



INTERNAL AUDIT DIVISION

REPORT 2015/130

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

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

FINAL OVERALL RATING: PARTIALLY
SATISFACTORY

27 October 2015
Assignment No. AR2015/112/01

CONTENTS

	<i>Page</i>
I. BACKGROUND	1
II. OBJECTIVE AND SCOPE	1-2
III. AUDIT RESULTS	2-9
A. Strategic planning	3-4
B. Project management	4-7
C. Regulatory framework	7-9
IV. ACKNOWLEDGEMENT	9
ANNEX I Status of audit recommendations	
APPENDIX I Management response	

AUDIT REPORT

Audit of the operations in Sudan 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 Sudan 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 Sudan (hereinafter referred to as 'the Representation') was established in 1968 to provide Internally Displaced Persons (IDPs), refugees and other persons of concern with international protection and humanitarian assistance. Since January 2014, there has been a large influx of refugees from the Republic of South Sudan. As of 31 December 2014, the Representation assisted 1.5 million IDPs, 172,000 refugees and 17,000 returnees.
4. The Representation was headed by a Representative at the D-2 level and had 11 offices in Sudan with a total of 315 staff. It had its Representation Office in Khartoum, sub-offices in Kassala and El Geneina, and Field Offices in Kosti, Girba, Gedaref, Kadugli, El Fasher, Nyala, Zalingei, and Habilla. The Representation had a total expenditure of \$35.6 million in 2014 and an initial authorized budget of \$31.0 million for 2015. It worked with 42 partners in 2014. These partners implemented approximately 62 per cent of the Representation's programme-related expenditure.
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 Sudan**.
7. The audit was included in the OIOS 2015 risk-based internal audit work plan for UNHCR due to the risks associated with the management of the operations in Sudan, which involved implementing activities for a large number of IDPs and refugees over a vast geographical area.
8. The key controls tested for the audit were: (a) strategic planning; (b) project management and; (c) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:
 - (a) **Strategic planning** - controls that provide reasonable assurance that strategic plans for the Representation's programme and protection activities are developed in alignment with the UNHCR global strategic priorities.

(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.

(c) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the management of UNHCR operations in Sudan; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

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

10. OIOS conducted the audit from February to June 2015. The audit covered the period from 1 January to 31 December 2014. During the audit, OIOS visited the Representation's offices in Khartoum, Kassala, Kosti and El Geneina.

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**¹ in providing reasonable assurance regarding the **effective management of UNHCR operations in Sudan**. OIOS made six recommendations to address the issues identified.

13. The Representation prepared its annual Country Operations Plan in line with UNHCR requirements. However, there was a need for the Representation to: (a) revise the decentralization and delegation of authority memorandum issued in 2012 to balance operational efficiency in the field with the oversight requirements of the Representation Office in Khartoum; (b) ensure that all budget lines in the project partnership agreement with the government partner are detailed and itemized and relate only to UNHCR project activities; (c) assess project control staffing requirements and better coordinate performance and financial monitoring activities; (d) strengthen management of construction projects; (e) put in place review mechanisms to avoid purchase orders being raised after invoice dates; and (f) coordinate with the Division of Financial and Administrative Management to either write off or set aside a provision for bad debts for old outstanding value added tax receivables.

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.

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.

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 Sudan	(a) Strategic planning	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Project management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(c) Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Strategic planning

The Representation prepared its Country Operations Plan in line with the requirements

15. In accordance with UNHCR rules, the Representation prepared its Country Operations Plan for 2014 in alignment with the UNHCR global strategic priorities and based on an assessment of the needs of the population of concern following a participatory assessment approach. The Representation's results framework linked its priorities to project targets, resources and activities. OIOS concluded that the Representation had put adequate arrangements in place for the preparation of its Country Operations Plan.

The decentralization and delegation of authority memorandum needed to be revised to improve balance between operational efficiency in the field and oversight requirements of the Representation Office

16. The UNHCR Revised Framework for Resource Allocation and Management provides for delegation of responsibilities from the UNHCR Representation Office to the field to enhance accountability in response to changing operational needs. A harmonized approach to decentralization and delegation is required to ensure that the Representation Office maintains adequate oversight over operations in the field. The Framework implies that delegation needs to be revised as and when needs change.

