



Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

UNODC Myanmar Country Office

**The achievement of UNODC strategic objectives
was impeded by inadequate programme and
project management**

29 August 2008

Assignment No. AE2007/365/03

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: Mr. Antonio Maria Costa, Under-Secretary-General and
A: Executive Director
United Nations Office on Drugs and Crime

DATE: 29 August 2008

REFERENCE: IAD: 08- 01690

FROM: Dagfinn Knutsen, Director
DE: Internal Audit Division, OIOS



SUBJECT: **Assignment No. AE2007/365/03 - Audit of UNODC Myanmar Country Office**
OBJET:

1. I am pleased to present the report on the above-mentioned audit.
2. Based on your comments, we are pleased to inform you that we will close recommendations 3, 6, 7, 8, 9, 10, 11, 14 and 16 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, 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. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendations 1, 2 and 4, in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. Franz Baumann, Deputy Director-General, UNODC/UNOV
Mr. Chris Kirkcaldy, Chief, Financial Resources Management Service, UNODC
Mr. Shariq Bin Raza, Country Representative, UNODC Myanmar Country Office
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Ms. Maria Gomez Troncoso, Officer-in-Charge, Joint Inspection Unit Secretariat
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Mr. Byung-Kun Min, Programme Officer, OIOS
Mr. Anders Hjertstrand, 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

UNODC Myanmar Country Office

OIOS conducted an audit of the United Nations Office on Drugs and Crime (UNODC) Myanmar Country Office (COMYA). The overall objectives of the audit were to evaluate the effectiveness of programme and project management arrangements and practices to ensure achievement of UNODC objectives and to determine the adequacy of internal controls over administration and financial support services. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

Myanmar is the world's second largest producer of opium after Afghanistan. Completed and ongoing UNODC projects in the country as at 31 December 2007 amounted to a total of \$20 million. Through its projects, COMYA has been instrumental in maintaining Wa Special Region's (formerly the biggest producer of opium poppy) zero percent opium poppy cultivation. Nonetheless, Myanmar increased its overall cultivation by 29 percent in 2007, after seven years of continuous reduction.

COMYA's programme and project management practices were not adequate to ensure the achievement of UNODC strategic objectives. COMYA carried out activities to pursue its first three strategic objectives which included: eliminating or substantially reducing cultivation and production of illicit opium and related opium abuse; contributing to the sustainable elimination of opium in Kokang and Wa regions through viable income alternatives; and reducing the spread of drug related HIV/AIDS. Although COMYA met its operational targets for annual illicit crop monitoring surveys, it failed to meet the four-year target for alternative development projects in Wa Special Region and drug use related HIV-AIDS projects. To pursue its fourth objective of reducing human trafficking from Myanmar, COMYA needs to pursue its anti-human trafficking activities in cooperation with the United Nations country team in Myanmar, considering that human trafficking is a global humanitarian concern to both UNODC and the United Nations.

To improve programme and project management, COMYA should:

- Re-evaluate its strategy for Wa Special Region alternative development projects to ensure their sustainability.
- Re-assess its HIV/AIDS projects coverage to ensure that injecting drug users in HIV/AIDS prone areas are adequately covered.
- Ensure regular submission and evaluation of project reports to facilitate assessment of projects' status and achievement of objectives.

Administrative and financial internal controls were weak, raising the risk of misuse and loss of United Nations resources. A summary of weaknesses is given below:

- There was no monitoring of the use of project funds transferred to non-governmental organizations.

- Procurement was done on a project-by-project basis by project staff members, preventing proper procurement planning and bidding and vendor selection.
- Supporting documents for financial and procurement transactions were lacking.
- Cash advances were issued to different staff members to pay cash to creditors. Imprest cash on hand was intermingled with cash collections. Only non-pre-numbered computer generated receipts were issued and cash collections were not deposited but used directly in operations.

UNODC should address security and safety concerns caused by staff's inability to use communication equipment due to Government restrictions.

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations Office on Drugs and Crime (UNODC) Myanmar Country Office (COMYA). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. UNODC and its predecessors, the United Nations Drug Control Programme (UNDCP) and the United Nations Fund for Drug Abuse Control (UNFDAC), have been active since 1978 in Myanmar, which is the world's second largest producer of opium after Afghanistan. UNODC was established to enable the United Nations to focus on and enhance its capacity to address the interrelated issues of drug control, crime prevention and international terrorism.

3. In 1999, the Myanmar Government formulated a 15-year plan for the elimination of opium, with a target to totally eliminate opium cultivation in Myanmar by 2014. Over the past decade, a series of drug control policies and a ban on opium by the authorities led to an 83 percent reduction of opium cultivation in the country from 130,300 hectares in 1998 to 21,500 in 2006. Wa Special Region 2, which used to account for the bulk of Myanmar's opium poppy cultivation, was declared opium-free. However, the 2007 illicit crop survey conducted jointly by the Government of Myanmar and UNODC saw a 29 percent increase in 2006 figures in nationwide opium cultivation, indicating the need for a more sustainable drive towards opium poppy eradication.

4. The specific objectives of COMYA in relation to drug control and sustainable alternative development are:

- By 2008, to have started to reduce trafficking in human beings from Myanmar;
- By 2008, to have contributed to the sustainable elimination of opium in the Kokang and Wa Regions;
- By 2008, to have significantly reduced the spread of HIV/AIDS in targeted intervention areas; and
- By 2014, to have eliminated or substantially reduced cultivation and production of illicit opium and related opium abuse.

5. Operational targets related to these objectives were enumerated in the years 2004 to 2007 Strategic Programme Framework of the COMYA. These are discussed in more detail in the section on programme/project management. For the period 2007 to 2008, the Country Office has eight ongoing projects.

6. COMYA has a total of 56 staff consisting of the Country Representative, one international intern, 14 national staff including the designated Assistant Representative and 40 project staff holding contracts issued by the United Nations Development Programme (UNDP).

7. Completed projects in 2007 and ongoing projects in 2008 by thematic area are shown in Table 1.

Table 1: COMYA's completed in 2007 and ongoing projects in 2008

Thematic Area	Completed	Ongoing
	Total project budget (\$)	Total project budget (\$)
HIV/AIDS	1,784,600	6,585,179
Sustainable livelihoods	413,500	407,700
Research and trend analysis	627,700	1,125,234
Counter narcotics enforcement		9,068,840
Total	\$2,825,800	\$17,186,953

8. Comments made by UNODC Myanmar Country Office are shown in *italics*.

II. AUDIT OBJECTIVES

9. The main objectives of the audit were to:

(a) Evaluate the effectiveness of programme and project management arrangements and practices to ensure achievement of UNODC objectives; and

(b) Determine the adequacy of internal controls in place to ensure that administrative and financial support services are properly managed in compliance with related United Nations regulations and rules.

