



INTERNAL AUDIT DIVISION

REPORT [2024/076]

Audit of operations in Somalia for the Office of the United Nations High Commissioner for Refugees

**There was a significant need to strengthen
planning, execution and monitoring of
programmes to deliver services to forcibly
displaced persons in a timely and cost-
effective manner**

**20 December 2024
Assignment No. AR2023-112-01**

Audit of operations in Somalia for the Office of the United Nations High Commissioner for Refugees

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of operations in Somalia for the Office of the United Nations High Commissioner for Refugees (UNHCR). The objective of the audit was to assess whether the UNHCR Representation in Somalia was managing the delivery of services to forcibly displaced persons in a timely and cost-effective manner, and in compliance with UNHCR's policy requirements. The audit covered the period from January 2022 to December 2023 and included: (i) partnership management, (ii) registration and documentation; (iii) gender-based violence (GBV); (iv) public health; (v) sustainable housing and settlements; and (vi) well-being and basic needs.

The Representation operated in an environment characterized by conflict, political and security instability as well as frequent climatic shocks. In addition to these external challenges, the delivery of services to forcibly displaced persons was significantly impacted by gaps in the Representation's own capacity to select suitable implementing partners and manage their performance. Furthermore, the Representation, despite reductions in resources, had neither revised its strategies to reprioritize available funding amongst many and increasing needs, nor proactively targeted the most vulnerable persons.

OIOS made ten recommendations. To address issues identified in the audit, UNHCR Representation in Somalia needed to:

- Enforce controls on selection, management and monitoring of funded partners, and determine the need to continue using partners for the collection of data on protection.
- Address the refugee status determination backlog.
- Consolidate and close underutilized reception centers; and explore more economical arrangements for providing meals to forcibly displaced persons at the Mogadishu reception center.
- Enhance the delivery of timely and effective assistance and services to GBV survivors by reinforcing prevention, coordination and case management.
- Deploy UNHCR's Information Management System to reinforce the collection and analysis of GBV data and enhance its monitoring and reporting of related programme activities.
- Conduct the assessments necessary to update its public health programme strategy and plan; and enhance both the substantive and financial reporting of activities.
- Deploy a health information system that supports data disaggregation for decision making and reinforces the monitoring of programme activities that are implemented by partners.
- Finalize its strategy to direct the delivery of the shelter programme within available resources.
- Conduct a cost benefit analysis to inform its decision on the most cost-effective modality for delivering cash-based interventions.
- Maintain up to date stock records and conduct regular counts and reconciliations of stock positions of its Non-Food Items; and undertake mandatory real time and post distribution monitoring.

UNHCR accepted all recommendations and has initiated action to implement them. Actions required to close the recommendations are indicated in Annex I.

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Audit of operations in Somalia for the Office of the United Nations High Commissioner for Refugees

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of operations in Somalia for the Office of the United Nations High Commissioner for Refugees (UNHCR).
2. The UNHCR Representation in Somalia (hereinafter referred to as ‘the Representation’) was established in 2001 to provide refugees, asylum seekers and other persons of concern with international protection and humanitarian assistance in all the regions of Federal Somalia.
3. Somalia has ratified the 1951 Refugees Convention and its 1967 Protocol and signed the 1969 Organization of African Unity (OAU) Convention governing the specific aspects of refugee problems in Africa. Somaliland enacted the Refugees and Asylum Seekers Act on 19 March 2023 and ratified the 1951 Convention and its 1967 Protocol in 1978. It was however yet to ratify and accede to the 1969 OAU Convention. As of September 2024, Somalia hosted 40,500 refugees and asylum-seekers primarily in Somaliland and Puntland that originated mainly from Ethiopia and Yemen. Additionally, Somalia had around 3.9 million internally displaced persons (IDPs) due to conflict, insecurity, droughts and floods.
4. The Representation operated in an environment characterized by nearly 30 years of conflict, insecurity, political instability, and frequent climatic shocks, all of which increased vulnerability of displaced persons and complicated access to them.
5. The UNHCR Representation in Somalia, led by a D-1 level Representative, had 186 staff members (48 international, 124 nationals, and 14 affiliate). The Representation had: (i) a Country Office in Mogadishu; (ii) three Sub-Offices in Mogadishu, Galkayo and Hargeisa; (iii) a Support Office in Nairobi (Kenya); (iv) a Field Office in Bossaso; and (v) five Field Units in Kismayo, Baidoa, Dollow, Beletweyne, and Berbera. The operating budget for 2023 was \$48 million. The Representation worked with 27 (2022) and 31 (2023) implementing partners, who implemented 60 per cent of the overall operating level budget in the period under audit.
6. UNHCR relied on its corporate systems for managing its operations. These systems included: (a) Workday which was used for human resources; (b) COMPASS, a results-based management system for strategic planning, budgeting, monitoring, and reporting; (c) Managing for Systems, Resources and People (MSRP) and Cloud ERP, for financial reporting and supply chain management; and (d) ProGres for corporate registration, identity and case management system. OIOS obtained and reviewed data from these systems for completeness and accuracy and assessed the effectiveness of controls.
7. Comments provided by UNHCR are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

8. The objective of the audit was to assess whether the UNHCR Representation in Somalia was managing the delivery of services to forcibly displaced persons in a timely and cost-effective manner, and in compliance with UNHCR’s policy requirements.
9. This audit was included in the 2023 risk-based work plan of OIOS due to the risks related to complexity of the operations as a result of insecurity in Somalia which limits staff movement.