17. In December 2012, the previous Representative issued a memorandum to decentralize and delegate certain functions to the field by bringing decision-making closer to the point of delivery and in recognition of the very different operating contexts in the various operational areas of Sudan. OIOS observed that the existing memorandum posed difficulties to the Representation Office in Khartoum to ensure adequate harmonization and maintain oversight across the operations and offices in the country. For example:

- Each sub-office within the delegated authority provided by the above-mentioned memorandum had independent negotiations with government partners with the exception of themes like registration and statelessness which were negotiated country-wide. This affected the ability of the Representation Office to negotiate terms in the agreements with partners if different terms had already previously been agreed to in the field.

- There was a lack of systematic and consistent approach to preparing financial monitoring reports since all sub-offices using their delegated authority prepared their own reports and shared such reports with the Representation Office for information purposes only.
- Although the Senior Programme Officer at the Representation Office was approving all installments to partners countrywide, the approval was based on authorization by responsible officers in the field who had the delegated authority to review the Implementing Partner Financial Reports.
- There was limited functional reporting of programme staff in the field to their counterparts at the Representation Office. The emphasis was on administrative reporting of functional heads (e.g., in administration and finance, programme, and supply) in the field to the heads of field offices. This left the functional heads at the Representation Office without adequate information from the field to exercise overall accountability in their areas of responsibility. The decentralization and delegation of authority memorandum did not include adequate provisions for technical oversight by the Representation Office over field offices.

18. The above weaknesses were attributed to the fact that the decentralization and delegation of authority memorandum no longer matched the existing operational requirements in Sudan, which had evolved since the memorandum was issued in 2012. The lack of a harmonized approach to decentralization and delegation had adversely affected the Representation's ability to implement and monitor a common country strategy. This also presented a reputational risk to UNHCR if the offices were not seen by stakeholders to speak with the same voice.

(1) The UNHCR Representation in Sudan should revise the decentralization and delegation of authority memorandum to include appropriate provisions for strengthening the implementation of a harmonized approach to decentralization and delegation and improving the balance between operational efficiency in the field and oversight from the Representation Office in line with agreed strategic operational priorities.

UNHCR accepted recommendation 1 and stated that preliminary discussions on the revision of the decentralization and delegation of authority document had been held with the heads of sections in Khartoum and the heads of operations for Darfur and Kassala. Recommendation 1 remains open pending receipt of the revised and finalized decentralization and delegation of authority memorandum.

B. Project management

All budget lines in the project partnership agreement with the government partner needed to be detailed and itemized and relate only to UNHCR project activities

19. The UNHCR Project Partnership Agreement template requires the Representation to indicate the number and cost of partner personnel in the staffing table and to attach a detailed budget to the agreement. Any additional personnel not provided for in the budget needs to be justified by the partner. Similarly, for procurement of services, the Project Partnership Agreement requires the Representation to specify its procurement priorities by itemizing in the annexes to the agreement the categories of procurement it is funding.

20. A government partner was the Representation's largest partner and had an annual UNHCR budget of \$6.7 million and total expenditure of \$5.9 million in 2014. This represented 31 per cent of all

partner expenditures in 2014. The Representation budgeted cost for the staff and procurement for this partner as lump sum figures rather than in an itemized budget. In terms of procurement, the audit observed that under the budget line for commercial contracts most of the costs of \$93,636 reported were not associated with or contributed to implementing UNHCR activities. This included costs related to accommodation of \$33,106, house repair/maintenance of \$13,363 and hospitality of \$13,363.

21. The Representation explained that it accepted these costs as it financially supported government personnel to relocate from Kassala to Khartoum in 2012, and discontinuation of this support had proven difficult in subsequent years. However, the use of lump sum figures compromised transparency of project budgets and diluted accountability for the use of UNHCR funds.

(2) The UNHCR Representation in Sudan should enhance transparency in drafting project partnership agreements for its main government partner by: (a) developing a detailed and itemized budget for all budget lines instead of using lump sum amounts; and (b) including a separate budget line for partner's management support costs which should exclude all costs that are not related to UNHCR activities.

UNHCR accepted recommendation 2 and stated that the detailed budget lines for management support costs had been included in the 2015 Project Partnership Agreement with the main government partner in the East and Darfur. The Representation had reached agreement with the partner to include separate budget lines for management support costs in the 2016 Project Partnership Agreement. Recommendation 2 remains open pending receipt of evidence of the detailed budget lines for management support costs in the signed 2016 Project Partnership Agreement with the main government partner which should exclude all costs that are not related to UNHCR activities.

