



## INTERNAL AUDIT DIVISION

# REPORT 2015/101

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

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

**FINAL OVERALL RATING: PARTIALLY SATISFACTORY**

24 September 2015

Assignment No. AR2014/112/04

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# AUDIT REPORT

## Audit of the 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 the operations in Somalia for the Office of the United Nations High Commissioner for Refugees (UNHCR).
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 Somalia (hereinafter referred to as ‘the Representation’) was established in 2001 to facilitate voluntary repatriation of Somali refugees from their countries of asylum and to help their reintegration. As at December 2014, the Representation assisted 380,000 Internally Displaced Persons (IDPs), 3,100 refugees and 16,000 asylum seekers. Refugees and asylum seekers were mainly from Ethiopia and Eritrea.
4. The Representation was headed by a Representative at the D-1 level and had 10 offices including one in Nairobi, Kenya and nine in Somalia with a total of 118 staff. In addition to the Branch Office in Mogadishu, there were sub-offices in Nairobi, Hargeisa and Bossaso, field offices in Galkayo and Garowe, and field units in Dhobley, Dollow, Luuq and Baidoa. The Representation had expenditures of \$22.1 million in 2013 and \$11.7 million for the nine months up to 30 September 2014. Its budget for 2014 was \$32.0 million. The Representation worked with 28 partners in 2013 and 24 partners in 2014. These partners spent \$13.7 million (81 per cent) of the total UNHCR programme related expenditure of \$16.9 million in the period from 1 January 2013 to 30 September 2014.
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 Somalia**.
7. The audit was included in the OIOS 2014 risk-based internal audit work plan for UNHCR due to risks associated with the implementation of protection and programme activities in Somalia under difficult security conditions.
8. The key controls tested for the audit were: (a) regulatory framework; and (b) project management. For the purpose of this audit, OIOS defined these key controls as follows:
  - (a) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the management of the UNHCR operations in Somalia; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

(b) **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.

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

10. OIOS conducted this audit from October 2014 to February 2015. The audit covered the period from 1 January 2013 to 30 September 2014. During the audit, OIOS visited the Representation's offices in Nairobi and Hargeisa.

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 and analytical reviews, 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**<sup>1</sup> in providing reasonable assurance regarding the **effective management of UNHCR operations in Somalia**. OIOS made seven recommendations to address the issues identified.

13. The Representation needed to: (a) clarify the current structure with regard to the status of Nairobi and Mogadishu offices; (b) develop concrete solutions for addressing the staffing needs for Somalia; (c) ensure compliance with the requirements for hiring and using affiliate staff; (d) put in place controls to prevent the payment of unjustified allowances; (e) strengthen procurement planning and vendor management; (f) reassess the project control needs and design a training programme to reinforce the financial verification skills of monitoring staff; and (g) implement remote management tools to ensure adequate physical performance monitoring in all locations where key activities are implemented.

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

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

**Table 1: Assessment of key controls**

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

### **A. Regulatory framework**

Need to clarify the current structure with regard to the status of Nairobi and Mogadishu offices

15. The UNHCR guidelines for designing presence in the field require the Representation to clearly define its office structure, and in the process achieve rational and coherent structures that minimize duplication.

16. The 2014 Country Operations Plan for UNHCR Somalia indicated conflicting information regarding the Representation’s office structure, since it provided the following four scenarios in the same document: (a) ‘The Representation Office had migrated from Nairobi to Mogadishu to better manage the operation’; (b) ‘The full migration of the UNHCR Representation Office from Nairobi to Mogadishu would be completed by 2014’; (c) ‘Approximately 20 resettlement cases would be submitted to Branch Office Nairobi for further consideration’; and (d) ‘The office structure for 2014 consisted of Representation Office in Mogadishu and a Support Hub in Nairobi’. These four scenarios created confusion regarding whether Nairobi or Mogadishu was the main UNHCR office for the Somalia operations. Furthermore, the scenarios did not satisfy the requirement of achieving a rational and coherent structure as required by UNHCR guidelines.