10. OIOS conducted this audit from March to August 2024. The audit covered the period from January 2022 to December 2023. Based on an activity-level risk assessment, the audit covered higher and medium risks areas, including: (i) partnership management, (ii) registration and documentation; (iii) gender-based violence (GBV); (iv) public health; (v) sustainable housing and settlements; and (vi) well-being and basic needs.

11. The audit methodology included: (a) interviews with key personnel; (b) reviews of relevant documentation; (c) analytical review of data¹; (d) sample testing of controls; and (e) visits to 14 partners and project sites in Mogadishu, Hargeisa and Berbera Reception Centre.

12. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

III. AUDIT RESULTS

A. Partnership management

Significant control deficiencies were noted in selection and management of implementing partners

13. The Representation implemented 60 per cent of its programme budget, i.e., \$35 million through implementing partners in the period under audit. The audit reviewed the activities conducted by two key partners with costs totaling \$5 million that were responsible for: (i) third party monitoring on behalf of the Representation in insecure areas; and (ii) protection monitoring, i.e., the collection and reporting of data on displacements, returnees and protection incidents to inform related decisions.

14. The third-party monitor was initially selected in 2019 for a six-month period without going through the Representation's Implementation Programme Management Committee review nor having their capacity to execute assigned responsibilities assessed. Thereafter, the partner's agreement was renewed several times until 2024 without properly assessing these aspects and past performance. The selected partners lacked the requisite capacity to execute the assigned roles and consequently sub-contracted their work to local Non-Governmental Organizations (NGOs) and consultants. This middle-man role played by the partners increased programme implementation costs unnecessarily.

15. The Representation did not institute mechanisms to manage the work done by partners:

- The third-party monitor partner did not have other clients and thus, all their staff and administration costs totaling \$955,000 per annum were covered by the Representation. This partner used their 10 staff for administration work, with consultants hired to conduct monitoring. Moreover, the hired consultants lacked the technical skills and experience to undertake the third-party monitoring and had to be trained.
- The Representation and its partners lacked standard operating procedures (SOPs) to guide the protection monitoring by sub-contracted NGOs. For instance, the NGOs lacked criteria to support their identification of vulnerable individuals, and they were not instructed on the importance of maintaining confidentiality of personal information.

¹ Financial data from MSRP and Cloud ERP; performance data from its results-based management systems, FOCUS and COMPASS; and registration and case management data from ProGres

- The Representation did not designate staff to plan, coordinate and supervise the monitoring work done by the partners. Instead, these roles were undertaken by the implementing partners, which represented a conflict of interest.
- Gaps in the Representation’s oversight over the partners’ expenditures were also noted. For instance, the protection monitoring partner salaries and incentives increased from 60 per cent of the total budget to 70 per cent despite a 43 per cent decrease in protection monitoring budget from \$2.5 to \$1.45 million between 2022 and 2023. This inadvertently decreased available funding for operations.

16. On the other hand, OIOS noted that the use of partner and related expenditure of \$5 million over two years to collect protection and returns data for monitoring could have been avoided because another UN agency was already providing better data. The Representation’s related dashboard lacked key information and therefore offered no added value. Furthermore, the data collected by the partner was unreliable because the NGOs did not maintain proper documentation to support their reports on displacements, human rights violations, and protection risks faced by IDPs.

17. There were methodological deficiencies adopted by the third-party monitoring partner. For example, the third-party monitoring partner:

- failed to visit project sites as required, conducting only one visit to Somaliland in two years. In contrast, the Representation’s Multi-Functional Team (MFT) conducted the necessary mid and end year site visits, including in the security challenged regions. The monitoring partner also lacked documentation for quarterly output indicator monitoring.
- had sampling biases – the partner collected results monitoring survey data primarily through telephone interviews, which excluded displaced persons that were not registered and those without telephones. The partner also used a non-probability sampling method.² Yet, despite using a biased sampling method, the partner generalized the survey results to the entire population, leading to unreliable data, such as overreporting health service access.
- did not collect data on critical questions³ relevant to the formulation of the multiyear strategy in COMPASS; thus, the Representation lacked data to inform its planning and decision making.

18. OIOS had a similar observation and made a recommendation in the last audit (AR2020/111/01). However, the gaps were persistent, which implied that implemented controls were not sustained.

(1) The UNHCR Representation in Somalia should: (i) take actions to reinforce its selection, management and monitoring of funded partners; and (ii) determine the need to continue using partners for the collection of data on protection.

UNHCR accepted recommendation 1 and stated that the Representation has initiated action to implement it.

² Non-probability sampling refers to a sampling technique where not all members of a population have a known or equal chance of being selected.

³ Omitted questions in the template included interviewee location, reasons for movement, children's immunization records, health access details, educational information, housing condition, land and housing rights, and basic services.

B. Registration and refugee status determination

Refugee status determination programme was ineffective, leading to delays and backlogs

19. In 2022 and 2023, the UNHCR Representation in Somalia registered 4,888 and 4,188 refugees and asylum seekers respectively. Registration was processed through government partners in Puntland, Jubaland, Mogadishu, and Somaliland. However, the performance of the programme against set targets for refugee status determination (RSD) in 2023 was critically low as reflected in table 1 below.