There was a need to assess project control staffing requirements and better coordinate performance and financial monitoring activities

22. The UNHCR Implementing Partner Management Framework requires the Representation to verify partners' project expenditures before they are accepted and recorded in Managing for Systems, Resources and People (MSRP), the UNHCR enterprise resource planning system. The Representation should also undertake ongoing review of project implementation through partners to track whether activities are proceeding according to plan and targets. Performance monitoring should be linked to financial monitoring to ensure that implementation is consistent with reported expenditure. Monitoring visits should be conducted by a multifunctional team based on a risk-based monitoring plan.

23. The Representation conducted the selection and retention of partners in an effective manner and using a risk-based approach as required. It also conducted a financial verification visit to each partner at least once during 2014. It duly maintained a detailed matrix of project audit recommendations raised by external auditors to follow up on the implementation of the recommendations. However, the 2014 monitoring plan was generic and had no names of partners or planned dates of visits. OIOS reviewed a sample of 30 out of 54 financial monitoring reports prepared in 2014 to assess their quality. While the Representation's monitoring teams had conducted testing of expenditures, the financial verification reports did not adequately capture some cases of unjustified expenditure by some partners. In one example, while the lack of a passenger manifest for transportation of refugees was identified as a control deficiency by the monitoring team, it did not query the expenditure and did not request the partner to revise the Implementing Partner Financial Report. The monitoring teams also did not systematically review adherence to UNHCR guidelines for procurement through partners. For example, the main government partner did not conduct competitive bidding in 3 out of 12 cases reviewed during the audit.

24. The Representation's monitoring teams also did not adequately link the assessment of project implementation to corresponding financial expenditures. For example, a partner had pre-paid expenditures (i.e., it used its own funds while awaiting the first instalment from the Representation) amounting to \$383,570 for refugees from the Republic of South Sudan before their arrival at Bantiue camp on 10 March 2015, including \$257,143 for meals for 1,200 households. The Representation's protection staff involved in the relocation of the refugees to the camp reported that the refugees had stopped receiving meals five days after arrival even though meals for 30 days had been paid for in advance. In addition, only 10 of the 120 planned volunteers were assisting in the relocation, and despite the already pre-paid expenditure for fuel for generators the camp had no lighting. If the Representation's monitoring team had adequately conducted the required performance monitoring at Bantiue camp, it could have identified these implementation gaps and refused to accept the prepayment of expenditures until there was evidence that all goods and services were duly received.

25. The above weaknesses were attributed to lack of sufficient staffing in view of the high number of partners. The post of Project Control Officer was not filled in Khartoum and there were only three local staff in Khartoum covering 42 partners. This also made detailed planning for the monitoring visits difficult. There were no project control staff based in the field, so financial monitoring was conducted by programme staff only. The weaknesses in linking performance monitoring to financial monitoring were due to disjointed coordination by different teams involved in undertaking them. As a result, there was a risk that the Representation would not get value for money from the implementation of its project activities through partners.

(3) The UNHCR Representation in Sudan should: (a) assess its project control staffing needs and allocate a sufficient number of staff to cover the required locations in Sudan on the basis of a risk-based monitoring plan; and (b) put in place local procedures that ensure that performance and financial monitoring activities are coordinated.

UNHCR accepted recommendation 3 and stated that the position of Project Control Officer would be filled by the end of the year and the Representation had developed a risk-based monitoring plan as recommended. A multi-functional verification team now ensured that performance and financial monitoring activities were effectively coordinated. Recommendation 3 remains open pending receipt of evidence that the recruited Project Control Officer has come on board and assumed his/her duties.

Management of construction projects required strengthening

26. UNHCR rules require the Representation to put in place appropriate arrangements, including an adequate structure and reporting lines, for managing shelter construction activities. The UNHCR Project Partnership Agreement template requires that payments to each contractor against the construction cost in the tender document should be made only based on actual work performed.

27. The Representation implemented shelter construction projects amounting to \$4.6 million in 2014 for refugees and IDPs in Sudan. The Representation had technical staff based in Khartoum (a site planner and his assistant) and in Kassala (a civil engineer). The audit observed the following control weaknesses in the management of the shelter construction projects:

- The Site Planner in Khartoum reported to the Senior Programme Officer in Khartoum while the Civil Engineer in Kassala reported to the Senior Operations Officer in Kassala in a decentralized set-up. In addition, both staff did not have clear reporting lines at the functional level and reported only administratively to their respective supervisors.