III. AUDIT SCOPE AND METHODOLOGY

10. The audit covered the four-year period from 2004 to 2007 for the programme/project management audit and 2007 to March 2008 operations for the audit of support services. It involved field inspection of projects related to alternative development and drug use-related HIV/AIDS; matching of project objectives, targeted outputs and intended outcomes with reported accomplishments; review of management controls over project disbursements; interviews with implementing partners and staff of the United Nations Development Programme and Department of Safety and Security; and review of documentation related to administrative and support services. In addition, a survey was conducted on UNODC Myanmar's control environment and workshops were held to identify operational and administrative risks.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Programme and project management

11. During the period 2004 to 2007, COMYA conducted surveys of illicit crops to determine the extent of opium poppy cultivation in Myanmar and to collect socio-economic data at the village level. In addition, it initiated a package

of alternative development projects focused on the Wa Special Region to avoid the migration of vulnerable groups affected by the opium poppy eradication campaign and to prevent their return to opium poppy cultivation. It also conducted various capacity building, educational and awareness activities on drug induced HIV/AIDS awareness and reduction programs, in which the police and military, drug users and their families participated. Activities of COMYA addressed three of the four objectives identified in the 2004 to 2007 Strategic Programme Framework Programme, which were to:

- Eliminate or substantially reduce cultivation and production of illicit opium and related opium abuse;
- Contribute to the sustainable elimination of opium in Kokang and Wa regions through viable income alternatives; and
- Reduce the spread of drug related HIV/AIDS.

Pursuing human trafficking objective

12. Discussions revealed that COMYA had not pursued the fourth important objective which was to reduce human trafficking although it had made plans to respond to human trafficking in Myanmar by “increasing the knowledge base of the problem, providing technical assistance to the law enforcement sector and the judiciary, facilitating access and improving the capacity of service providers and conducting awareness raising campaigns.” However, apart from a reported awareness activity in 2007 that COMYA carried out in coordination with the Border Liaison Unit of the United Nations Inter-Agency Project on Human Trafficking (UNIAP) as part of the MYAE76 (HIV/AIDS) project, no other activity was reported to have been implemented to pursue this objective.

13. The Trafficking in Persons Report of the United States State Department, in June 2007 ranked Myanmar as a Tier 3 country (most serious) in terms of human trafficking. The report noted that the Government “does not fully comply with the minimum standards for the elimination of trafficking and is not making significant efforts to do so. Military and civilian officials are directly involved in trafficking for forced labor and the unlawful conscription of child soldiers.” The report however noted the Myanmar Government’s recognition of the problem and its negotiations with the International Labor Organization to address forced labor, “but did not otherwise take action to stop it.” Despite the seriousness of the problem, COMYA explained that it could not deal with the issue more fully because human trafficking is both a humanitarian and political issue in Myanmar. COMYA may need to pursue its activities under the anti-human trafficking objectives with the United Nations country team in Myanmar, considering that human trafficking is a global humanitarian concern of UNODC and the United Nations.

Sustaining projects to eliminate opium poppy cultivation

14. During the period 2004 to 2007, there were four related projects which aimed to sustainably eliminate opium in Kokang and Wa Regions through viable income alternatives: projects MMRJ47 and RASC25 (both ongoing); as well as

projects RASG25 and RASG45 (both completed). While a 29 percent increase in opium poppy cultivation was registered nationwide in 2007 (the first time after seven years straight of continuous decline), a zero percent opium poppy cultivation rate was sustained in Wa. This indicated that UNODC's package of alternative development activities contributed to the success of the eradication campaign, which was acknowledged by the Wa Authority officials and international non-governmental organization (NGO) representatives.

15. For 2008, the project objectives were revised to support the transition to sustainable development by strengthening the Wa Authority's capacity to plan and coordinate work to reduce poverty and sustain the elimination of opium in the Wa Region. By the end of 2008, the new intended outcomes and outputs are as shown in table 2:

Table 2: Outcomes and outputs of projects to eradicate poppy cultivation for 2008

Outcome	Output
1. Capacity of government sector (i.e. Wa Authority) to develop Alternative Livelihood Development (ALD) related policy and build skills of government officials and village leaders.	1.1 Kokang and Wa Initiative (KOWI) programme to train Wa Authority staff in sustainable development initiated. 1.2 Wa Region information and database functioning as a planning tool. 1.3 KOWI-Wa Authority-Government concurrence on multilateral coordination approach.
2. KOWI coordination of work of multilateral organizations.	2.1 Handover of coordination role by UNODC to KOWI partner agency or agencies.
3. Completion of ALD activities in villages which are being sustained through new Wa and multilateral agency plans	3.1 Food production in ex-poppy growing villages continues to increase. 3.2 Clean water supply and small-scale irrigation schemes built in new areas. 3.3 Building village-level infrastructure, such as feeder roads, continues.
4. Community-based treatment and reintegration of opium addicts.	4.1 Drug treatment continues to reduce opium addiction. 4.2 Drug treatment package for poppy growing areas developed for introduction elsewhere in Myanmar.
5. Withdrawal of capital and operational assets or handover/sale to local authorities, multilateral partners.	5.1 UNODC RASC25 assets inventory completed. 5.2 UNODC plan for future use of assets designed and implemented

16. The intended outcomes and outputs for 2008 however, particularly 1, 2 and 4, were the same as in the Strategic Programme Framework for 2004 to 2007 since they were not accomplished according to plans. During the OIOS workshops, the project staff noted their lack of a uniform understanding of how and why a structure for stakeholder planning, coordination management and community development methodology was being established. This explains why these activities, which were intended to be accomplished in 2004, were only introduced in 39 of 74 target villages by 2007 despite the existence of drug

trafficking and drug use in the Region, as admitted by the Vice President of Wa Authority during an interview with OIOS.

17. The drug reduction system which was targeted to be in place by 2005, could not be sustained due to lack of project funds. The project staff also identified the project's failure to establish a performance monitoring system in Wa Region in 2005, as the main reason why the extent of accomplishment of other operational targets, related to a number of irrigation systems, rice paddy fields and livelihood projects could not be evaluated.