17. At the time of the audit in November 2014, OIOS assessed the Nairobi office to be more than just a support hub. First, it had the highest number of staff, 30, whereas Mogadishu had 24 staff, and four posts that were abolished in Nairobi in 2013 were not subsequently re-established as planned in Mogadishu. Second, the maps illustrated in the Global Report 2013 and the Global Appeal 2014-15 did not show Nairobi as part of the Somalia Representation. Third, the UNHCR results-based management system, FOCUS, still showed Nairobi as the branch office. Fourth, although the Representative told OIOS that Mogadishu was the branch office, several other staff of the Representation indicated to OIOS that many donors and implementing partner staff still viewed Nairobi as the branch office.

18. This lack of clarity on the status of the Nairobi and Mogadishu offices was due to the fact that the Representation and the Bureau for Africa had not taken systematic efforts to finalize the formal migration of the branch office from Nairobi to Mogadishu and to communicate this through the different media and documents in a consistent manner. The ambiguity in the office structure could adversely affect the Representation’s relationship with government authorities and donor countries funding the operation as well as other stakeholders.

**(1) The UNHCR Representation in Somalia, in consultation with the Bureau for Africa, should formally clarify the current structure of the Representation with regard to the status of the Nairobi and Mogadishu offices.**

*UNHCR accepted recommendation 1 and stated that the Representation had requested assistance from the Bureau for Africa with the restructuring review and to clarify the status of the offices in Mogadishu and Nairobi. In August 2015, the Bureau formally requested the UNHCR Organizational Development and Management Service to perform a structural and staffing review to take place during 2016. Recommendation 1 remains open pending receipt of formal clarification of the current structure of the Representation with regard to the status of the Nairobi and Mogadishu offices.*

Need to develop concrete solutions for addressing the staffing needs for the Somalia operations

19. The Representation is required to use UNHCR emergency staffing procedures to mobilize staff to locations declared as emergencies. The Representation is also required to implement the UNHCR Administrative Place of Assignment (APA) policy which allows staff and their families to be installed in the nearest family duty station. At the same time, another policy called the Place of Duty (POD) policy is progressively replacing the APA policy and will be fully operational in 2016. It already applies to new staff and will apply to existing staff by 2016. The POD policy requires staff to be directly installed in their non-family duty stations.

20. The Representation had made efforts to manage its emergency staffing needs. This included consulting the Bureau for Africa and the Division of Human Resources Management at UNHCR headquarters in dealing with the challenges in hiring staff to be based in Mogadishu, a very high security risk location. However, the problems related to hiring and posting of staff were not fully addressed, as demonstrated by the following examples:

(a) The Representation hired two new international staff under the POD policy for Mogadishu. These staff members, however, declined to move to Mogadishu for family reasons. The Representation supported their stated reasons for not moving and eventually transferred the positions to Nairobi.

(b) For six international positions, including three in Nairobi, two in Galkayo and one in Hargeisa, that had been vacant since December 2013, suitable staff had either not been identified or had not reported to duty by the time of the audit in November 2014.

21. The above situations arose because UNHCR had not developed concrete solutions to address the difficulties in mobilizing staff for the Somalia operations, and the existing policies and procedures were not adequately supporting the deployment of staff according to the Representation's needs in high security risk locations. The shift from the APA to the POD policy was further reducing staff members' flexibility in managing their family situations, which in turn reduced the attractiveness of UNHCR posts in Somalia for internal staff and external candidates. This situation could have an adverse impact on the Representation's ability to ensure staff continuity and to effectively deliver its programmes in Somalia.