Table 1: Representation’s performance against targets for RSD

Indicator	Strategy baseline	Target	Actual
Average processing time (in days) from registration to first instance asylum decision	148	183	1,324
Proportion of people undergoing asylum procedures who have access to legal representation	100%	85%	0%
Proportion of people undergoing asylum procedures who have access to an effective appeal mechanism after first instance rejection of their claim	100%	100%	10%

20. As of October 2023, there was also a backlog of 11,063 asylum seekers awaiting RSD processing in Puntland, which was the Representation’s responsibility. The Representation attributed the low performance and backlog to inadequate staff capacity with the RSD officer position vacant since July 2023 and the Associate RSD officer only filled in May 2024. Furthermore, while plans were underway to transition RSD to the Somaliland State Government, this was not the case for the rest of Somalia where the Representation retained responsibility for related activities. Even the Somaliland State Government did not have the requisite capacity to take on RSD, with limited progress noted in building its capacity at the time of the audit.

(2) The UNHCR Representation in Somalia should develop and implement a plan to address the refugee status determination backlog, including and not limited to, building the capacity of State Governments to effectively conduct related activities.

UNHCR accepted recommendations 2 and stated that the Representation has initiated action to implement it.

There were cost savings opportunities for programme implementation

21. The audit also identified instances where the programmes were not delivered in an economical and efficient manner:

- The Representation retained all eight reception centers despite significant reductions in the number of returnees from Kenya to Somalia. In 2023, four centers had no returnees, and two had minimal numbers. However, \$300,000 was spent on maintaining these underutilized centers.
- Meals for forcibly displaced persons in Berbera were outsourced at a cost of \$21 per person yet in Mogadishu, meals prepared internally cost \$71 per person for an average of three days stay at the reception centers, resulting in a loss of \$96,300.
- The audit identified questionable costs totaling \$19,000 for air tickets and per-diems for four Government Partner staff in Mogadishu who attended a meeting in Geneva. The expenses were

unbudgeted, and only one of the four staff members traveled from Mogadishu, with the rest coming from various international locations. Two of the staff were interns hired shortly before the trip.

22. The above issues arose due to the Representation's inability to effectively plan, manage and oversee the programme.

(3) The UNHCR Representation in Somalia should enhance the cost effectiveness of programme delivery by: (i) consolidating and closing underutilized reception centers; (ii) exploring more economical arrangements for providing meals to forcibly displaced persons at the Mogadishu reception center; and (iii) recovering funds utilized by a government partner for foreign travel.

UNHCR accepted recommendations 3 and stated that the Representation has initiated action to implement it.

C. Gender-based violence

Programme planning was inadequate

23. The Representation's expenditure on GBV programmes was \$4.7 million in 2022 and \$3.9 million in 2023, respectively. Ten partners implemented the whole programme in 2023 with their costs totaling \$3.1 million.

24. The Representation drafted a GBV strategy in October 2023, but it was not finalized. It lacked alignment with global standards, overlooked key elements like planning and resource allocation, and failed to address concerns from assessments such as low reporting of sexual exploitation and abuse. It also lacked measurable targets. The Representation did not undertake mapping to prevent service gaps or duplication, especially in rural areas. Additionally, annual GBV situation and safety risk assessments were not performed, hindering effective GBV prevention and response strategies.

25. GBV-related services provided included health care, safety and protection measures, psychosocial support, justice services, and referrals for livelihood support. Furthermore, the Representation reported reaching 38,000 individuals with GBV messages as part of its prevention programme in 2022. However, the prevention programme and service delivery faced significant challenges as indicated below:

- The programme lacked a situation and root cause analysis, failed to address local cultural norms and vulnerabilities contributing to low reporting, and excluded key stakeholders like male community leaders. These weaknesses needed to be remedied to address a situation of increased intimate partner violence and rape cases in 2023.
- Service delivery was inconsistent, with records for health, safety, psychosocial, and justice services often misaligned with action plans and follow-up actions. For instance, in a case involving a 15-year-old unaccompanied minor, no Best Interest Determination was conducted, leading to inadequate case management.
- Referral pathways for livelihood support were limited and not consistently implemented, with urgent cases like resettlement delays impacting survivors' recovery.

26. The above occurred as the countrywide SOPs were incomplete, not covering case management or safe house management, and lacked translation to reflect State-level contexts. The Representation attributed

it to insufficient staff resources and lack of training on human rights and gender issues, especially in Hargeisa.

(4) The UNHCR Representation in Somalia should update the gender-based violence strategy and standard operating procedures to drive and guide prevention, coordination, case management, data collection and reporting activities.

UNHCR accepted recommendation 4 and stated that the Representation has initiated action to implement it.