18. The lack of readiness of the Wa Authority to assume UNODC's role of planning, coordination and management needs serious attention. The Authority hinted at the possibility of a return to opium poppy cultivation if UNODC leaves and fails to facilitate extension of additional technical and financial assistance by international organizations. The Wa Authority as mentioned, by its Vice President during the interview, was not involved in planning and targeting of project activities; was not aware of how the project phase-out plan would be implemented; and how and where project funds were spent. He said that UNODC spent about 60 percent to 70 percent of project funds on salaries and questioned why the project had been ongoing for 10 years, whereas UNODC had projected its completion in 5 years

19. The KOWI partners also need to be given more responsibilities in dealing with the Wa Authority, so that they will not expect UNODC to initiate and facilitate consultations with the Wa Authority. An NGO head noted during an interview that since UNODC took the lead in eradicating opium poppy in the region, it should also take the lead in assisting NGOs willing to help the ex-farmers.

Recommendation 1

(1) The UNODC Myanmar Country Office should take concrete steps to address gaps and constraints in achieving past years' operational targets which are again targets for 2008. These include ensuring that project staff and stakeholders have a uniform understanding of stakeholder planning, coordination management and community development methodology; the drug reduction system is in place and sustained; the Wa Authority is involved in planning sustainable development activities; a phase out plan is drafted; and a performance monitoring system established.

20. *The UNODC Myanmar Country Office accepted recommendation 1 and stated that between April and June 2008, monitoring and review visits of the project sites were conducted to ensure that project staff have a uniform understanding of planning, coordination management and community development methodology (according to the newly-developed Monitoring and Evaluation Guideline and the Communication Guidelines). There were KOWI meetings on project planning and coordination management, and in May and June, separate KOWI seminars were held on tea growing, processing and*

marketing, and on food security. The seminars were attended by stakeholders and staff from the Wa government offices concerned and representatives of IGOs, NGOs and United Nations agencies. The second issue of the KOWI newsletter in June provides a multi-sectoral overview of each partner's priorities

21. *As to the drug reduction system, the first draft of the Drug and HIV/AIDS Country Programme will be presented to stakeholders in August 2008, to be implemented in October 2008 and revised in December 2008. Regarding sustainable activities, since April 2008, Wa Authorities have been taking part in the design, planning, implementation and monitoring of all the new project activities. Trainings on the use and updating of the KOWI database will be provided to Wa Authorities in October 2008. Regarding the phase out plan, the inventory of assets has been completed in June 2008; transfer of assets was coordinated with the Wa Authorities and NaTaLa and the programmatic part of the phase out plan will be completed after consultations with the KOWI partners (on KOWI mechanism sustainability) and with the Wa Authorities (on the Training centres).*

22. *The Monitoring and Evaluation Guidelines on projects monitoring tools and implementation procedures have been developed, and in June 2008, the Project Manager conducted an initial training on the use and application of the new guidelines. At the end of June 2008, project staff submitted a project quarterly report based on the format defined in the Monitoring and Evaluation Guidelines, and in July 2008, a semi-annual report which incorporates the performance review was posted in the ProFi system. Recommendation 1 remains open pending receipt of copies of the approved Drugs and HIV/AIDS Country Programme, the project phase out plan and confirmation of training held on the database for use of KOWI partners.*

Pursuing projects on HIV/AIDS through injecting drug use

23. The UNAIDS 2006 AIDS Epidemic Update (published in December 2006) reported that despite diminishing trends, Myanmar still experiences a serious epidemic with an estimated 360,000 people living with HIV and with a national adult HIV prevalence of approximately 1.3 percent at the end of 2005. The Update also reported high infection levels in most-at-risk groups, including Injecting Drug Users (IDUs) of which 43 percent had HIV, and estimated that at least 11,000 HIV carrying/infected injecting drug users benefited from programmes established by non-governmental organizations.

24. The project document for the latest UNODC HIV/AIDS project MMRJ69 (2008 to 2010) in Myanmar reflected the estimated number of drug users, both in urban and rural settings as illustrated in the table below:

Table 3: Estimated number of drug users per location

Township	Village Tracts	Total Population	Drug users (Estimated)	Percentage of injecting drug users to total users
Lashio	78	252,395	6,738	10%
Thenni	32	50,478	1,258	2%
Tamo Nye	29	72,169	5,170	8%
Tangyeng	49	176,762	5,161	8%
Kayukeme	69	186,906	4,988	8%
Tachileik	13	109,756	1,600	2%
Muse	59	138,243	4,800	7%
Mongshu	17	57,397	1,175	2%
Hpakant	15	5,4000	4,800	7%
Mandalay	100	1,000,000	4,800	7%
Yangon	630	6,200,000	16,917	25%
Tamu	11	95,002	1,200	2%
Myawaddy	15	54841	1,800	3%
Kawthaung	9	67,370	2,100	3%
Pang Kham	85	20,102	1,500	2%
Monywa	57	369,844	2,800	4%
	1,268	8,905,265	66,807	

25. The project document also indicated that based on Sentinel Surveillance data for the year 2000, the prevalence of HIV/AIDS among IDUs had increased in some villages: Mandalay (87.8 percent), Lashio (74.0 percent), Myitkyina (77.1 percent), and Yangon (39.1 percent). While this explains why Lashio was selected as a pilot area by COMYA, it does not explain why other equally HIV/AIDS susceptible areas noted above have not been given more importance in its project activities.

26. Available progress and annual reports showed that activities of six projects were concentrated in Lashio and Muse (see table 4) instead of being spread to other target areas to maximize benefits in terms of higher awareness levels, more educators and more beneficiaries in drop-in centers and information materials provided.

Table 4: HIV/AIDS related projects – Objectives, activities and area beneficiaries

Project/ Project duration	Objectives/Progress report activities discussed	Areas benefiting these activities
MYAE76 (2000 - 2007)	To strengthen the capability of communities and local institutions to carry out community-based demand reduction programmes in three priority townships in the Northern Shan State through a community-based demand reduction programme medical supplies drop in centers, primary health care, HIV/AIDS prevention and empowerment.	Lashio Kutkai Muse
MYAH08 (2003-2008)	To conduct outreach based activity in two geographic locations, Lashio and Muse, that will include three additional townships as well as	Lashio Muse three additional

