



INTERNAL AUDIT DIVISION

REPORT 2015/011

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

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

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

11 February 2015
Assignment No. AR2014/151/01

CONTENTS

	<i>Page</i>
I. BACKGROUND	1
II. OBJECTIVE AND SCOPE	1-2
III. AUDIT RESULTS	2-6
A. Project management	3-4
B. Regulatory framework	4-6
IV. ACKNOWLEDGEMENT	6
ANNEX I Status of audit recommendations	
APPENDIX I Management response	

AUDIT REPORT

Audit of the operations in Colombia 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 the operations in Colombia for the Office of the United Nations High Commissioner for Refugees.
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. The UNHCR Representation in Colombia (hereinafter referred to as ‘the Representation’) was established in 1998 to assist the authorities to prevent displacement, protect the displaced populations and search for solutions for the displaced populations in Colombia. Most UNHCR activities in Colombia are related to internally displaced persons (IDPs) affected by conflict and are geared towards strengthening the Government’s response to internal displacement. Only in exceptional circumstances does the Representation seek to “substitute” government action and engage in direct delivery. As at 31 December 2013, there were more than five million IDPs in Colombia, of whom 392,402 were directly assisted by the Representation. There were also 285 refugees and asylum-seekers from the region who were assisted by the Representation.
4. The Representation is based in Bogota and has two sub offices in Pasto and Medellin, and eight field offices. It is headed by a Representative at the D-1 level and had 95 regular posts, of which three were vacant, as at 30 June 2014. The Representation had total expenditure of \$19.7 million during 2013 and \$10.6 million during the first six months of 2014. It worked with 16 implementing partners.
5. Comments provided by UNHCR are incorporated in *italics*.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of UNHCR governance, risk management and control processes in providing reasonable assurance regarding the **effective management of UNHCR operations in Colombia**.
7. The audit was included in the 2014 risk-based internal audit work plan for UNHCR due to the risks associated with the implementation of geographically spread-out IDP operations in Colombia.
8. The key controls tested for the audit were: (a) project management; and (b) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:
 - (a) **Project management** – controls that provide reasonable assurance that there is proper planning and implementation as well as accurate and complete monitoring and reporting of the Representation’s project activities.

(b) **Regulatory framework** – controls that provide reasonable assurance that appropriate policies and procedures exist and are adequate and effective.

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

10. OIOS conducted the audit from July to September 2014. The audit covered the period from 1 January 2013 to 30 June 2014. During the audit, OIOS visited the Representation’s offices in Bogota, Pasto, Medellin and Villavicencio.

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

III. AUDIT RESULTS

12. The UNHCR governance, risk management and control processes examined were initially assessed as **partially satisfactory**¹ in providing reasonable assurance regarding the **effective management of UNHCR operations in Colombia**. OIOS made five recommendations to address issues identified in the audit.

13. There was a need for the Representation to: a) strengthen financial verification of implementing partners; b) strengthen monitoring of construction projects; c) undertake profiling of beneficiaries; d) review the protection staffing structure; and e) ensure that Value Added Tax paid by implementing partners is exempted.

14. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **partially satisfactory** as the implementation of three important recommendations remains in progress.

Table 1
Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of UNHCR operations in Colombia	(a) Project management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

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

A. Project management

Action was taken to strengthen financial verification of partners

15. In accordance with the UNHCR Manual, the Representation needs to carry out financial monitoring to ensure that implementing partners have spent UNHCR funds on agreed objectives. It needs to verify the project expenditures incurred by partners before accepting and recording them in Managing for Systems, Resources and People (MSRP), the UNHCR enterprise resource planning system. Financial verifications should be undertaken by a multi-functional team as per an annual monitoring plan agreed with each partner and based on high risk areas.

16. OIOS reviewed the programme files and 12 financial verification reports for four partners. The Representation's Programme Unit conducted financial verifications at least once a quarter for each partner. However, these verifications were not undertaken using the multi-functional team approach and they did not follow formal monitoring plans established on the basis of high risk areas and agreed with each partner. In addition, the verifications were not comprehensive and the recommendations raised were not systematically followed-up on.

17. The above control weaknesses happened due to inadequate guidance and supervision provided to the verification teams. As a result, the Representation could not obtain reasonable assurance that the funds were spent for intended purposes and that the expenditures reported in the partner financial reports and recorded in MSRP were complete and accurate.

