UNICRI and UNOV for the assistance and cooperation extended to the auditors during this assignment.

STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
1	The Secretary-General should review the governance arrangements of UNICRI including its status and position within the United Nations system. The review should also determine whether a revised statute and Secretary-General's Bulletin are required. The results of the review should be submitted to the Commission on Crime Prevention and Criminal Justice. Consideration should also be given to this review being undertaken as part of a more general review of the governance arrangements for all research institutes.	Governance	High	O	Submission to OIOS of the results of the review of the governance arrangements and structure of UNICRI.	Not provided
2	The Secretary-General should initiate a review of the structure and operation of the Board of Trustees with the aim of strengthening its management and oversight functions. The review should include the composition, length and frequency of meetings, approval mechanisms between sessions and management reporting requirements. The results of the review should be submitted to the Commission on Crime Prevention and Criminal Justice.	Governance	High	O	Submission to OIOS of the results of the review of the governance arrangements and structure of UNICRI.	Not provided
3	The Secretary-General should institute a mechanism for appropriate administrative oversight of the UNICRI Director.	Human resources	High	O	Submission to OIOS of the results of the review of the governance arrangements and structure of UNICRI.	Not provided
4	The Department of Management should review and clarify the delegation of authority that should be given to the	Governance	High	O	Clarification of UNICRI's delegation of authority and the extent of administrative services to be provided to UNICRI by	Not provided

Recom. no.	Recommendation	Risk category	Risk rating	C/O	Actions needed to close recommendation	Implementation date ²
5	<p>UNICRI Director in relation to financial rules and procurement and human resources management.</p> <p>The Department of Management should review and clarify the responsibility of the Secretariat with respect to Article VIII of the UNICRI Statute, which states that the Secretary-General is responsible for provision of administrative services to UNICRI.</p>	Governance	High	O	<p>UNOV.</p> <p>Submission to OIOS of the results of DM's review of the responsibility of the Secretariat to provide administrative services to UNICRI.</p>	Not provided
6	<p>The Department of Management should review the propriety of the use of the May 2009 contract between UNICRI and the United Nations Office for Project Services for administrative services that could be provided by UNOV, and determine whether additional costs were incurred by this use and, if so, take appropriate action for any duplication of payment for administrative services.</p>	Financial	Medium	O	<p>Submission to OIOS of the results of DM's review of the propriety of the use of the May 2009 contract between UNICRI and the United Nations Office for Project Services.</p>	Not provided
7	<p>The Department of Management should review the existing arrangements for preparation, presentation and approval of the UNICRI budget and make appropriate proposals to the United Nations Crime Prevention and Criminal Justice Commission.</p>	Financial	High	O	<p>Submission to OIOS of the results of the review of the UNICRI budget preparation process to be undertaken by DM.</p>	Not provided
8	<p>The Department of Management should determine whether United Nations regulations and rules, including Staff Regulation 1.2 and ST/SGB/188, have been violated by the Director and other officials of UNICRI in connection with the management of certain projects (see paragraphs 44 to 96 of the report) and take appropriate action.</p>	Governance	High	O	<p>Submission to OIOS of the outcome of the investigation carried out by OIOS Investigations Division into whether United Nations regulations and rules have been violated by the Director and other officials of UNICRI in connection with the management of certain projects.</p>	Not provided