Project/ Project duration	Objectives/Progress report activities discussed	Areas benefiting these activities
	continuation of coordination and facilitation activities of the Technical Cooperation Unit (TCU).	townships
MYAG54 (2003-2008)	To reduce injecting drug use and its harmful consequences among injecting drug users (IDUs) and their families and communities, as well as to train local decision-makers, service providers, outreach workers and peer educators.	Three townships in Kachin State (Myitkyina, Moegaung and Moehyin/Hopin) and in selected townships in Yangon, Mandalay and the Lashio municipality (in Northern Shan State).
MYAH75 (2004-2008)	To increase awareness on HIV/AIDS prevention among new police recruits (both officers and other ranks), police personnel in border area and their families, high ranking police officers and educators. Targets: Yangon, Mandalay and Bago Divisions and Southern Shan State where there are police training schools, and a border town in Eastern Shan State, Tachileik	In 2007: Zeebingyi Kyaington Muse Lashio
MMRJ63 (2007-2008)	1) To scale up and make outreach services comprehensive and effective in five project townships; 2) To increase access to prevention to "at risk" mobile transport workers; 3) To increase access to quality Voluntary Counselling and Testing, sexually transmitted infections diagnosis and treatment; 4) To increase involvement of the people living with HIV/AIDS, self-help groups; and 5) To build necessary local and Community based Organization (CBO) capacities.	Lashio Muse Tachileik Thenni and Tangyeng townships
MMRJ69 (2008-2010)	To reduce the spread of HIV/AIDS harm which is associated with injecting drug use.	Specific divisions in Kachin, Sagaing, Mandalay and Shan states including: Muse, Tachileik, Kutkai, Kyaington, Mongshu, Pinlon

27. OIOS verified that Lashio had six implementing partners operating in the area and two drop-in centers that provide basic health care to the drug users. The targets set for the different implementing partners in some cases point to the same target beneficiaries. During the OIOS workshop for HIV/AIDS project staff, the J63 project staff indicated that they had identified cases of overlap of services in the area. While this had been subsequently addressed through the

allocation of specific areas to each implementing partner, the possibility for duplication still exists.

28. The recent recruitment of a programme specialist on HIV/AIDS (Project H08), whose responsibilities include programmatic development, coordination, monitoring and evaluation of HIV related projects, is a positive step. There is a need to develop a strategy to ensure that future HIV related projects are distributed among the targeted townships.

Recommendation 2

(2) The UNODC Myanmar Country Office should re-assess its HIV/AIDS projects’ coverage to ensure that other injecting drug users in HIV/AIDS prone areas, apart from Lashio and Muse in the Northern Shan State, also benefit from projects.

29. *The UNODC Myanmar Country Office accepted recommendation 2 and stated that an assessment is planned for July 2008. The assessment will identify the feasibility of increasing coverage to ensure that other IDU HIV/AIDS prone areas, apart from Lashio and Muse, benefit from the programme. Stakeholders will be involved in the assessment exercise. The Assessment Report will be presented in the stakeholders’ meeting scheduled for September 2008. The action plan, which will be based on the assessment, will be implemented in October 2008. Recommendation 2 remains open pending receipt of copies of the assessment report and the action plan.*

Reporting and evaluating projects’ performance

30. Management instruction UNODC/MI/2007/2 dated 18 October 2007, requires that the UNODC Representative should ensure that the projects’ “linkages with relevant sub-programmes, objectives and expected accomplishments are clearly substantiated.” OIOS review of the projects’ planned outcomes and operational targets showed that these are generally measurable and well identified. However, COMYA has not monitored and evaluated project performance based on agreed upon indicators and standards, making it difficult to establish the projects’ success in pursuing their objectives. While reported accomplishments included numerous activities conducted, certain activities did not have any relation to the operational targets as indicated in the following table:

Table 5: Operational targets/desired outcomes and accomplishments

Project	Operational targets/desired outcomes	Reported accomplishments	OIOS comments
MMRJ63	Reduction from 45% to 30% of IDUs sharing needles. Reduction of Injecting Drug Users	Distribution of condoms and infection containment supplies; conduct of promotion sessions for 333 youth	While commendable, this duplicates work of other projects and is not targeted on injecting drug users.

Project	Operational targets/desired outcomes	Reported accomplishments	OIOS comments
	(IDUs) induced HIV/AIDS among IDUs and their sexual partners by 7%.	who were out of school youth, sex workers and highway truck drivers	
MYAE76	Provide and monitor revolving loans for community based demand. Provide social development activities	a. Primary health care, clean water system, treatment of addicts and provision of medical facilities b. Microcredit facilities; primary education training, provision of vocational training facilities	While commendable, primary health care, treatment of addicts and provision of medical facilities are not relevant to project objectives.

31. Moreover, annual (A) and semi-annual (SA) projects reports, which should be used as a basis for monitoring performance, were not uploaded to the ProFi system, thus indicating non-submission of reports and non-evaluation of project accomplishments as shown in table 6:

Table 6: Semi-annual and annual reports submitted for 2004 to 2007

Projects/Duration	2004		2005		2006		2007	
	SA(1)	A(2)	SA	A	SA	A	SA	A
E76 (2000-07)	None	None	None	None	Yes	Yes	Yes	Yes
H08 (2003-08)	None	None	None	None	Yes	Yes	None	None
G43 (2003-08)	None	None	None	Yes	None	None	Yes	None
C25 (1998-08)	None	None	None	Yes	Yes	Yes	Yes	None
J47 (2007-09)	-	-	-	-	-	-	-	None
H75 (2004-08)	None	None	None	None	None	Yes	Yes	Yes
G54 (2003-08)	None	None	None	None	Yes	Yes	None	Yes
J63 (2007-08)	-	-	-	-	-	-	-	Yes

Recommendation 3

(3) The UNODC Myanmar Country Office should ensure that project reports, clearly indicating whether specific operating targets are met and intended outcomes are accomplished, are submitted to UNODC and evaluated semi-annually and annually.

32. *The UNODC Myanmar Country Office accepted recommendation 3 and stated that Monitoring and Evaluation Guidelines were issued for the purpose and that as from 2006, all COMYA semi-annual and annual project progress reports (covering 2006, 2007) have been submitted and posted on the ProFi system. Based on the action taken by UNODC Myanmar Country Office, recommendation 3 has been closed.*

B. Administrative and support services

Monitoring funds given to non-governmental organizations

33. Fifty nine percent of the total 2007 funds were released to non-governmental organizations which assisted COMYA in implementing certain aspects of the projects. However, the project staff did not monitor the utilization of funds mainly because they believed that they were only responsible for monitoring the technical aspects of the projects. On the contrary, the terms of reference of project managers/project coordinators indicate that they are responsible for monitoring and evaluating the technical and financial aspects of their projects.