(1) The UNHCR Representation in Colombia should develop annual monitoring plans, based on high risk areas, for undertaking financial monitoring of its implementing partners by a multi-functional team.

UNHCR accepted recommendation 1 and stated that the Representation prepared monitoring plans for project agreements in 2014 and was in the process of finalizing, jointly with partners, the development of the monitoring plans for 2015. Based on the action taken and documentation provided by UNHCR, recommendation 1 has been closed.

Action was taken to strengthen monitoring of construction projects

18. UNHCR project partnership agreements require the Representation to review the arrangements at the implementing partners with delegated responsibilities for construction activities to ensure that the partners: follow UNHCR implementing partner procurement guidelines; keep records of all construction contracts and subcontracts together with the relevant plans, specifications, bills of quantities and cost estimates; and undertake technical certification of the construction work to ensure conformity with approved plans and bills of quantities used before actual payments are made.

19. The Representation had delegated all its planned construction activities to different partners under various project partnership agreements. The total value of construction work amounted to \$1.1 million in 2013, with one partner implementing construction projects valued at \$0.7 million. OIOS reviewed two construction projects valued at \$0.4 million implemented by this partner and identified the following weaknesses:

- The partner did not follow a competitive process in selecting the contractor for a school construction project. It engaged a sole contractor with whom it had worked earlier. It developed terms of reference to describe the scope of work, based on which the contractor

provided a cost estimate. However, there were significant change orders as the scope of the construction work was expanded. This resulted in cost overruns amounting to \$60,000 and delays in completing the work. However, the Representation released the final payment and the retention money to the partner in full before the final completion, based on a certification by the technical coordinator of the partner that did not include any verification of the bills of quantities. In addition, the total value of the construction work included costs related to administrative support, contingencies and utilities, which were not supported by actual expenditures incurred by the contractor.

- The partner also did not follow a competitive process in selecting the contractor for a playground construction project. Although it developed terms of reference to describe the scope of work, based on which the contractor provided the cost estimate, there were significant change orders as the scope of the construction work was expanded. The value of labour contracts correspondingly increased from \$11,000 to \$18,000 and the final certification did not include a verification of the bills of quantities.

20. The above weaknesses happened due to inadequate verification and monitoring by the Representation of the construction projects delegated to partners. As a result, the Representation may not have obtained the best value for money for the construction activities undertaken by its partners.

(2) The UNHCR Representation in Colombia should develop appropriate procedures for monitoring the construction activities undertaken by its implementing partners, including for ensuring that a competitive process is followed in the selection of contractors, construction records are maintained, and payments are released based on appropriate technical certification and verification of actual expenditures incurred by the partners.

UNHCR accepted recommendation 2 and stated that the Representation updated its guidelines for construction activities. Among other things, the revised guidelines indicated the minimum requirements for the maintenance of construction records and provided clarity on the provision for administrative support, contingencies and utilities. The new guidelines were issued and shared with field offices and partners in January 2015. The Representation was also prioritizing the review of construction records in its partner verification activities. A particular emphasis was given to reviewing the selection process of suppliers, controls for releasing payments, and overall monitoring and follow-up of construction projects. In 2015, the Project Control Officer and the Programme Unit in Bogota would be more involved in the monitoring of major construction projects in the field. Furthermore, the Representation selected a pool of technically suitable partners to implement construction projects in 2015. Based on the action taken and documentation provided by UNHCR, recommendation 2 has been closed.

B. Regulatory framework

Need to undertake profiling of beneficiaries

21. According to the UNHCR policy on ‘Refugee Registration Support and IDP Profiling’, the Representation is required to undertake profiling of IDPs using activities that include estimations, surveys, census activities and registrations, as appropriate. As per the UNHCR Global Management Accountability Framework, the Representation is also required to collect profiling data to analyse trends and target interventions within the country operation.

22. The Representation relied on the national victims database maintained by the Government of Colombia to carry out IDP profiling. It did not use the proGres system (the UNHCR database for

registration of populations of concern) to record and profile IDPs as its role was to strengthen the government's capacities and not to duplicate existing profiling-related information systems maintained by the government. There were some 6.6 million victims registered in this database, of whom 5.7 million were IDPs. However, once a victim was registered in the national victims database he/she remained there indefinitely as the database was not updated with the changes in the profile and vulnerability of registered IDPs. In addition, there was a risk that many other IDPs may not have been officially registered in the database. At the request of the Colombian Constitutional Court, the Government undertook a census exercise for the Uraba region between 2011 and 2013 with the support of UNHCR. The Representation also assisted the authorities to operationalize the results of the census to undertake land restitution to the affected communities. However, this was done only for one region and thus did not provide profiling information for the whole IDP population in Colombia.