Recom. no.	Recommendation	Risk category	Risk rating	C/ O ¹	Actions needed to close recommendation	Implementation date ²
9	UNICRI management should prepare a project manual, for the approval of the Board of Trustees, outlining the process for project management. This would include project identification, selection and approval as well as the modalities for identifying and selecting partners to implement the project and arrangements for project monitoring, audit and evaluation.	Operational	High	O	Submission to OIOS of a project manual approved by the Board of Trustees.	Not provided
10	UNICRI management should arrange for all its project officers to undertake training on project planning and monitoring and evaluation, and establish a requirement for new staff to undertake such training.	Human resources	Medium	O	Submission to OIOS of evidence that a training plan has been put in place for project staff.	Not provided
11	UNICRI management should establish standard procedures for the preparation and review of its strategic framework, which outlines the review process and how and at what stage stakeholders such as the United Nations Office on Drug and Crime and the Commission on Crime Prevention and Criminal Justice would be consulted.	Strategy	High	O	Submission to OIOS of the standard procedures for the preparation and review of UNICRI's strategic framework.	Not provided
12	UNICRI management should prepare, for the review and approval of the Board of Trustees, a fundraising strategy.	Strategy	High	O	Submission to OIOS of the fundraising strategy approved by the Board.	Not provided
13	UNICRI management should submit to the Board of Trustees, for review and approval, justification for maintaining the Lucca office.	Operational	Medium	O	Submission to OIOS of evidence that a detailed cost benefit analysis of the Lucca office has been submitted to the Board for review.	Not provided
14	UNICRI management should prepare, for review and approval by the Board of Trustees, guidelines for opening new offices.	Strategy	Medium	O	Submission to OIOS of guidelines approved by the Board of Trustees, for the opening of new offices.	Not provided
15	UNICRI management in consultation with UNODC/ UNOV should prepare standard	Operational	High	O	Submission to OIOS of standard procedures on budget preparation and	Not provided

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Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
	procedures outlining the processes for budget creation and review and incorporate them in the memorandum of understanding between UNICRI and UNOV. These procedures should include a system whereby Board members receive assurance from UNOV/UNODC that the budget has been reviewed and is in accordance with the United Nations regulations and rules.				review that are in line with United Nations Regulations and Rules and administrative instructions.	
16	UNICRI management should prepare standard procedures for monitoring expenditures and for seeking Board approval for budget variances in excess of the thresholds set by the Board. These procedures should be reviewed and approved by the Board.	Financial	High	O	Submission to OIOS of standard procedures for monitoring expenses against the budget.	Not provided
17	UNICRI management should, with guidance from UNOV, determine a strategy for managing its General Purpose fund. The strategy should be reviewed and approved by the Board.	Financial	High	O	Submission to OIOS of evidence that UNICRI has put in place a strategy for managing its General Purpose fund.	Not provided
18	The managements of UNICRI and UNOV should establish standard procedures for the review and approval of UNICRI contributions, specifying the evidence to be provided before pledged contributions are recorded. Such evidence should include approval by the President of the Board of Trustees, subject to any changes in the Statute, and by the Controller to charge programme support costs of less than 13 per cent where applicable.	Operational	Medium	O	Submission to OIOS of standard procedures for the review and approval of UNICRI contributions.	Not provided
19	The Department of Management should assess the competency of UNICRI to handle its own procurement and ensure that all staff involved in undertaking	Operational	High	O	Clarification of the extent of administrative services to be provided by UNOV to UNICRI.	Not provided

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
20	procurement receives appropriate training. The Department of Management should determine the accountability of the staff involved in violations of procurement rules as required under United Nations Financial Rule 101.2 on responsibility and accountability.	Compliance	High	O	Submission to OIOS of the outcome of the investigation carried out by OIOS Investigations Division to determine the accountability of the staff involved in violations of procurement rules.	Not provided
21	The Department of Management should consider whether the actions of the UNICRI Director with regard to financing the travel of individuals who were not involved in any ongoing project or programme activity constitutes a violation of United Nations regulations and rules and if so, take appropriate action.	Compliance	Medium	O	Submission to OIOS of the outcome of the investigation carried out by OIOS Investigations Division into whether the actions of the UNICRI Director in financing the travel of individuals who were not involved in any ongoing project or programme activity constitutes a violation of United Nations regulations and rules.	Not provided
22	UNICRI management should submit its guidelines for use of fellows, their recruitment and related salary scales for approval by the Office of Human Resources Management.	Operational	Medium	O	Submission to OIOS of evidence that UNICRI has obtained clearance from OHRM on its guidelines on the use of fellows.	Not provided
23	UNICRI management should suspend the use of the United Nations Office for Project Services (UNOPS) for provision of administrative services that can be provided by UNOV until clarification on the propriety of its May 2009 contract with UNOPS is received.	Operational	High	O	Submission to OIOS of the results of the review of the propriety of UNICRI's contract with UNOPS.	Not provided
24	UNICRI management should develop and establish procedures for recruitment of consultants that ensure transparent and competitive recruitment and compliance with ST/AI/1999/7 on the recruitment of consultants.	Operational	High	O	Notification that UNICRI has either developed internal procedures for the recruitment of consultants that are consistent with the United Nations administrative instructions ST/AI/1999/7 or established alternative guidelines, for approval by its Board and OHRM.	Not provided