**(2) The UNHCR Representation in Somalia, in cooperation with the Bureau for Africa and the Division of Human Resources Management, should develop concrete solutions for addressing the staffing needs for the Somalia operations.**

*UNHCR accepted recommendation 2 and stated that the Representation was consulting with the Bureau Director to reach a solution together with relevant divisions on security related aspects of*

*human resources. Given the prevailing security concerns it was not easy to attain an optimal and adequate staffing coverage in all locations where persons of concern needed assistance in accordance with the UNHCR mandate. Recommendation 2 remains open pending receipt of documentation on the solutions proposed for addressing the staffing needs for the Somalia operations.*

Appropriate management oversight procedures needed to be established for hiring and using affiliate staff

22. The UNHCR policy on individual contractors requires the selection of contractors to be done competitively. The selection process should ensure that at least three qualified candidates are shortlisted. If a contractor has unique expertise, and if it can be demonstrated that there is only one available candidate or where there is an emergency, a decision can be made to waive the regular shortlisting of three candidates but this should be properly documented. Individual contractors are non-regular UNHCR staff; they are considered affiliate staff. The policy on affiliate workforce arrangements in UNHCR states that affiliate staff should not have authority to formally supervise other staff or be given representational functions or those of a diplomatic nature.

23. The Representation did not consistently comply with the above policies as demonstrated by the examples below:

(a) There was no evidence of competitive selection for three individual contractor positions: Information Technology Associate, Senior Information Technology Assistant and Communications Assistant. There was also no documentation available to demonstrate that the expertise that the selected candidates had was unique or that there was any other valid justification for waiving competitive bidding. The same was true for two international affiliate staff positions, Associate External Relations Officer and Associate Programme Officer, hired under a separate United Nations agency contract. These two positions met the definition of individual contractors because they related to non-regular UNHCR staff whose work was temporary and who were hired for a specific task.

(b) The terms of reference for the following affiliate staff positions hired under a separate United Nations agency contract included functions that should not have been given to affiliate staff:

- Livelihood and Reintegration Officer functions included exercising managerial oversight, direction, guidance and support to staff of the Reintegration Unit. Formal supervision of UNHCR staff was not permitted by the policy on affiliate workforce arrangements.
- Associate External Relations Officer functions included assisting in dialogues with donors and embassies and organizing regular briefings, bilateral meetings and missions. These functions of a diplomatic nature should not have been assigned to affiliate staff.
- Associate Programme Officer functions included assisting in keeping donor representatives briefed on developments and assisting in the development of funding submissions, appeals and reports. These too were representational functions of diplomatic nature that should not have been assigned to affiliate staff.

24. The above cases were attributed by the Representation to the need to have operational flexibility since it had difficulty in obtaining suitable regular UNHCR staff to work in Somalia. However, although this was a major challenge to the Representation, as discussed earlier in this report, the exceptions to the policy were not documented and no waivers were formally approved by a person authorized to issue contracts for individual contractors. As a result, there was risk of creating a perception among staff that controls could be overridden without any assignment of accountability. This could be detrimental to the control environment which in turn could adversely affect the operations of the Representation.

**(3) The UNHCR Representation in Somalia, in cooperation with the Bureau for Africa, should establish appropriate management oversight procedures to ensure that the hiring processes for affiliate staff are transparent and competitive and that only permitted functions are assigned to affiliate staff.**

*UNHCR accepted recommendation 3 and stated that the Representation had established an Affiliate Workforce Committee and developed standard operating procedures for the recruitment and contract extensions of affiliate workforce for Somalia. Based on the action taken and documentation provided by UNHCR, recommendation 3 has been closed.*

#### Need to put in place controls to prevent payment of unjustified allowances

25. The UNHCR mobility and hardship allowance rule requires the Representation to pay an additional non-family hardship allowance (AHA) to eligible staff members who are assigned to duty stations designated as non-family where the assignment involves the installation of the staff member at the duty station. It also states that the Daily Subsistence Allowance (DSA) entitlement should be paid while staff are on official travel in areas that are outside commuting distance from their duty stations. DSA requests must be covered by a valid travel authorization which specifies the reason and duration of travel.