Monitoring and reporting needed strengthening

27. OIOS observed weaknesses in monitoring and reporting arrangements, as below:

- The Representation's MFTs did not conduct field visits to monitor partners' programme implementation, leading to undetected deficiencies in case management practices. Partners also failed to follow protocols, leaving incident report forms incomplete and files poorly detailed. Financial verifications were also lacking, as evidenced by one partner spending 68 per cent of funds on staff costs, far exceeding other partners' allocations of between 25 and 29 per cent and leaving limited resources for the programme.
- The Representation only reported on process indicators, such as awareness of available GBV services, without measuring the effectiveness of the programme or whether survivors received support. Additionally, awareness levels varied significantly among returnees (75 per cent) and IDPs (29 per cent), with no explanation for the discrepancies. Targets in partner log frames also differed from those in monitoring reports and COMPASS, raising concerns about the reliability of performance data.
- The Representation was expected to implement the UNHCR's Gender-Based Violence Information Management System (GBVIMS) for secure, standardized data collection and analysis, but had not yet deployed it. As a result, there was no system in place for collecting, aggregating, analyzing, or sharing survivor data. For example, a partner in Somaliland used MS Excel to report GBV data, which posed security risks and lacked key information on incident types, demographics, and risk factors needed for informed decision-making.

(5) The UNHCR Representation in Somalia should: (i) deploy UNHCR's Gender-Based Violence (GBV) Information Management System to ensure secure, standardized GBV data collection and analysis; and (ii) enhance its GBV programme monitoring and reporting, including by conducting regular field visits of partners' activities and strengthening financial verifications of partner expenditures, and ensuring accurate, complete and consistent GBV programme performance reporting.

UNHCR accepted recommendation 5 and stated that the Representation has initiated action to implement it.

D. Public health

Planning and delivery needed improvement

28. The budgets for public health programme for 2022 and 2023 were \$1,649,995 and \$1,372,998, respectively. The programme was implemented by three partners, with key expenditures being medical care to refugees, project staff cost, and purchase of medicines and supplies/equipment.

29. The Representation's public health strategy (2021-2023) was outdated. The Representation also had not conducted the assessments needed to inform its strategic planning processes, such as an assessment of the health needs of forcibly displaced persons in the different regions, the national nutritional survey and a survey of health facilities. Where assessments were conducted, e.g. in Puntland, the results were not incorporated in the strategy, which was a missed opportunity to reinforce the programmes.

30. The outdated health strategy did not reflect the different contexts across States, particularly regarding the integration of refugees into national health systems. While refugees were integrated into the government system in Somaliland, this process was still under discussion in Puntland and Mogadishu, with international and local partners playing intermediary roles. Integration of refugees into the government health services in Somaliland led to 50 per cent cost savings and better coverage, but the planning was poorly executed, with 50 per cent budget cut while increasing targets for the new partner. Additionally, there were significant variations in treatment costs per patient across the States, with Somaliland having the lowest cost at \$19 per treatment compared to \$152 in Mogadishu and \$78 in Puntland; however, the Representation had not investigated the reasons for these disparities.

31. The Representation reported an overachievement of up to 844% and 718% for referral services in Puntland and Mogadishu, respectively, and full achievement of primary health service access targets. However, MFTs did not validate or analyze these results for reasonableness. Despite these high reported achievements, OIOS noted from its visits to health facilities that displaced persons continued to face health challenges, including lack of access to medical services, discrimination at health centers, e.g. in Somaliland, and inability to access specialized treatments in places like Hargeisa.

32. While a referral system was in place, the Representation did not monitor costs, quality of care, or maintain statistics on patients needing referrals. For example, in Puntland, referral records were poorly maintained, and in Mogadishu, referral letters lacked cost estimates and necessary approvals for non-emergency cases above \$350. Furthermore, the Representation did not ensure proper management of the referral system, which was evident from abnormal numbers of unnecessary treatments, such as tonsillectomies.

(6) The UNHCR Representation in Somalia should conduct the assessments necessary to update its public health programme strategy and plan and should enhance both the substantive and financial reporting of activities, so that the public health programme is delivered effectively, economically and accountably across the States.

UNHCR accepted recommendation 6 and stated that the Representation has initiated action to implement it.

Monitoring was inadequate

33. The Representation did not regularly monitor health facilities or gather feedback from health workers. The audit identified gaps in service delivery, such as limitations on daily non-emergency consultations, which forced patients to queue early, exposing women to safety risks.

34. Significant weaknesses were noted in data management, analysis, and programme monitoring that needed to be addressed to ensure more effective planning, decision-making, and programme implementation. For example:

- The health information system (TWINE) was not used, leading to reliance on manual records, which hindered data analysis and patient care.
- Data quality was poor - there was insufficient disaggregated data on under-five nutrition and immunization, affecting decision-making and reporting accuracy: the reliance on surveys led to inconsistent data, such as a reported measles vaccination rate of 70 per cent in 2022, compared to WHO's 8 per cent; and inconsistent templates in systems like FOCUS and COMPASS led to unreliable data consolidation and reporting.
- There was inadequate verification of progress and no year-end visits by monitoring teams to assess programme impact.

35. The Representation did not conduct adequate supervision on the expenditures incurred by the partners. The audit reviewed payment vouchers totaling \$452,416, mostly for procurement of medicines and laboratory equipment. The exceptions noted included:

- No procurement cost-benefit analysis was carried out to determine if it was more cost-effective for partners than for UNHCR to procure medicines.
- The procurement process was neither transparent nor in compliance with the requirement:
 - Only one of the three partners was pre-qualified to procure medicine.
 - The solicitation documents provided to support procurement were incomplete, thereby impacting on the auditor's ability to establish if best value was obtained.
 - Two one-off contracts for procurement of medicines and vehicle rental from 2016 and 2022 were renewed multiple times after expiry without appropriate solicitation procedure. Also, of five single-source selections, only one had a waiver.
 - All bids for the procurement of medical equipment had the same exact design and spelling mistake which raised questions on the authenticity of the quotations provided.