23. As a result, the Representation did not have the most accurate and up-to-date information on the population of concern. This affected the targeting of its various interventions and programmes. The Representation had also not developed a strategy at the national level to undertake profiling of direct beneficiaries in a uniform way across all field offices.

(3) The UNHCR Representation in Colombia should develop a strategy to undertake profiling of its direct beneficiaries, in order to have detailed and updated information for targeted interventions based on beneficiary needs and vulnerabilities.

UNHCR accepted recommendation 3 and stated that the recent completion of the monitoring and evaluation phase of the Transitional Solutions Initiative programme had generated substantial data at the level of households and communities. The Representation would also aim to set in place a tool to provide regularly updated data of beneficiaries who were directly participating in UNHCR funded projects or activities. This tool would be deployed to field offices and updated every six months. Cost-effective methodologies for profiling would be explored along with the deployment of the primary data collection tool. Additionally, the Representation would aim to implement additional data collection tools, such as participatory assessments which would be used for planning purposes. Recommendation 3 remains open pending receipt of evidence of concrete action taken to conduct detailed profiling of direct beneficiaries.

Protection staffing structure needed to be reviewed

24. According to UNHCR Protection Staffing Benchmarks, ideally 60 per cent of the staff who are responsible for supervising or carrying out mandated protection activities should be working under UNHCR contracts.

25. The Representation had 95 staff working under UNHCR contracts and 67 staff working under affiliate workforce arrangements. The ratio of affiliate staff working in protection related areas was 53 per cent, as 26 affiliate staff were assigned to these areas vis-à-vis 23 regular UNHCR staff. The protection functions were discharged by affiliate staff in Field Office Villavicencio, while in Tumaco and Cordoba, the field presences were headed by protection assistants on affiliate workforce contracts. Such a high ratio of affiliate staff in relation to regular staff affected the stability and continuity of operations, especially as there was a high turnover of affiliate staff.

26. This shortcoming happened because the Representation had not adequately reviewed its staffing levels in line with the UNHCR Protection Staffing Benchmarks. The Representation noted that its reliance on affiliate workforce was due to funding limitations and that such circumstances did not always allow for optimal staff structures in relation to operational needs. Consequently, the Representation could not ensure compliance with the minimum requirements in each functional area.

(4) The UNHCR Representation in Colombia, in coordination with the UNHCR Bureau for the Americas, should review its protection staffing structure in relation to its operational needs.

UNHCR accepted recommendation 4 and stated that the Representation was conducting a review of its strategy and role in Colombia in light of the ongoing peace negotiations and the role of the United Nations system in an eventual post-agreement scenario. The review included recommendations regarding UNHCR presence in the country, including the need to re-establish a presence at the Caribbean coast/Venezuelan border and in Caquetá. It also proposed to maintain a comprehensive UNHCR presence in Bogota, in order to strengthen protection capacities of State institutions at the central level and ensure the inclusion of human rights protection in various coordination fora. Recommendation 4 remains open pending receipt of the results of the finalized review of the Representation's strategy and role in Colombia that takes into consideration the required protection staffing structure to meet operational needs.

Need to ensure that Value Added Tax paid by implementing partners is exempted

27. According to the UNHCR guidelines on Value Added Tax (VAT), the Representation is required to establish procedures to ensure that available exemptions are obtained from the Government of Colombia and VAT is recovered.

28. VAT paid by the Representation was regularly claimed and refunded by the authorities. However, the VAT paid by the Representation's implementing partners was not exempted when they procured goods or services as part of UNHCR projects. As a result, the Representation was losing funds every time it delegated procurement activities to its partners. This happened because the Representation had not established procedures to ensure that VAT paid by the partners was exempted.

(5) The UNHCR Representation in Colombia should establish procedures to ensure that exemption is obtained for the Value Added Tax paid on purchase of goods and services by its implementing partners.