26. OIOS observed that two staff members of the Representation (hereinafter referred to as “Staff 1” and “Staff 2”) received allowances that they were not entitled to, as follows:

- Staff 1 received the DSA portion of the assignment grant for Mogadishu on 15 August 2013. This amount, which totaled \$6,030, should not have been paid since the staff member never installed himself in Mogadishu where he was assigned. It was also a double payment since 100 per cent DSA of \$9,000 was already paid to the staff member for Nairobi for the same period of 30 days. The staff member was also paid relocation grant of \$1,200 on 5 August 2013 although he never relocated to Mogadishu. Further, AHA of \$11,624 was paid to the staff member at dependency rate for eight months from July 2013 to February 2014 at the instruction of UNHCR Personnel Administration and Payroll Section (PAPS) at headquarters despite the staff being in Nairobi, which was a family duty station, throughout this period.
- Staff 2 was paid \$9,810 in respect of AHA at single rate for 18 months, for the period from April 2013 to September 2014, despite never being installed in Mogadishu. On 10 November 2014, the post of Staff 2 was transferred from Mogadishu to Nairobi but effective retroactively from 1 April 2014. The Representation made a request to PAPS for a change of duty station on 27 March 2014; however, PAPS did not take action on the request until 10 November 2014. Meanwhile, Staff 2 continued to be paid AHA until November 2014. The AHA was unjustified because the staff member was never installed in Mogadishu.



- For the period from April 2013 to February 2014, UNHCR incurred costs for DSA payments for Nairobi totaling \$84,600 in regard to Staff 1 (\$44,100) and Staff 2 (\$40,500) which could have been avoided had their contracts specified Nairobi as the duty station instead of Mogadishu. According to a memo from PAPS, the staff members could not be installed in Mogadishu due to security restrictions. However, according to the Senior Field Safety Advisor based in Mogadishu at the time, no security communication had been given regarding installation restrictions in Mogadishu. In addition, there were already four international staff operating in Mogadishu at that time. The DSA payments were authorized by PAPS without any travel authorization since the staff were already in Nairobi and were not travelling from Mogadishu. This effectively made the DSA payment indefinite until action was taken to formally relocate their positions to Nairobi.

27. The double payment of DSA occurred due to inadequate coordination within PAPS. A memo from PAPS dated 6 November 2013 authorized payment of DSA for Nairobi to Staff 1 and also anticipated the payment of assignment grant once the staff proceeded on official travel to Mogadishu. This authorization did not recognize that the assignment grant had already been paid in accordance with a prior approval by PAPS three months earlier. By authorizing DSA payment for Nairobi, the second memo effectively authorized double payment for Staff 1 for the first 30 days.

28. The payment of unjustified allowances in the above cases occurred because the Representation and PAPS did not take appropriate action to relocate the posts to Nairobi in a timely manner. According to PAPS, Staff 1 accepted an offer of appointment on 10 June 2013 before an attack on the United Nations compound in Mogadishu and the offer was legally binding. However, OIOS disagrees with this assessment since the positions were eventually relocated to Nairobi. Moreover, the attack took place on 19 June 2013 whereas the letter of appointment was signed by Staff 1 three weeks later on 9 July 2013 (the entry on duty date was 10 July 2013). Similarly for Staff 2, whose contract started already on 6 April 2013, the contract status could have been changed earlier than it eventually was. Furthermore, neither the Representation nor PAPS could provide a satisfactory response to OIOS on why these two cases were treated differently from four other international staff working from Mogadishu at the time. Instead, it took UNHCR 8 months to relocate the position of Staff 1 and 18 months to relocate the position of Staff 2 to Nairobi. UNHCR therefore incurred expenditure of \$113,264, including \$84,600 in avoidable DSA costs plus \$28,664 in unjustified allowance costs. As a result, after netting off \$19,200 that UNHCR would have incurred in DSA entitlements and shipping allowances if the positions had been relocated to Nairobi from Mogadishu upon signing of the employment contracts, UNHCR incurred an additional cost of \$94,064 that could have been avoided.