36. The extended absence of a dedicated public health officer weakened management and oversight, potentially resulting in sub-optimal services and increased risk of fraud due to inadequate expenditure monitoring.

(7) The UNHCR Representation in Somalia should deploy a health information system that supports data disaggregation for decision making and reinforce its monitoring of programme activities that are implemented by partners.

UNHCR accepted recommendation 7 and stated that the Representation has initiated action to implement it.

E. Sustainable housing and settlements

Need to finalize sustainable housing and settlements strategy

37. In the two years under audit, the Representation provided 4,070 emergency, 373 transitional, and 323 durable shelters to 28,572 displaced people in 2023 with \$3.9 million on the sustainable housing and settlements programme through its implementing partners, but there remained a large unfulfilled gap. Approximately 30,000 refugees and asylum seekers and 90,000 returnees needed shelter and Non-Food Item (NFI) support, and most long-term displaced IDPs continued to live in temporary shelters.

38. The Representation's sustainable housing and settlements strategy (2023-2025) and related SOP remained in draft at the time of the audit. The effectiveness of shelter-related strategic planning processes was also impacted by:

- The lack of feasibility assessments to inform decision-making, and the lack of market price assessments to ensure the programme was adequately funded.
- Inadequate site assessments which resulted in the need to change designs and shelter numbers when programme implementation was underway.
- Inadequate consultation with government officials with one project having to be redesigned when implementation was underway.

39. Additionally, although the project aimed to allocate 20 percent of shelters to host communities, 97 percent of beneficiaries were IDPs, with allocation based on vulnerability according to the Representation. Despite exceeding output targets for four of the six output indicators by as much as 1,221 per cent, many displaced persons still lacked adequate shelter, and no progress was made on the target for providing transitional shelters to returnees in 2023.

(8) The UNHCR Representation in Somalia should finalize its strategy and related standard operating procedures to direct the cost-effective delivery of the sustainable housing and settlements programme.

UNHCR accepted recommendation 8 and stated that the Representation has initiated action to implement it.

F. Well-being and basic needs

Action needed to address planning, execution and monitoring of service delivery through CBI

40. The Representation's cash assistance programme was used to address forcibly displaced persons' basic and protection needs. A cash-based intervention (CBI) cluster, consisting of over 58 main partners, met monthly and set the minimum expenditure basket amounts for each district and aimed to coordinate and standardize cash assistance efforts.

41. Over \$9.9 million was distributed to 199,396 beneficiaries, including refugees, returnees and IDPs, through mobile money and financial service providers (FSPs). However, OIOS observed the following deficiencies that affected the effective delivery of service:

- The Representation did not assess the efficiency or cost-effectiveness of different distribution methods. In addition, the Standard Operating Procedures drafted in June 2023 were still not finalized by October 2024 and did not reflect recent changes in the financial reporting system and the use of CashAssist for financial management. The risk matrices were last updated in 2018 and therefore did not consider changes in the operating environment over the years. Also, the Hargeisa Sub-Office still used manual vulnerability assessments, while the rest of Somalia had transitioned to online scoring.
- Post-distribution monitoring surveys were limited to payments done through the FSP, missing evaluations for partner-managed distributions except in two instances, thus denying the Representation a comprehensive view on the effectiveness of the cash assistance programme. While most beneficiaries received assistance on time, the lack of baseline indicators made it difficult to measure progress, and beneficiary feedback was not reviewed, limiting opportunities for programme improvements.
- As of July 2024, reconciliation of \$1.4 million from 2023 was still ongoing following the adoption of the CashAssist management tool and migration to Cloud ERP. CashAssist had not been fully implemented in Somaliland resulting in the continued use of over-the-counter cash withdrawals through a local bank. Further, partners did not use CashAssist and so payments and reconciliations were prepared manually.

(9) The UNHCR Representation in Somalia should: (i) conduct a cost benefit analysis to inform its decision on the most cost-effective modality for cash-based intervention; and (ii) finalize the standard operating procedures.

UNHCR accepted recommendation 9 and stated that the Representation has initiated action to implement it.

Need to strengthen controls over NFI distribution activities

42. In 2023, the Representation provided NFI kits to 37,000 vulnerable forcibly displaced persons, out of a total of 4.9 million people in need. The expenditure on NFIs was \$1.6 million in 2022 and increased to \$2.9 million in 2023.

43. The management of six costly warehouses (at the yearly cost of \$79,000) was inadequate. The warehouses lacked a proper filing system for stock-related documents, such as purchase orders, goods received notes, waybills, delivery notes, inventory count sheets, loss/damage forms, and inspection reports. Additionally, the absence of warehouses in key locations in South-Central Somalia, such as Doble, Afmadow, Dollow, and Baidoa significantly delayed NFI distribution, impacting emergency response efforts and the effectiveness of assistance. A year-end physical stock verification showed a \$68,000 discrepancy, linked to inconsistent record-keeping during the rollout of the new Cloud ERP system.