- The Representation did not have an adequate number of technical staff for monitoring construction activities across all operations in Sudan. The Site Planner, who was responsible for the operations for refugees from the Republic of South Sudan in Khartoum and White Nile State, had to cover monitoring of constructions using remote (i.e., pictures using Google platform) as opposed to physical monitoring. The Civil Engineer in Kassala was responsible for the East of Sudan and only managed to cover about 50 per cent of the constructions in the nine camps in that part of Sudan. In Darfur, monitoring of construction activities had to be conducted by non-UNHCR staff.
- The Representation's technical staff did not certify the percentage of completed work to ensure that payment was only made against construction work performed. Instead, they relied fully on the technical certification done by the implementing partners' personnel.

28. The above weaknesses happened because the Representation had not established an appropriate structure, such as a specialized technical unit responsible for construction activities across all operations in Sudan, with a sufficient number of staff with technical expertise and familiarity with UNHCR operations. In addition, there were no standard operating procedures or a countrywide work plan for monitoring the construction activities. As a result, the Representation had construction indicators that did not meet planned targets. For example, in 2014 the number of persons of concern receiving shelter support was only 41 against a target of 300. In addition, in Darfur, the number of long term/permanent shelters provided was 100 against a target of 300.

(4) The UNHCR Representation in Sudan should establish: (a) a specialized technical unit responsible for construction activities across all operations in Sudan with a sufficient number of staff; and (b) standard operating procedures and a countrywide work plan for monitoring the construction activities.

UNHCR accepted recommendation 4 and stated that an international consultant site planner/civil engineer was hired late in 2014 as an emergency deployee and was currently providing technical advice and support countrywide. Furthermore, resources also included two engineers, one in Kassala and another in Darfur. The Representation had drafted a national shelter strategy that had yet to be endorsed. The operation had also developed standard operating procedures and a work plan for construction projects, and these draft documents were currently under review. Recommendation 4 remains open pending receipt of evidence that the national shelter strategy for Sudan, standard operating procedures and the work plan for construction projects have been finalized and are fully operational.

C. Regulatory framework

Appropriate review mechanisms were needed to avoid purchase orders being raised after invoice dates

29. The Representation is required to undertake procurement activities in accordance with UNHCR procurement rules and procedures and establish adequate oversight mechanisms over procurement and vendor management. This includes putting in place review arrangements to ensure that purchase orders are raised in a timely manner.

30. The Representation had established Vendor Review Committees in Khartoum on 22 May 2012, in Kassala on 22 April 2013 and in Darfur on 21 May 2014. These committees held regular meetings to register new vendors. The Representation had a vendor database that was recently cleaned up and updated. The Local Committee on Contracts (LCC) was in place at the Representation Office in

Khartoum and it held 18 meetings in 2014. OIOS reviewed 90 purchase orders totaling \$9.7 million, representing 22 per cent of the total value of procurement of \$43.7 million in 2014. The sample contained several cases where the Representation had not raised the purchase order in a timely manner, sometimes resulting in the invoice date for the contract preceding the purchase order date by two to four months. This happened for contracts such as cleaning services, warehouse rental, pouch services and transport services. OIOS extracted a report from MSRP which showed that out of the 2,914 purchase orders for 2014, 105 (or 4 per cent) totaling \$735,170 were raised after the invoice date.

31. The above shortcoming was attributed to inadequate review mechanisms to ensure that purchase orders were raised in a timely manner. As a result, the Representation was exposed to a risk of inefficient procurement and financial losses, including through the potential for fraud.

(5) The UNHCR Representation in Sudan should put in place review mechanisms for avoiding purchase orders being raised after the dates of the relevant invoices.

UNHCR accepted recommendation 5 and stated that as recommended procedures had been established to avoid purchase orders being raised after the date of invoice. Based on the action taken and documentation provided by UNHCR, recommendation 5 has been closed.

There was a need to write off or make a provision for bad debts for old outstanding value added tax receivables

32. The UNHCR Manual requires the Representation to follow up on open items (receivables) on a regular basis and where recovery of the receivable is not possible a write-off should be considered. UNHCR procedures require the Representation to submit each request for write-off of monetary assets by completing the Request for Write-Off of Monetary Assets Form with all relevant supporting documentation and transmitting it to the Bureau for Africa. Upon endorsement, the Bureau should forward the request to the Accounts and Financial Service of the Division of Financial and Administrative Management which in return should review the submitted case and make a recommendation to the Controller regarding write-off, in accordance with the Financial Rules for Voluntary Funds Administered by the High Commissioner for Refugees.