**(4) The UNHCR Representation in Somalia, in coordination with the Bureau for Africa and the Division of Human Resources Management, should put in place appropriate controls to ensure that staff deployments which cannot take place at the expected duty station are promptly reviewed and the locations revised accordingly, in order to prevent the payment of unjustified staff allowances. In addition, the Representation should recover allowances amounting to \$28,664 paid to two staff members that they were not entitled to.**

*UNHCR accepted recommendation 4 and stated that in close consultation with the Bureau for Africa and the Division of Human Resources Management (DHRM), the Representation was working on the most appropriate way to ensure that the Place of Duty scheme was implemented for relevant staff. The amount overpaid to one of the two staff members had been recovered. The Bureau, with the support of DHRM, would pursue the recovery from the second staff member reassigned from Somalia. Recommendation 4 remains open pending receipt of documentary evidence that the remaining payments of unjustified allowances (amounting to \$9,810 in respect of Staff 2) have been recovered and controls have been established to ensure that staff deployments which cannot take*

place at the expected duty station are promptly reviewed and the locations revised accordingly.

Need to strengthen procurement planning and vendor management

29. The UNHCR Manual requires the Representation to prepare annual procurement plans based on needs assessments and the approved annual programmes. The Representation should also ensure that procurement activities are conducted competitively and transparently, in accordance with UNHCR rules. Further, the UNHCR policy on the vendor registration process describes the procedures that need to be in place for prequalifying vendors and recording them in the vendor database. It also states that a Vendor Review Committee should be in place to facilitate and oversee the implementation of the vendor registration process.

30. Based on a review of 24 purchase orders, valued at \$3.0 million, OIOS noted that the Representation undertook a competitive and transparent bidding process in each case and all payments for goods and services were properly supported. However, the following weaknesses were observed in the procurement planning and vendor management processes:

- The Representation did not prepare any annual procurement plans for the period under review, during which the total goods and services procured were worth \$9.0 million. Purchases were based on needs identified by each section that were not consolidated into an annual procurement plan for the Representation.
- The Representation had not established a Vendor Review Committee, and a vendor vetting and registration process was not in place. The Representation also did not maintain files for any of the vendors in its vendor database, containing the required information such as fully completed registration forms, contact details and financial reports. Further, 10 vendors had more than one account and vendor identification number in the database, which contained 608 suppliers.

31. The Representation did not give priority to the vendor management and procurement planning processes as the staff dealing with supply and asset management were involved in the day-to-day procurement activities. The Representation was therefore at risk of engaging non-performing vendors, and not procuring goods and services in a timely manner and based on previously identified and approved needs. In addition, duplicate payments could have been made to vendors with duplicate identification numbers.

**(5) The UNHCR Representation in Somalia should: (a) put in place annual procurement plans based on needs assessments; (b) establish appropriate arrangements for vendor vetting and registration, including maintenance of vendor files; and (c) deactivate duplicate vendors in the vendor database.**

*UNHCR accepted recommendation 5 and stated that the procurement plan was prepared and would be reviewed on a quarterly basis to ensure proper implementation based on operational priorities and availability of funds. A Vendor Review Committee was established in May 2015. Duplicate vendors had been removed from the system and vendor creation was now centralized at the Representation level. Based on the action taken and documentation provided by UNHCR, recommendation 5 has been closed.*

## **B. Project management**

The Representation's project control needs should be reassessed and a training programme designed to reinforce the financial verification skills of monitoring staff

32. The UNHCR Manual requires the Representation to conduct financial monitoring visits at least once per partner per year. Expenditures incurred by partners should be verified before they are accepted by UNHCR and recorded as expenditures in Managing for Systems, Resources and People software, the UNHCR enterprise resource planning system. The Representation should also monitor procurement activities undertaken by partners to ensure that it obtains value for money. In addition, systematic and continual review should be undertaken for partner audit certificates issued with a qualified external audit opinion.

33. OIOS reviewed the 2013 audit certificates and management letters of 13 implementing partners and assessed that they were of good quality. The Representation also maintained a detailed matrix to follow up on implementation of audit recommendations issued to partners.