34. The audit team's visits to three non-government organizations: CARE, Marie Stopes, and the Myanmar Business Coalition showed that these organizations have established accounting units. In the case of CARE, the financial report furnished to OIOS showed that up to 63 percent of funds were used for salaries and administrative expenses as shown in table 7:

Table 7: Amount of NGO's expenditure from November 2006 to December 2007

Nature of expenditure	Actual cost in \$ Nov 2006 to Dec 2007	Percentage of total cost
Salaries (local and international)	109,800	47%
Travel costs	3,290	1%
Equipment and supplies	12,534	5%
Local office (vehicle, office space, consumables, generator cost)	22,612	10%
Evaluation cost and visibility actions	947	-
Pamphlets, training manuals, drop in services, training, community based activities, counseling and other project related costs	86,874	37%
Total	\$236,057	100%

35. COMYA considers this acceptable in light of the HIV/AIDS activities conducted by CARE. COMYA, however, was not in a position to conclude on the propriety and relevance of expenditures in the absence of a contract provision allowing COMYA access to CARE's financial records. Independent audits were conducted for only two partners who were not even aware of audit recommendations to improve their operations.

Recommendations 4 and 5

The UNODC Myanmar Country Office should:

(4) Ensure close monitoring by project managers/coordinators of the manner in which funds transferred to non-government organizations are utilized and the results of monitoring done are included in their semi-annual and annual reports; and

(5) Request that independent audits of partners receiving funds above certain thresholds be introduced by the Country Office, and discuss the results of audits with the non-governmental organizations concerned to ensure that recommendations are implemented.

36. *The UNODC Myanmar Country Office accepted recommendation 4 and stated that the Monitoring and Evaluation Guidelines, specifically paras 1.1, 1.2, 1.3, and 1.4 address the recommendation. In June 2008, COMYA conducted a Monitoring and Evaluation Guidelines Introductory Training course to the staff in Yangon. Since April 2008, project managers and coordinators have conducted 10 field visits during which they carried out briefing sessions with project staff and stakeholders on monitoring and evaluation. During his assessment/field visit planned for July 2008, the HIV/AIDS Programme Specialist will also conduct Monitoring and Evaluation Guidelines Introductory Training for the project staff as well as other stakeholders based in the field. From March to July 2008, staff in the Drugs and HIV/AIDS Section have participated in the 13 monitoring and review meetings on financial and programmatic issues conducted by COMYA's senior management. Staff in the Alternative Development Unit also participated in the four monitoring visits conducted by the Project Manager, Senior Programme Officer, Senior Finance Associate and Senior Administrative Associate. Field monitoring visits to project sites by the HIV/AIDS Programme Specialist and project managers have been planned for the second and third quarter of 2008. The results of the monitoring and review meetings are included in the semi-annual reports which are available on the ProFi system. Recommendation 4 remains open pending receipt of reports on monitoring and review visits which indicate the manner by which funds released to non-government organizations are utilized.*

37. *The UNODC Myanmar Country Office accepted recommendation 5 and stated that the requirement has been included in the Operational Procedures and that all of COMYA's implementing partners (two international and three local NGOs) have been requested to conduct annual independent audits in accordance with the new Operational Procedures. The audit findings will be discussed and reflected in the Semi-annual and Annual reports. Recommendation 5 remains open pending receipt of copies of the independent audit reports and posting of the relevant reports showing the discussion of the result of the audits.*

Ensuring adequate internal control over funds disbursed and procurements

38. A review of 40 disbursement vouchers showed that in the case of procurement transactions, quotations were obtained from only two or three vendors irrespective of the value of procurement. This is contrary to Section 9.4.1 of the United Nations Procurement Manual for low value procurement below \$2,500, and Section 9.3.4 for acquisitions over \$2,500 which specifies the minimum number of vendors per value of transaction that should be invited to ensure transparency and competitiveness. Purchases of goods and services, including repairs and maintenance of vehicles were done on a project by project basis in the absence of a Procurement Officer who could have ensured proper planning, rostering of vendors, proper bidding and selection. This practice is not

in accordance with Regulation 5.12 and Rules 105.13 and 105.14 of the United Nations Financial Regulations and Rules, which among others require the designation of an official responsible for procurement functions and the conduct of acquisition planning and proper methods of solicitation.

39. Supporting documentation such as invoices and quotations were not always in the file contrary to Regulation 5.8b of the United Nations Financial Regulations and Rules which requires that “all payments be made on the basis of supporting vouchers and other documents that shall ensure that services or goods have been received and that payments have not previously been made.” For travel related disbursements, the travel authorizations showing the purpose of travel and approved itinerary were not always attached to the disbursement vouchers. Engineering works totalling \$11,283 were paid by Project J47 earlier than the required dates indicated in the contracts. Supporting documents proving that completed works had been inspected by a competent COMYA representative were not found. Considering that project C25 and project J47 (both in Shan State) undertook numerous infrastructure projects, COMYA should have established an inspection system to ensure that completed works are in accordance with technical specifications before payments were made.

Recommendations 6 to 8

The UNODC Myanmar Country Office should:

(6) Designate a Procurement Officer who can take charge of all procurement activities and ensure compliance with the United Nations Financial Regulations and Rules and the United Nations Procurement Manual;

(7) Establish delegations of authority, with authorized limits, to ensure that high value disbursements and procurements are reviewed and approved by designated officials or committees before payment; and

(8) Ensure that payments are supported by proper documents in accordance with Regulation 5.8 of the United Nations Financial Regulations and Rules. A competent focal point should be assigned to review the propriety and completeness of supporting documents for payments and to serve as resource person to monitor compliance with United Nations Regulations and Rules related to payments, procurement and travels.

40. *The UNODC Myanmar Country Office accepted recommendation 6 and stated that as part of the restructuring of the Country Office, an Assistant Representative/Operations Manager has been appointed to manage, oversee and supervise all operations of the Country Office. The recruitment of a Senior Administrative Associate, acting as Procurement Officer, in charge of all procurement activities, has been completed. In compliance with United Nations rules and regulations, the following actions have been taken up: a common*

procurement plan was established in accordance with the United Nations Procurement Manual; suppliers (who accept cheque payments) were identified and the vendors' list was updated; and a Contracts, Assets and Procurement Committee (CAPC) was formed on 13 June 2008. Based on the actions taken by UNODC Myanmar Country Office, recommendation 6 has been closed.

41. *The UNODC Myanmar Country Office accepted recommendation 7 stating that the CAPC was formed on 13 June 2008 and submitting a copy of their terms of reference. Based on the action taken by UNODC Myanmar Country Office, recommendation 7 has been closed.*

42. *The UNODC Myanmar Country Office accepted recommendation 8 and stated that the recruitment of the Senior Finance Associate has been completed and that the Operations Manager and Senior Finance Associate would act as focal points and resource persons for the proper application of relevant United Nations rules and regulations as required under COMYA's Operational Procedures. Based on the action taken by UNODC Myanmar Country Office, recommendation 8 has been closed.*

Controlling cash advances

43. In November 2007, there were 37 advances issued during the month which individually ranged from a low of \$392 to a high of \$11,282. Moreover, close to 50 percent of all payments made were through cash advances granted to different UNODC staff who in turn settled accounts with creditors in cash. This was justified by management as necessary since most vendors prefer to be paid in cash because of the country's banking system. UNDP also charges for disbursement transactions it makes for UNODC.