1. C = closed, O = open
2. Date provided by UNICRI, UNOV and DM in response to recommendations.

ANNEX 2

RESULTS OF CONTROL ENVIRONMENT SURVEY

No.	Statements	Yes %	No %	Not sure %
COMMITMENT TO VALUES				
1.	I am aware of UN code of conduct and core values	90	0	10
2.	I am satisfied with the way UN core values are exhibited and adhered with by my officemates.	52	19	29
3.	I am satisfied that my superiors exhibit and adhere with the UN core values.	47	29	24
4.	I know that the office will deal with violations to behavioral standards in the proper way.	67	14	19
5.	I am satisfied with the way the office deals with third parties.	52	24	24
6.	I am satisfied with the way employee complaints are handled by management.	52	38	10
MANAGEMENT PHILOSOPHY AND OPERATING STYLE				
7.	In my opinion management has an appropriate attitude toward risk-taking, and proceeds with new mandates, missions, or projects only after carefully analyzing the risks involved and determining how they may be minimized or mitigated.	29	43	28
8.	In my opinion, during meetings senior management encourages open communications and dialogues. Employees can make suggestions and air their concerns and management responds appropriately.	38	33	29
9.	In my opinion, management communicates all relevant financial, budgetary, and programmatic information needed for staff to fully understand the operations and financial condition of the organization.	29	38	33
10.	In my opinion, management safeguards the resources of UNICRI and takes actions that put UNICRI on a sound financial footing.	29	43	28
11.	In my opinion management has a long-term vision and avoids focus on short-term reported results and outcomes.	38	33	29
12.	In my opinion, management promotes compliance with all regulations and rules and there are consequences for non-compliance.	33	33	34
HUMAN RESOURCES				
13.	I have sufficient time to carry out my responsibilities	29	52	19
14.	In my opinion there are enough staff members in UNICRI to undertake relevant duties.	14	53	33
15.	In my opinion, recruitment and promotion practices are fair and transparent.	33	33	34
16.	I am satisfied with the way my performance is being evaluated.	62	14	24
17.	In my opinion, the organizational structure facilitates the	29	24	47

No.	Statements	Yes %	No %	Not sure %
	flow of information throughout the organization.			
DELEGATION OF AUTHORITY				
18.	I understand my responsibilities because these were clearly defined and communicated to me.	57	10	33
19.	I can see that my authority is commensurate to my responsibility.	43	24	33
20.	In my opinion, staff at the appropriate level is empowered to correct problems or implement improvements.	33	24	43
21.	In my opinion, there is an appropriate balance between the delegation of authority at lower levels to get the job done and the involvement of senior-level staff.	33	24	43
COMMITMENT TO COMPETENCY				
22.	I understand what my job position requires from me.	86	15	9
23.	My supervisor explained to me my job description and my present work matches this job description.	67	19	14
24.	I have attended at least one training course related to my job in the last two years.	38	48	14
25.	I am satisfied that management is really ensuring that staff is committed to excellence in performing their jobs.	43	33	24
26.	I believe that my supervisors are competent and trained to perform their responsibilities.	48	24	28