34. The Representation conducted financial monitoring visits to 35 of its 39 partner projects in 2013. By September 2014, the Representation had conducted financial monitoring of 17 of the 41 projects implemented in 2014. However, by the end of the audit, the Representation concluded the financial verifications of all of the remaining 24 projects. It had a risk-based plan for the conduct of financial monitoring activities. In accordance with this plan, the verifications were prioritized to the partners with the highest exposure to risks. The Representation did not experience any restrictions (for reasons of remoteness, security considerations, or otherwise) to conduct the financial verifications as the main offices of all the partners, and thus the accounting records and supporting records, were in locations that were accessible.

35. However, the quality of the financial monitoring activities needed improvement. OIOS reviewed a sample of eight monitoring reports prepared in 2013 and 2014 and noted that they did not capture the results of detailed testing of expenditure, as required. Although the Representation explained that vouchers were tested and unjustified expenditures were rejected by the monitoring team as appropriate, this was not evident from the reports reviewed. OIOS further visited two partners to validate the effectiveness of financial monitoring done by the Representation and identified the following control weaknesses:

- One of the partners that was pre-qualified by UNHCR to follow its own procurement guidelines was not fully complying with these guidelines. For the procurement of construction materials for \$549,000, there was no evidence of evaluation committee minutes or a technical evaluation for the two suppliers selected, as required.
- At the second partner, although the UNHCR Manual and the project partnership agreement required supporting documentation, there were no supporting documents for UNHCR contributions to four international support staff for 2013 and 2014 amounting to a total \$25,000 a month. The second partner was pre-qualified to follow its own procurement guidelines, but it did not consistently follow these guidelines. In one case for the rental of school buses for refugee children for \$65,650, the partner did not conduct the required technical evaluation and selected the supplier based on price alone.

36. The above weaknesses were attributed to lack of detailed testing of expenditure, which was due to lack of adequate skills and capacity in the Representation to undertake financial monitoring activities for

all projects in a timely manner. Financial monitoring was conducted by programme staff since the Representation had no dedicated project control staff positions during the period under review. One project associate position was later created and filled at the time of audit fieldwork in November 2014. The programme staff had not been provided with an adequate level of training on how to undertake detailed testing of expenditure. As a result, the above-mentioned examples at the two partners were not identified by the monitoring team during their financial monitoring visits. This exposed the Representation to a risk of accepting and recording unjustified expenditure and, consequently, loss of financial resources.

**(6) The UNHCR Representation in Somalia, in coordination with the Bureau for Africa, should: (a) reassess its project control needs and allocate a sufficient number of staff to ensure adequate coverage of financial monitoring of partners; and (b) design a training programme to reinforce financial verification skills of staff involved in partner monitoring activities.**

*UNHCR accepted recommendation 6 and stated that a Project Control Officer had been recruited as of June 2015 on a temporary basis pending filling of the post, for which the shortlisted candidates had been reviewed and sent to DHRM. The Bureau would continue to coordinate closely with the Representation to ensure that a sufficient number of staff would be assigned to ensure adequate coverage of monitoring of partners. An audit firm had been contracted to provide financial management training for both partner project and finance staff and UNHCR staff, based on the findings from the previous years' audit reports. Recommendation 6 remains open pending receipt of evidence that the project control needs have been assessed and the necessary number of staff recruited.*

The use of appropriate technology-based monitoring tools was required to enhance performance monitoring of activities implemented in remote locations

37. In accordance with the UNHCR Manual, the Representation is required to conduct performance monitoring of activities implemented by partners on an ongoing basis. UNHCR, in order to deal with monitoring activities in remote locations, developed operational guidance on remote management in high security risk operations, such as Somalia, which the Representation is expected to apply.

38. The Representation received and reviewed narrative performance reports from partners, including from partners implementing projects in remote locations. However, given its limited presence in Somalia due to high security risks, the Representation was not able to fulfill all its physical monitoring requirements. As a result, missions to remote areas were undertaken by the Representation's Mogadishu office, as and when necessary and feasible. However, the Representation had not used or explored the possibility to use remote management tools, such as those that are technology-based, to assist in this regard. Not using appropriate tools for effective performance monitoring of UNHCR activities in difficult to access areas exposed the Representation to a risk of not obtaining adequate level of assurance over the achievement of its project objectives in all locations.