44. While there is a mechanism in place to monitor the advances, this practice is not in accordance with Rule 104.10 of the United Nations Financial Regulations and Rules which require that "all disbursements shall be made by cheques... except to the extent that cash disbursements are authorized by the Under-Secretary-General for Management." Moreover, allowing staff to handle cash increases the possibility for losses and the use of cash for unauthorized purposes.

Recommendation 9

(9) The UNODC Myanmar Country Office should stop the practice of granting cash advances to staff for the purpose of paying vendors in cash. An imprest account should be established for Yangon operations to facilitate payments made to suppliers, to avoid the granting of cash advances to non-accountable cash officers, and to reduce disbursement transactions through UNDP.

45. *The UNODC Myanmar Country Office accepted recommendation 9 and submitted a copy of COMYA's Operational Procedures which state that all*

payments will be made by cheque, except for extraordinary situations which the Operational Manager should approve. COMYA has received permission from UNODC Headquarters' to open petty cash accounts in Keng Tung for C25 and in Lashio for MYAG54 projects in order to avoid the current practice of granting cash advances to staff for operational costs. Based on the actions taken by UNODC Myanmar Country Office, recommendation 9 has been closed.

Accounting for cash and cash collections

46. Cash count conducted by OIOS of the imprest account of project C25 showed that it was difficult to establish total accountability in accordance with Rule 104.9 of the United Nations Financial Regulations and Rules, since imprest cash on hand was lumped together with cash collections received for income generating activities. Similarly, the petty cash counts conducted for Yangon based projects indicated that cash on hand was also kept together with cash advances received for the purpose of paying vendors.

47. Moreover, cash collections could not be properly accounted for because only computer generated official receipts, which were pre-numbered, were used. Cash was not deposited but used in operations, particularly in the case of project C25. This practice was not in accordance with Rule 103.8 of the United Nations Financial Regulations and Rules which requires the issuance of an official receipt and deposit of collections in an official bank account. This issue was discussed with the Finance and Administrative officer of project C25 who committed to correct the practice immediately.

Recommendation 10

(10) The UNODC Myanmar Country Office should ensure that cash collections are accounted for separately from the imprest fund and petty cash funds, and are acknowledged through issuance of pre-numbered official receipts. The focal person for finance should also be instructed to conduct periodic checks of the petty cash funds to prevent misuse.

48. *The UNODC Myanmar Country Office accepted recommendation 10 and stated that effective April 2008, cash collections from project offices were required to be deposited/remitted to UNDP Yangon and that effective May 2008, senior managers conduct periodic checks of petty cash funds. Pre-numbered official receipt books were issued to RASC25 project on 15 May 2008. Based on the actions taken by UNODC Myanmar Country Office, recommendation 10 has been closed.*

Recruitment, staff contracts and salary payments

49. A review of fifteen recruitment cases showed that the selection process did not allow for wider competition, as on average, there were only three applicants for a post. In two recruitments done in 2007, only one applicant each responded to the vacancy announcements which were issued for two weeks. To

ensure competitiveness in the selection process, it would have been advisable for UNODC to re-issue vacancy announcements if responses were low and if other modes of advertisement, apart from emails, had not been utilized.

50. In several cases in projects C25, J63 and J69, the staff contracts were not finalized because of delays in submission of the project documents to UNODC Headquarters, resulting in the delay to release allotments. As such, staff in these projects were working without contracts and had not been paid their salaries since January 2008. This practice was not in accordance with Regulation 5.9 and Rule 105.3 of the United Nations Financial Regulations and Rules which require that “obligations for the current financial period or commitments for current and future periods shall be incurred only after allotments or other appropriate authorizations have been made...” Hiring of staff should be stopped for projects without any confirmed funding. In the case of the staff who have not received their salaries, COMYA should consult with UNDP to grant salary advances if allotments are actually forthcoming.

51. COMYA has not implemented the latest harmonized UNDP salary scale effective from 1 January 2008 for local staff holding UNDP contracts. The Assistant UNODC Representative indicated that this was partly due to funding constraints and the concern that the revised salary scales would lead to a decrease in salaries in some cases. However, comparison of new and old salaries for six different levels showed an average increase of \$95 per person, which for 50 staff under service contracts extrapolates to about \$4,700 per month.

Recommendations 11 to 13

The UNODC Myanmar Country Office should:

- (11) Ensure competitiveness in personnel selections;**
- (12) Ensure that project staff are hired only after allotments and other appropriate authorizations have been received; and**
- (13) Implement the 2008 harmonized UNDP salary scale.**

52. *The UNODC Myanmar Country Office accepted recommendation 11 and stated that since April 2008, ten recruitments had been carried out, all of them in accordance with the provisions of the Operational Procedures, and submitted copies of samples of vacancy announcements.* Based on the action taken by UNODC Myanmar Country Office, recommendation 11 has been closed.

53. *The UNODC Myanmar Country Office accepted recommendation 12 and stated that the Operational Procedures require that appointment of project staff be made only after allotments or other appropriate authorizations are received.* Recommendation 12 remains open pending receipt of copies of contracts to certain personnel of projects C25, J63 and J69, who previously did not have contracts, and copies of the relevant appropriate allotments or authorizations.

54. *The UNODC Myanmar Country Office accepted recommendation 13 and stated that effective May 2008, the harmonized UNDP salary scale had been implemented in the payment of the salaries of project staff (with service contracts) for MMRJ63 and MYAG54. Due to budget limitations, the harmonized scale will be applied for staff for MYA112, MMRJ69, MYAH75 and GLOI44 effective January 2009. By January 2009, the COMYA will have fully implemented the recommendation. Recommendation 13 remains open pending confirmation that the 2008 harmonized UNDP salary scale has been fully implemented.*

Training of COMYA staff

55. The results of an audit survey on the control environment and the information provided during the audit's risk assessment workshops indicated the need for both technical and ethical training for staff. The survey indicated that approximately 80 percent of the staff attended only one training in the past two years and that most of the staff had not attended mandatory trainings on ethics, harassment in the work place and sexual exploitation and abuse. Awareness of staff of proper behavior and decorum is very important because most of project staff are based in the field where they could encounter situations and conditions which might challenge their personal values and might pose high reputation risks for the United Nations.