44. The effectiveness of NFI was not assured, as below:

- Of 41 distributions by partners, only six reports were submitted for the distributions, and one lacked essential details. Further, there was no evidence of on-site or post-distribution monitoring for the sampled distributions as required, further undermining accountability. As a result, the Representation had no evidence that NFIs reached the intended beneficiaries, due to missing reports, signed beneficiary lists, and reconciliations.

- SOPs for NFI distribution were inadequate as they only considered households with six or fewer members, while most households had 6-8 members.

(10) The UNHCR Representation in Somalia should: (i) maintain up to date stock records and conduct regular counts and reconciliations of stock positions for its Non-Food Item (NFIs); and (ii) undertake mandatory real time and post distribution monitoring of NFI distribution activities.

UNHCR accepted recommendation 10 and stated that the Representation has initiated action to implement it.

IV. ACKNOWLEDGEMENT

45. OIOS wishes to express its appreciation to the management and staff of UNHCR for the assistance and cooperation extended to the auditors during this assignment.

Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of operations in Somalia for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical⁴/ Important⁵	C/ O⁶	Actions needed to close recommendation	Implementation date⁷
1	The UNHCR Representation in Somalia should: (i) take actions to reinforce its selection, management and monitoring of funded partners; and (ii) determine the need to continue using partners for the collection of data on protection.	Important	O	Submission of evidence of: <ul style="list-style-type: none"> Partners selected based on comprehensive IPMC analyses including: (i) capacity assessments; (ii) proper allocation of available resources between programme and partner staff and overhead costs; and (iii) plans for monitoring partners; and Assessments to inform the decision on the cost-effective modality for collecting and reporting of protection data; and finalized SOPs to guide protection monitoring. 	30 June 2025
2	The UNHCR Representation in Somalia should develop and implement a plan to address the refugee status determination backlog, including and not limited to, building the capacity of State Governments to effectively conduct related activities.	Important	O	Submission of evidence of: <ul style="list-style-type: none"> Revised refugee status determination (RSD) strategy and SOPs; Implemented plan for transitioning RSD to the state government in Somaliland and addressing RSD backlogs; and Results of the planned population verification exercise. 	30 June 2025
3	The UNHCR Representation in Somalia should enhance the cost effectiveness of programme delivery by: (i) consolidating and closing underutilized reception centers; (ii) exploring more economical arrangements for providing meals to forcibly displaced persons at the Mogadishu	Important	O	Submission of evidence of: <ul style="list-style-type: none"> Consolidated and/or closed reception centers; Rationalization of costs related to the provision of meals to forcibly displaced persons at the Mogadishu reception center; and 	30 June 2025

⁴ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

⁵ Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

⁶ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁷ Date provided by UNHCR in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of operations in Somalia for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical⁴/ Important⁵	C/ O⁶	Actions needed to close recommendation	Implementation date⁷
	reception center; and (iii) recovering funds utilized by a government partner for foreign travel.			<ul style="list-style-type: none"> Recovery of ineligible travel costs incurred by the Government partner. 	
4	The UNHCR Representation in Somalia should update the gender-based violence strategy and standard operating procedures to drive and guide prevention, coordination, case management, data collection and reporting activities.	Important	O	Submission of evidence of: <ul style="list-style-type: none"> Updated GBV strategy and region-specific SOPs to reflect the operational contexts; and Updated and implemented referral pathways aligned with current operational needs. 	31 March 2025
5	The UNHCR Representation in Somalia should: (i) deploy UNHCR's Gender-Based Violence (GBV) Information Management System to ensure secure, standardized GBV data collection and analysis; (ii) enhance its GBV programme monitoring and reporting, including by conducting regular field visits of partners' activities, strengthening financial verifications of partner expenditures and ensuring accurate, complete and consistent GBV programme performance reporting.	Important	O	Submission of evidence of: <ul style="list-style-type: none"> Deployed GBV Information Management System for data collection and analysis; Monitoring of GBV related programme activities and financial transactions conducted in all locations; and Reliable performance reports supported by reliable data in the organizational systems. 	31 March 2025
6	The UNHCR Representation in Somalia should conduct the assessments necessary to update its public health programme strategy and plan and should enhance both the substantive and financial reporting of activities, so that the public health programme is delivered effectively, economically and accountably across the States.	Important	O	Submission of evidence of: <ul style="list-style-type: none"> Finalized health sector strategic plan and SOPs informed by needs assessments; and Comprehensive performance and financial reports of health activities conducted. 	30 June 2025
7	The UNHCR Representation in Somalia should deploy a health information system that supports data disaggregation for decision making and reinforce its monitoring of programme activities that are implemented by partners.	Important	O	Submission of evidence of: <ul style="list-style-type: none"> Deployed system that disaggregates data for analysis, programming and decision making at the federal and state level; and Monitoring reports of activities conducted by health partners in 2025. 	30 June 2025
8	The UNHCR Representation in Somalia should finalize its strategy and related standard operating procedures to direct the cost-effective delivery of the sustainable housing and settlements programme.	Important	O	Submission of evidence of: <ul style="list-style-type: none"> Finalized sustainable housing and settlement strategy and SOPs; 	31 March 2025