**(7) The UNHCR Representation in Somalia should develop appropriate technology-based monitoring tools to enhance performance monitoring of activities implemented in remote locations.**

*UNHCR accepted recommendation 7 and stated that a draft technology-based monitoring mechanism was being tested by the Representation. The Representation was also sourcing a specialized commercial company to provide additional monitoring of activities in remote locations since the company was not subject to United Nations Department of Safety and Security restrictions.*

*A number of other United Nations agencies were using a similar approach. Recommendation 7 remains open pending receipt of documentary evidence that the Representation has developed and is actively using appropriate technology-based monitoring tools to enhance performance monitoring of activities implemented in remote locations.*

#### **IV. ACKNOWLEDGEMENT**

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

*(Signed)* David Kanja  
Assistant Secretary-General, Acting Head  
Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

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

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	The UNHCR Representation in Somalia, in consultation with the Bureau for Africa, should formally clarify the current structure of the Representation with regard to the status of the Nairobi and Mogadishu offices.	Important	O	Submission to OIOS of formal clarification of the current structure of the Representation with regard to the status of the Nairobi and Mogadishu offices.	31 December 2016
2	The UNHCR Representation in Somalia, in cooperation with the Bureau for Africa and the Division of Human Resources Management, should develop concrete solutions for addressing the staffing needs for the Somalia operations.	Important	O	Submission to OIOS of documentation on the solutions proposed for addressing the staffing needs for the Somalia operations.	31 December 2016
3	The UNHCR Representation in Somalia, in cooperation with the Bureau for Africa, should establish appropriate management oversight procedures to ensure that the hiring processes for affiliate staff are transparent and competitive and that only permitted functions are assigned to affiliate staff.	Important	C	Action completed	Implemented
4	The UNHCR Representation in Somalia, in coordination with the Bureau for Africa and the Division of Human Resources Management, should put in place appropriate controls to ensure that staff deployments which cannot take place at the expected duty station are promptly reviewed and the locations revised accordingly, in order to prevent the payment of unjustified staff allowances. In addition, the Representation should recover	Important	O	Submission to OIOS of documentary evidence that the remaining payments of unjustified allowances (amounting to \$9,810 in respect of Staff 2) have been recovered and controls have been established to ensure that staff deployments which cannot take place at the expected duty station are promptly reviewed and the locations revised accordingly.	31 December 2015

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

<sup>2</sup> Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNHCR in response to recommendations.

## STATUS OF AUDIT RECOMMENDATIONS

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

Recom. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
	allowances amounting to \$28,664 paid to two staff members that they were not entitled to.				
5	The UNHCR Representation in Somalia should: (a) put in place annual procurement plans based on needs assessments; (b) establish appropriate arrangements for vendor vetting and registration, including maintenance of vendor files; and (c) deactivate duplicate vendors in the vendor database.	Important	C	Action completed	Implemented
6	The UNHCR Representation in Somalia, in coordination with the Bureau for Africa, should: (a) reassess its project control needs and allocate a sufficient number of staff to ensure adequate coverage of financial monitoring of partners; and (b) design a training programme to reinforce financial verification skills of staff involved in partner monitoring activities.	Important	O	Submission to OIOS of evidence that the project control needs have been assessed and the necessary number of staff recruited.	31 December 2015
7	The UNHCR Representation in Somalia should develop appropriate technology-based monitoring tools to enhance performance monitoring of activities implemented in remote locations.	Important	O	Submission to OIOS of documentary evidence that the Representation has developed and is actively using appropriate technology based monitoring tools to enhance performance monitoring of activities implemented in remote locations.	31 December 2015