56. The workshops also indicated the need for the staff to be made aware of United Nations regulations and rules related to procurement, property management, human resources management including staff rules and regulations, and financial management, particularly on cash advances, monitoring of funds released to non-government organizations, and supporting documentation.

Recommendation 14

(14) The UNODC Myanmar Country Office should conduct awareness workshops on ethics and United Nations regulations and rules related to financial management, human resources, procurement and property management.

57. *The UNODC Myanmar Country Office accepted recommendation 14 and submitted a copy of the COMYA 2008 training schedule indicating among others the topics covered, participants, providers and dates conducted. Based on the action taken by UNODC Myanmar Country Office, recommendation 14 has been closed.*

Non-expendable equipment inventory and disposal

58. UNODC non-expendable assets used in projects, those purchased by non-government organizations from project funds or those used in the UNODC office in Yangon, were not properly accounted for. Inventory lists were obtained from each of these locations as these were available. However, the Administrative Associate in Yangon, who was supposed to maintain the consolidated listing of all non-expendable assets for COMYA, did not have the

updated listing of project and NGO based assets. A physical count of a sample of assets conducted by OIOS together with the Administrative Associate showed that certain items on hand and being used by projects were not on the list.

59. The count of items at the project C25 site also showed that a computer notebook shown in the list could not be found as it was not turned over by a staff member who had resigned. Clearance procedures for separating staff members will fail to ensure that all non-expendable equipment are surrendered due to the incomplete listing of accountable officers/end-users of the non-expendable assets. In fact, the audit test counts were protracted because the locations of assets and details of end-users were not known.

60. The United Nations Financial Regulations and Rules, specifically rules 105.20 to 105.23, should be observed in the management of United Nations resources, including the recording, utilization, safekeeping, maintenance and subsequent disposal and sale of assets.

Recommendation 15

(15) The UNODC Myanmar Country Office should comply with pertinent United Nations rules related to property management; update the consolidated inventory of non-expendable assets by location and by end-user and formally document and recommend to the UNDP Property Survey Board the sale and transfer of assets to other projects or to third parties such as the government and non-government organizations.

61. *The UNODC Myanmar Country Office accepted recommendation 15 and stated that in June 2008, the consolidated inventory of non-expendable property by location and by end-user was updated on the ProFi system; the transfer/sale of two used office vehicles was submitted and approved by Headquarters Property Survey Board on 26 June 2008; the sale of one used office vehicle was completed on 15 July 2008; and the sale and transfer of assets for C25 are included in the phase out plan.* Recommendation 15 remains open pending receipt of copies of the Property Survey Board's approval of the transfer/ sale of vehicles and of the C25 phase out plan showing the sale and transfer of assets.

Controls over fuel stock and issuance

62. Fuel, being a very scarce commodity in the country, is prone to pilferage and misuse. Efforts made by COMYA to control fuel included fuel issue slips and drivers' trip records to track approved fuel issues per driver and vehicle. However, the accuracy of the actual amount of fuel on hand was not monitored and checked against inventory records. Fuel issuances were not summarized so that total issuance for any given month or period could be deducted against the opening inventory and fuel receipts to come up with a fuel balance.

63. Inspections also showed that fuel pilferages were possible in the case of the UNODC office in Yangon where fuel drums were not properly safeguarded.

In the case of fuel for projects C25 and J47, fuel drums were kept inside a storage area which was kept under lock and key with the key in the custody of an administration staff.

Recommendation 16

(16) The UNODC Myanmar Country Office should improve controls over fuel stocks by making it accessible to authorized personnel only and ensuring that actual fuel on hand is periodically matched against inventory balances. Fuel consumption reports per vehicle should be submitted to the Administrative Associate who should investigate unusual increases in fuel withdrawals.

64. *The UNODC Myanmar Country Office accepted recommendation 16 and submitted a sample of the fuel slip. COMYA's Operational Procedures, para. 4 provide for control procedures for fuel stock and use. COMYA has established the fuel storage place at UNODC COMYA's Annex office. The Senior Administrative Associate has custody of the fuel storage house key. For project sites, the Administrative Officers have been designated as fuel officer. Fuel slips and fuel inventory control book were printed for the monitoring of fuel usage. The fuel slip must be signed and approved by the Fuel Officer and senior driver. Based on the actions taken by UNODC Myanmar Country Office, recommendation 16 has been closed.*

Safekeeping of sensitive records

65. OIOS found that records which were no longer used by the offices were turned over for storage inside a rented house 10 minutes away by car from the UNODC Office; the house was also used as sleeping quarters of the UNODC security guards. These records were either kept inside a locked room or stored in unlabeled boxes in the living area, and were neither classified by their sensitivity, nor were they identified for permanent storage or for disposal. As a result, those which could be considered as sensitive and for permanent storage were actually accessible to non-authorized persons. Moreover, records which could be disposed of were still inside boxes, thus using up space which could have been used for other purposes. The Administrative Associate should initiate the classification of records in accordance with ST/SGB/2007/5 (Recordkeeping and Management of United Nations Archives) and ST/SGB/2007/6 (Sensitivity Classification and Handling).

Recommendation 17

(17) The UNODC Myanmar Country Office should identify sensitive records for archiving and non sensitive records for disposal according to United Nations guidelines.

66. *The UNODC Myanmar Country Office accepted recommendation 17 and stated that sensitive records identified for archiving have been stored at the Reference Room in the Annex Building. Non sensitive records have been*

identified and the disposal/destruction of these will be completed by September 2008. COMYA's Operational Procedures indicate the required procedures for identification of sensitive records, file maintenance and disposition, among other things. Recommendation 17 remains open pending receipt of documentation showing that the decision on the disposition of the sensitive records has been made and implemented.

Addressing security and safety concerns

67. Government restrictions on the use of internet and communication equipment in the field resulted in COMYA's inability to establish reliable communication link-ups with its field offices and ensure compliance with minimum operating security and safety requirements. During workshops with staff, this restriction was identified as a high risk constraint as it affects both efficiency and staff security and safety. The lack of communication equipment increases the security risks during long distance travels, since the use of satellite telephones has also not been allowed and some of the remote areas do not have mobile telephone coverage. Medical evacuation can also be difficult in the current circumstances. The Security Advisor of United Nations Department of Safety and Security (UNDSS) noted that his office had persistently followed-up with the Government the possibility for the United Nations to be exempted from the restrictions on the use of the internet and communication equipment in the field, but to no avail.