STATUS OF AUDIT RECOMMENDATIONS

Audit of operations in Somalia for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ⁴ / Important ⁵	C/ O ⁶	Actions needed to close recommendation	Implementation date ⁷
				<ul style="list-style-type: none"> Implementation of recommendations from feasibility and site assessment conducted; and Shelter implementation supported by comprehensive cost-benefit analyses. 	
9	The UNHCR Representation in Somalia should: (i) conduct a cost benefit analysis to inform its decision on the most cost-effective modality for cash-based intervention; and (ii) finalize the standard operating procedures.	Important	O	Submission of evidence of: <ul style="list-style-type: none"> Assessment to inform the decision on the most cost-effective modality for delivering assistance to displaced persons; Plan to implement mobile money cash payments in Somaliland; and Finalized and implemented SOPs that include online eligibility scoring in Somaliland. 	31 March 2025
10	The UNHCR Representation in Somalia should: (i) maintain up to date stock records and conduct regular counts and reconciliations of stock positions for its Non-Food Item (NFIs); and (ii) undertake mandatory real time and post distribution monitoring of NFI distribution activities.	Important	O	Submission of evidence of: <ul style="list-style-type: none"> Updated stock records for each warehouse reflecting current inventory levels; Reconciliations of stock received, issued, distributed and balance in warehouses; Reports of periodic inventory stock counts; and Real-time and post-distribution monitoring reports, and implementation of resultant recommendations. 	31 March 2025

APPENDIX I

Management Response

Management Response

Audit of operations in Somalia for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ⁸ / Important ⁹	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
1	The UNHCR Representation in Somalia should: (i) take actions to reinforce its selection, management and monitoring of funded partners; and (ii) determine the need to continue using partners for the collection of data on protection.	Important	Yes	Senior Programme Officer Senior Protection Officer	30 June 2025	The operation has concluded the partner selection process, streamlining interventions for cost-effectiveness, efficiency and aligning with sustainable response. The discussions on the 2025 partners project workplans are ongoing. A new method of data collection was adopted by the operation including the use of face-to-face data collection and the setting up of MFT led by RMS coordinator. In addition, the operation selected a new partner for the Third-Party Monitoring in 2025.
2	The UNHCR Representation in Somalia should develop and implement a plan to address the refugee status determination backlog, including and not limited to, building the capacity of State Governments to effectively conduct related activities.	Important	Yes	Senior Protection Officer	30 June 2025	The planned enhanced verification exercise in Puntland, Somaliland and Mogadishu (Individual Enhanced Registration) will soon commence and it is expected to conclude before June 2025. The results of the verification exercise will be shared then. The exercise is to ascertain the profiles of registered asylum seekers and to determine whether the presumption of inclusion exists for them, and appropriate alternative protection arrangements as applicable. The exercise will serve to

⁸ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

⁹ Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

Rec. no.	Recommendation	Critical ⁸ / Important ⁹	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						address the RSD backlog as the profiles along with recommendations regarding eligibility will be presented to the Government authorities for a decision. The Concept Note and work plan are uploaded in Share point folder. Additionally, the operation will continue to build the asylum capacity of authorities as required.
3	The UNHCR Representation in Somalia should enhance the cost effectiveness of programme delivery by: (i) consolidating and closing underutilized reception centers; (ii) exploring more economical arrangements for providing meals to forcibly displaced persons at the Mogadishu reception center; and (iii) recovering funds utilized by a government partner for foreign travel.	Important	Yes	Senior Programme Officer Senior Protection Officer Project Control Officer	30 June 2025	(i) The reception centers in Dhobley and Dollow were constructed by UNHCR and are planned to be capitalized in 2025 as One-Stop shops and distribution centers. These facilities are integral to the broader strategic framework of providing comprehensive and streamlined protection services to forcibly displaced persons and stateless persons. These One-Stop Shops will facilitate access to critical protection services, including registration, legal assistance, humanitarian aid distribution, and referrals, while enhancing coordination among UNHCR, government authorities, and other humanitarian actors. (ii) UNHCR Somalia will harmonize the provision of meals for returnees at reception centers across the country. Assessment will be carried out to develop a harmonized approach to catering services in a reasonable and cost-effective manner.

Rec. no.	Recommendation	Critical ⁸ / Important ⁹	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						(iii) NCRI received an additional budget of \$40,350 from UNHCR HQ for GRF- (Global Refugee Forum) and COP28. These funds were allocated and used for GRF related activities that included travel and participation at the GRF event in Geneva. UNHCR authorized the participation of NCRI to the Global Refugees Forum in Geneva, and expenditure was in line with the authorized amount.
4	The UNHCR Representation in Somalia update the gender-based violence strategy and standard operating procedures to drive and guide prevention, coordination, case management, data collection and reporting activities.	Important	Yes	Senior Protection Officer	31 March 2025	While the strategy and SOPs have been finalized, which currently guide prevention, coordination, case management, data collection and reporting activities, the document will be re-reviewed to align with priorities and new realities in Somalia; and signed to indicate its finalization.
5	The UNHCR Representation in Somalia should: (i) deploy UNHCR's Gender-Based Violence (GBV) Information Management System to ensure secure, standardized GBV data collection and analysis; (ii) enhance its GBV programme monitoring and reporting, including by conducting regular field visits of partners' activities and strengthening financial verifications of partner expenditures and ensuring accurate, complete and consistent GBV programme performance reporting.	Important	Yes	Senior Protection Officer Senior Programme Officer	31 March 2025	(i) With regards to GBVIMS, UNHCR plays the role of a consolidating agency, supporting the implementation of GBVIMS among partners who act as the primary service providers. Our implementing partners already use GBVIMS to collect, manage and report GBV data securely in line with inter-agency protocols. UNHCR therefore focuses on ensuring coordination, technical support and adherence to standardized services rather than direct implementation as a service provider.