# **APPENDIX I**

## **Management Response**



## Management Response

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

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Representation in Somalia, in consultation with the Bureau for Africa, should formally clarify the current structure of the Representation with regard to the status of the Nairobi and Mogadishu offices.	Important	Yes	Representative	December 2016	The Representation has requested assistance from the Bureau with the restructuring review and to clarify the status of the offices in Mogadishu and Nairobi. In August 2015 the Bureau has formally requested the Organizational Development and Management Service (ODMS) to perform a structural and staffing review to take place during the course of 2016.
2	The UNHCR Representation in Somalia, in cooperation with the Bureau for Africa and the Division of Human Resources Management, should develop concrete solutions for addressing the staffing needs for the Somalia operations.	Important	Yes	Representative and Head of Administration	December 2016	The Representation has started close consultation with the Bureau Director to reach a solution together with relevant Divisions (DHRM, DESS and FSSS), to discuss the security related aspects of human resources.  Given the prevailing security concerns it is not easy to attain an optimal and adequate staffing coverage in all locations where UNHCR people of concern need assistance in accordance with our mandate.
3	The UNHCR Representation in Somalia, in cooperation with the Bureau for Africa, should establish appropriate management	Important	Yes	Deputy Representative	June 2015	An Affiliate Workforce Committee has been established and Standard Operating Procedures (SOP) have

<sup>1</sup> 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.

<sup>2</sup> 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

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	oversight procedures to ensure that the hiring processes for affiliate staff are transparent and competitive and that only permitted functions are assigned to affiliate staff.					been developed for the recruitment and contract extensions of affiliate workforce for Somalia.
4	The UNHCR Representation in Somalia, in coordination with the Bureau for Africa and the Division of Human Resources Management, should put in place appropriate controls to ensure that staff deployments which cannot take place at the expected duty station are promptly reviewed and the locations revised accordingly, in order to prevent the payment of unjustified staff allowances. In addition, the Representation should recover allowances amounting to \$28,664 paid to two staff members that they were not entitled to.	Important	Yes	Representative and Admin. Officer	December 2015	In close consultation with the Bureau for Africa and DHRM, the Representation is working on the most appropriate way to ensure that the Place of Duty (PoD) scheme is implemented for relevant staff.  The amount overpaid to one of the two staff members has now been recovered. The Bureau with the support of DHRM will pursue the procedure for the recovery from the second staff member reassigned from Somalia.
5	The UNHCR Representation in Somalia should: i) put in place annual procurement plans based on needs assessments; ii) establish appropriate arrangements for vendor vetting and registration, including maintenance of vendor files; and iii) deactivate duplicate vendors in the vendor database.	Important	Yes	Deputy Representative (Operations) and Associate Supply Officer	July 2015	The procurement plan will be reviewed on a quarterly basis to ensure proper implementation based on operational priorities and availability of funds.  A Vendor Review Committee was established in May 2015. Duplicate vendors have been removed from the system and vendor creation has now been centralized at the Representation level.
6	The UNHCR Representation in Somalia, in coordination with the Bureau for	Important	Yes	Deputy Representative	June 2015	A Project Control Officer has been recruited as of June on temporary

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	Africa, should: (i) re-assess its project control needs and allocate a sufficient number of staff to ensure adequate coverage of financial monitoring of partners; and (ii) design a training programme to reinforce financial verification skills of staff involved in partner monitoring activities.			(Operations)		<p>basis pending filling of the vacant post, for which the shortlisted candidates have been reviewed and sent to DHRM.</p> <p>The Bureau will continue to coordinate closely with the Representation to ensure that a sufficient number of staff is assigned to ensure adequate coverage of monitoring of partners.</p> <p>An audit firm has been contracted to provide financial management training for both partner project and finance staff and UNHCR staff, based on the findings from the previous years' audit reports.</p>
7	The UNHCR Representation in Somalia should develop appropriate technology based monitoring tools to enhance performance monitoring of activities implemented in remote locations.	Important	Yes	Deputy Representative (Operations) and senior Program Officer	December 2015	<p>A draft technology based monitoring has been made and is being tested by the Representation.</p> <p>The Representation is also sourcing a specialized commercial company that can provide additional support to perform monitoring of activities implemented in remote locations since they are not subject to UNDSS restrictions. A number of other UN agencies are using a similar approach.</p>