Recommendation 18

(18) The UNODC Division of Operations should coordinate with the Department of Safety and Security to develop workable measures which can be implemented to address the security and safety concerns of its staff. Advanced security training which recognizes the constraints faced by the UNODC Myanmar Country Office staff should be conducted.

68. *The UNODC Myanmar Country Office accepted recommendation 18 and stated that the Country Office coordinates and works with the UNDSS Field Security System and Field Security Advisor based in Yangon and that UNODC is a member of the United Nations Security Management Team. All Country Office staff have been trained in Basic and Advanced Security in the Field. OIOS notes that the COMYA 2008 Training Schedule includes the Staff Induction and Orientation with topics on security issues, but the month/year to hold the Security Awareness Training and other Security Training are to be confirmed in consultation with the Field Security Advisor. Recommendation 18 remains open pending receipt of documentation showing that these training courses have been conducted for the staff of COMYA.*

V. ACKNOWLEDGEMENT

69. We wish to express our appreciation to the Management and staff of UNODC 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 UNODC Myanmar Country Office should take concrete steps to address gaps and constraints in achieving past years' operational targets which are again targets for 2008. These include ensuring that project staff and stakeholders have a uniform understanding of stakeholder planning, coordination management and community development methodology; the drug reduction system is in place and sustained; the Wa Authority is involved in planning sustainable development activities; a phase out plan is drafted; and a performance monitoring system established.	Operational	High	O	Copies of the approved Drugs and HIV/Aids country programme, the project phase out plan and confirmation of training held on the database for use of KOWI partners	31 December 2008
2	The UNODC Myanmar Country Office should re-assess its HIV/AIDS projects' coverage to ensure that other injecting drug users in HIV/AIDS prone areas, apart from Lashio and Muse in the Northern Shan State, also benefit from projects.	Operational	High	O	Copies of the assessment report and action plan	31 October 2008
3	The UNODC Myanmar Country Office should ensure that project reports, clearly indicating whether specific operating targets are met and intended outcomes are accomplished, are submitted to UNODC and evaluated semi-annually and annually.	Operational	Medium	C	Action completed	Implemented
4	The UNODC Myanmar Country Office should ensure close monitoring by project managers/coordinators of the manner in which funds transferred to non-government organizations are utilized, and the results	Financial	High	O	Documentation showing the results of the monitoring and review indicating the manner in which funds released to non-governmental organizations are utilized,	31 December 2008

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
5	of monitoring done are included in their semi-annual and annual reports. The UNODC Myanmar Country Office should request that independent audits of partners receiving funds above certain thresholds be introduced by the Country Office, and discuss the results of audits with the non-governmental organizations concerned to ensure that recommendations are implemented.	Financial	Medium	O	Copies of the independent audit reports and posting of the relevant reports showing the discussion of the results of the audit.	30 June 2008
6	The UNODC Myanmar Country Office should designate a Procurement Officer who can take charge of all procurement activities and ensure compliance with the United Nations Financial Regulations and Rules and the United Nations Procurement Manual	Compliance	Medium	C	Action completed	Implemented
7	The UNODC Myanmar Country Office should establish delegations of authority, with authorized limits, to ensure that high value disbursements and procurements are reviewed and approved by designated officials or committees before payment.	Financial	Medium	C	Action completed	Implemented
8	The UNODC Myanmar Country Office should ensure that payments are supported by proper documents in accordance with Regulation 5.8 of the United Nations Financial Regulations and Rules. A competent focal point should be assigned to review the propriety and completeness of supporting documents for payments and to serve as resource person to monitor compliance with United Nations Regulations and Rules related to payments, procurement and travels.	Financial	Medium	C	Action completed	Implemented
9	The UNODC Myanmar Country Office should stop the practice of granting cash	Financial	Medium	C	Action completed	Implemented

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
	advances to staff for the purpose of paying vendors in cash. An imprest account should be established for Yangon operations to facilitate payments made to suppliers, to avoid the granting of cash advances to non-accountable cash officers, and to reduce disbursement transactions through UNDP.					
10	The UNODC Myanmar Country Office should ensure that cash collections are accounted for separately from the imprest fund and petty cash funds, and are acknowledged through issuance of pre-numbered official receipts. The focal person for finance should also be instructed to conduct periodic checks of the petty cash funds to prevent misuse.	Financial	Medium	C	Action completed	Implemented
11	The UNODC Myanmar Country Office should ensure competitiveness in personnel selections.	Human resources	Medium	C	Action completed	Implemented
12	The UNODC Myanmar Country Office should ensure that project staff are hired only after allotments and other appropriate authorizations have been received.	Financial	Medium	O	Copies of contracts to certain personnel of projects C25, J63 and J69 who previously did not have contracts and copies of the relevant appropriate allotments or authorizations	30 June 2008
13	The UNODC Myanmar Country Office should implement the 2008 harmonized UNDP salary scale.	Compliance	Medium	O	Confirmation that the 2008 harmonized UNDP salary scale has been fully implemented.	
14	The UNODC Myanmar Country Office should conduct awareness workshops on ethics and United Nations regulations and rules related to financial management, human resources, procurement and property management.	Operational	Medium	C	Action completed	Implemented
15	The UNODC Myanmar Country Office should comply with pertinent United Nations rules related to property	Operational	Medium	O	Copies of the Property Survey Board's approval for the transfer/sale of vehicles and of the C25 phase out plan showing the	30 June 2008

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
	management; update the consolidated inventory of non-expendable assets by location and by end-user and formally document and recommend to the UNDP Property Survey Board the sale and transfer of assets to other projects or to third parties such as the government and non-government organizations				sale and transfer of assets.	
16	The UNODC Myanmar Country Office should improve controls over fuel stocks by making it accessible to authorized personnel only and ensuring that actual fuel on hand is periodically matched against inventory balances. Fuel consumption reports per vehicle should be submitted to the Administrative Associate who should investigate unusual increases in fuel withdrawals.	Operational	Medium	C	Action completed	Implemented
17	The UNODC Myanmar Country Office should identify sensitive records for archiving and non sensitive records for disposal according to United Nations guidelines.	Operational	Medium	O	Documentation showing that the decision of the disposition of the sensitive records has been made and implemented.	30 September 2008
18	The UNODC Division of Operations should coordinate with the Department of Safety and Security to develop workable measures which can be implemented to address the security and safety concerns of its staff. Advanced security training which recognizes the constraints faced by the UNODC Myanmar Country Office staff should be conducted.	Human resources	Medium	O	Documentation showing that security training courses have been conducted for the staff of COMYA.	None provided

1. C = closed, O = open
2. Date provided by UNODC Myanmar Country Office in response to recommendations.