Rec. no.	Recommendation	Critical ⁸ / Important ⁹	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						(ii) To enhance oversight mechanisms a schedule for periodic monitoring visits will be developed to review partners' activities on the ground. The aim of the visits will be to assess the quality-of-service delivery and adherence to programmatic standards. (iii) Finally, on GBV programme performance reporting, partners will be encouraged to improve the style and format to ensure consistency and comparability of data collected. Targeted training sessions for partners may be conducted based on capacity needs arising.
6	The UNHCR Representation in Somalia should conduct the assessments necessary to update its public health programme strategy and plan and should enhance both the substantive and financial reporting of activities, so that the public health programme is delivered effectively, economically and accountably across the States.	Important	Yes	Public Health Officer	30 June 2025	A new public health strategy will be drafted in 2025 with broad consultation with stakeholders. The public health strategy will align with the health system in Somalia including State level MoH. It will also reflect Somalia's Health Sector Strategic Plan (2022-2026)- a promising and dynamic strategy.
7	The UNHCR Representation in Somalia should deploy a health information system that supports data disaggregation for decision making and reinforce its monitoring of programme activities that are implemented by partners.	Important	Yes	Public Health Officer	30 June 2025	UNHCR Somalia representation will coordinate with national health system technical teams, implementing partners and refugee leaders to improve data availability and its disaggregation. Access and health service utilization monitoring will be conducted regularly reflecting client satisfaction and perception barriers.
8	The UNHCR Representation in Somalia should finalize its strategy and related standard operating procedures to direct the	Important	Yes	Shelter officer	31 March 2025	An internal review of the completed Shelter Strategy, with standard

Rec. no.	Recommendation	Critical ⁸ / Important ⁹	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
	cost-effective delivery of the sustainable housing and settlements programme.					<p>operating procedures therein, is currently in progress.</p> <p>Project monitoring has already been reinforced with regular and documented onsite field visits by UNHCR shelter officer and MFT. Detailed weekly progress implementation reports are submitted by shelter partners. The government is also involved in project monitoring.</p>
9	The UNHCR Representation in Somalia should: (i) conduct a cost benefit analysis to inform its decision on the most cost-effective modality for cash-based intervention; and (ii) finalize the standard operating procedures.	Important	Yes	Senior Programme Officer	31 March 2025	<p>(i) The cost-benefit analysis between DI – Direct Implementation and by partner was conducted. Direct implementation of cash-based interventions was found to be more cost-effective than indirect implementation through partners, primarily due to reduced bank charges and indirect support costs charged at a percentage of the budget. Also, DI - Direct implementation allows for better control over the distribution process, potentially leading to more efficient use of resources and quicker response times.</p> <p>(ii) Some challenges were previously noted in transitioning to Mobile money in Sub Office Hargeisa. The operation is currently ready to pilot mobile money transfers in Hargeisa at the beginning of 2025.</p> <p>(iii) SOPs were finalized, pending final approval by the Representation</p>

Rec. no.	Recommendation	Critical ⁸ / Important ⁹	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						<p>contingent on the new contract of FSP of Mobile Money Transfers that we are awaiting from FAO. The current contract was as a result of UN Cooperation with FAO, which expired in October 2024. FAO has only extended the contract of Hormuud by an additional 3 months, pending the finalization of the new contract (see the supporting documentation in the SharePoint folder).</p> <p>(iv) NRC (partner) conducted Vulnerability assessment for IDPs in August 2024 using their online form through Kobo tool with the approval of Protection team in Hargeisa (the list has been uploaded into the SharePoint). The operation is currently planning to use online Vulnerability assessment form through Kobo tool for All the upcoming payments for Refugees and Asylum seekers.</p>
10	The UNHCR Representation in Somalia should: (i) maintain up to date stock records and conduct regular counts and reconciliations of stock positions for its Non-Food Item (NFIs) distribution activities; and (ii) undertake mandatory real time and post distribution monitoring of NFI distribution activities.	Important	Yes	Supply Officer	31 March 2025	Periodic inventory verification and reconciliation are conducted as per Administrative Instruction on Supply Chain Management (Procurement and Inventory) Activities, some evidence reports of these exercises are in the supporting document Share point folder. Every release of CRIs from warehouse is supported by the NFI Request form filled by the partner, verified and approved by UNHCR. Subsequently material

Rec. no.	Recommendation	Critical ⁸ / Important ⁹	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						<p>stock release (MSR) is issued from the system, the warehouse will release by issuing the waybill and receive by (GRN) - the good receiving note as a proof of receipt, a sample is also shared.</p> <p>Somalia operation is among the countries that have reduced scheduled inventory verification due to good performance, as testified in Annex 1 of the supporting documents.</p>