UNHCR accepted recommendation 5 but stated that obtaining VAT exemption for partners in Colombia was a challenge. The Representation had established and provided the procedures and documentation needed to ensure that all the necessary requirements were submitted to obtain the exemption of VAT for the partners. The outcome of the final decision by the tax authorities would take some time, but the Representation believed that it had taken all the possible actions regarding this recommendation. Recommendation 5 remains open pending receipt of the results of the outcome of the actions initiated to obtain VAT exemption for partners or alternative arrangements put in place to mitigate the risk of paying substantial VAT amounts for partner procurement over extended periods of time. The latter option could include the strategic consideration to purchase less goods and services through the partners and more through the Representation itself because of its ability to recover VAT in Colombia.

IV. ACKNOWLEDGEMENT

29. OIOS wishes to express its appreciation to the Management and staff of the UNHCR Representation in Colombia for the assistance and cooperation extended to the auditors during this assignment.

(Signed) David Kanja
Assistant Secretary-General for Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

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

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	The UNHCR Representation in Colombia should develop annual monitoring plans, based on high risk areas, for undertaking financial monitoring of its implementing partners by a multi-functional team.	Important	C	Action completed	Implemented
2	The UNHCR Representation in Colombia should develop appropriate procedures for monitoring the construction activities undertaken by its implementing partners, including for ensuring that a competitive process is followed in the selection of contractors, construction records are maintained, and payments are released based on appropriate technical certification and verification of actual expenditures incurred by the partners.	Important	C	Action completed	Implemented
3	The UNHCR Representation in Colombia should develop a strategy to undertake profiling of its direct beneficiaries, in order to have detailed and updated information for targeted interventions based on beneficiary needs and vulnerabilities.	Important	O	Submission to OIOS of evidence of concrete action taken to conduct detailed profiling of direct beneficiaries	31 December 2015
4	The UNHCR Representation in Colombia, in coordination with the UNHCR Bureau for the Americas, should review its protection staffing structure in relation to its operational needs.	Important	O	Submission to OIOS of the results of the finalized review of the Representation's strategy and role in Colombia that takes into consideration the required protection staffing structure to meet operational needs	31 March 2015
5	The UNHCR Representation in Colombia should establish procedures to ensure that exemption is	Important	O	Submission to OIOS of the results of the outcome of the actions initiated to obtain VAT	31 January 2016

² Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

³ Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

⁴ C = closed, O = open

⁵ Date provided by UNHCR in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

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

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
	obtained for the Value Added Tax paid on purchase of goods and services by its implementing partners.			exemption for partners or alternative arrangements put in place to mitigate the risk of paying substantial VAT amounts for partner procurement over extended periods of time. The latter option could include the strategic consideration to purchase less goods and services through the partners and more through the Representation itself because of its ability to recover VAT in Colombia.	

APPENDIX I

Management Response

Management Response

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

Rec. no.	Recommendation	Critical ⁶ / Important ⁷	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Representation in Colombia should develop annual monitoring plans, based on high risk areas, for undertaking financial monitoring of its implementing partners by a multi-functional team.	Important	Yes	Project Control Officer	31 January 2015	UNHCR Colombia prepared monitoring plans for project agreements in 2014. In 2015, these plans are jointly developed with partners and UNHCR. The plans are currently being developed along with the 2015 project agreements and will be finalized in January 2015.
2	The UNHCR Representation in Colombia should develop appropriate procedures for monitoring the construction activities undertaken by its implementing partners, including for ensuring that a competitive process is followed in the selection of contractors, construction records are maintained, and payments are released based on appropriate technical certification and verification of actual expenditures incurred by the partners.	Important	Yes	Project Control Officer	31 January 2015	UNHCR Colombia updated its guidelines for construction activities. Among other things, the revised guidelines indicate the minimum requirements for the maintenance of construction records and provide clarity on the provision for administrative support, contingencies and utilities. The new guidelines were issued and shared with field offices and partners in January 2015. As previously mentioned, the Representation is prioritizing the review of construction records in its partner verification activities. A particular emphasis is given to reviewing the selection process of suppliers, controls for releasing payments, and overall monitoring and follow-up of construction projects (sample verification reports were previously shared

⁶ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

⁷ Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Management Response

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

Rec. no.	Recommendation	Critical ⁶ / Important ⁷	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>with the auditors).</p> <p>In addition, the partners use their own control mechanisms for releasing payments to suppliers. The minimum requirements for releasing payments are the following::</p> <ul style="list-style-type: none"> • Advance payments: Signed contract and a document confirming the commencement of works. For contracts above USD 20,000, full insurance coverage as defined in the guidelines for construction projects, including an insurance for the full value of the advance payment. • Interim payments: Progress report with photographs, description of completed work, and an indication of the project progress in percentages. • Final payments: Final report and delivery report confirming the satisfactory completion of all work, signed by technically competent partner personnel. <p>In 2015, the Project Control Officer and the Programme Unit in Bogota will be more involved in the monitoring of major construction projects in the field.</p> <p>Furthermore, the Representation selected a</p>

Management Response

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

Rec. no.	Recommendation	Critical ⁶ / Important ⁷	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						pool of technically suitable partners for construction projects in 2015. Construction projects will only be implemented through these partners.
3	The UNHCR Representation in Colombia should develop a strategy to undertake profiling of its direct beneficiaries, in order to have detailed and updated information for targeted interventions based on beneficiary needs and vulnerabilities.	Important	Yes	Regional Information Management Officer	<p>TSI profiling reports finalized: 30 April 2015</p> <p>Analysis of existing data sources completed: 31 January</p> <p>Primary data collection tool for direct beneficiaries developed: 30 June</p> <p>Data on direct beneficiaries collected: 31 December</p>	<p>The Representation acknowledges the recommendation regarding the need to improve beneficiary-specific information of UNHCR projects. The recent completion of the M&E phase of the TSI programme has generated substantial data at the level of households and communities. Analysis and recommendations are currently being finalized. Similar reports are being prepared for all of the profiled locations. This exercise marks an important body of statistically valid information regarding the condition of UNHCR beneficiaries.</p> <p>In light of the numerous sources of IDP data and information from different Government and non-government sources, the Representation has undertaken an analysis of these data sources, including UNHCR's access to them. The Protection Cluster provides a valuable platform to engage and continuously verify these data sources.</p> <p>Furthermore, in December 2014, the President of Colombia issued Decree 2569, which provides a legal framework for the profiling of IDPs with a view to better connect them to social services and to</p>

Management Response

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

Rec. no.	Recommendation	Critical ⁶ / Important ⁷	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>evaluate their progress in a process of economic stabilization. The Victim's Unit, which manages the registry of all IDPs, is about to scale-up its MAARIV (Modelo de Atención, Asistencia y Reparación Integral a las Víctimas) to conduct nationwide profiling of IDPs and link it with relevant assistance to profiled households. UNHCR will monitor this process closely.</p> <p>The Representation will also aim to set in place a tool to provide regularly updated data of beneficiaries who are directly participating in UNHCR funded projects or activities. The data parameters (to be defined) aim to advance on current location, total number and gender-age disaggregation of direct beneficiaries. This tool will be deployed to field offices and updated every six months. Where information gaps and/or more in-depth information regarding community needs persist, the Representation will source data from other state and non-state institutions and collaborate on inter-agency profiling exercises through the Protection Cluster. Cost-effective methodologies for profiling will be explored along with the deployment of the primary data collection tool. Additionally, the Representation will aim to implement additional data collection tools, such as participatory assessments which will be used for planning purposes.</p>

Management Response

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

Rec. no.	Recommendation	Critical ⁶ / Important ⁷	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4	The UNHCR Representation in Colombia, in coordination with the UNHCR Bureau for the Americas, should review its protection staffing structure in relation to its operational needs.	Important	Yes	Deputy Representative	31 January 2015	The Representation is conducting a review of its strategy and role in Colombia in light of the ongoing peace negotiations and the role of the UN system in an eventual post-agreement scenario. The review includes recommendations regarding UNHCR's presence in the country, including the need to re-establish a presence at the Caribbean coast/Venezuelan border and in Caquetá. It also proposes to maintain a comprehensive presence in Bogota in order to strengthen protection capacities of State institutions at the central level and ensure the inclusion of human rights protection in various coordination fora.
5	The UNHCR Representation in Colombia should establish procedures to ensure that exemption is obtained for the Value Added Tax paid on purchase of goods and services by its implementing partners.	Important	Yes	Programme Officer	31 January 2015	Obtaining VAT exemption for partners in Colombia is a challenge. The Representation has established and provided the procedures and documentations needed to ensure all the necessary requirements are submitted to obtain the exemption of VAT for the partners. The outcome of the final decision by the tax authorities will take some time, but the Representation believes that it has taken all the possible actions regarding this recommendation