33. A review of the Representation's valued added tax (VAT) receivable account and submission procedures to the Government of Sudan for reimbursement indicated that the VAT receivable balance included long outstanding invoices amounting to \$463,890 dating back as far as eight years. Despite regular follow-up with the Government, including through the United Nations Country Team, the amount remained unpaid and the chances of reimbursement were considered minimal. No VAT refunds had been paid by the Government since 2008 to any United Nations agency in Sudan. However, UNHCR had not written off the amount and had not set aside a provision for bad debts for the VAT receivables. The Representation had not sufficiently coordinated with the Division of Financial and Administrative Management to resolve the issue from an accounting perspective. The Representation explained that this was because it had continued pursuing recovery of the VAT with the Government of Sudan. If doubtful receivables are not fully provided for or written off, UNHCR is not complying with the accounting policy on presentation of financial statements.

(6) The UNHCR Representation in Sudan should coordinate with the Division of Financial and Administrative Management to identify an accounting solution, either in terms of write-off or provision for bad debts, for the old outstanding value added tax receivable amount.

UNHCR accepted recommendation 6 and stated that, as recommended, the Representation had initiated the write-off process. Recommendation 6 remains open pending receipt of proof of the write-off or evidence of provision set aside for bad debts.

IV. ACKNOWLEDGEMENT

34. 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.

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

STATUS OF AUDIT RECOMMENDATIONS

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

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	The UNHCR Representation in Sudan should revise the decentralization and delegation of authority memorandum to include appropriate provisions for strengthening the implementation of a harmonized approach to decentralization and delegation and improving the balance between operational efficiency in the field and oversight from the Representation Office in line with agreed strategic operational priorities.	Important	O	Submission to OIOS of the revised and finalized decentralization and delegation of authority memorandum.	30 November 2015
2	The UNHCR Representation in Sudan should enhance transparency in drafting project partnership agreements for its main government partner by: (a) developing a detailed and itemized budget for all budget lines instead of using lump sum amounts; and (b) including a separate budget line for partner's management support costs which should exclude all costs that are not related to UNHCR activities.	Important	O	Submission to OIOS of documentary evidence of the detailed budget lines for management support costs in the signed 2016 Project Partnership Agreement with the main government partner which should exclude all costs that are not related to UNHCR activities.	31 December 2015
3	The UNHCR Representation in Sudan should: (a) assess its project control staffing needs and allocate a sufficient number of staff to cover the required locations in Sudan on the basis of a risk-based monitoring plan; and (b) put in place local procedures that ensure that performance and financial monitoring activities are coordinated.	Important	O	Submission to OIOS of evidence that the recruited Project Control Officer has come on board and assumed his/her duties.	31 December 2015

¹ 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.

² 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.

³ C = closed, O = open

⁴ Date provided by UNHCR in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

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

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
4	The UNHCR Representation in Sudan should establish: (a) a specialized technical unit responsible for construction activities across all operations in Sudan with a sufficient number of staff; and (b) standard operating procedures and a countrywide work plan for monitoring the construction activities.	Important	O	Submission to OIOS of evidence that the national shelter strategy for Sudan, standard operating procedures and the work plan for construction projects have been finalized and are fully operational.	31 December 2015
5	The UNHCR Representation in Sudan should put in place review mechanisms for avoiding purchase orders being raised after the dates of the relevant invoices.	Important	C	Action completed.	Implemented
6	The UNHCR Representation in Sudan should coordinate with the Division of Financial and Administrative Management to identify an accounting solution, either in terms of write-off or provision for bad debts, for the old outstanding value added tax receivable amount.	Important	O	Submission to OIOS of proof of the write-off or evidence of provision set aside for bad debts.	31 October 2015

APPENDIX I

Management Response

Management Response

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

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Representation in Sudan should revise the decentralization and delegation of authority memorandum to include appropriate provisions for strengthening the implementation of a harmonized approach to decentralization and delegation and improving the balance between operational efficiency in the field and oversight from the Representation Office in line with agreed strategic operational priorities.	Important	Yes	Deputy Representative	November 2015	Preliminary discussions on the revision of the decentralization and delegation of authority document have been held with the Head of Sections in Khartoum and the Head of Operations for Darfur and Kassala.
2	The UNHCR Representation in Sudan should enhance transparency in drafting project partnership agreements for its main government partner by: i) developing a detailed and itemized budget for all budget lines instead of using lump sum amounts; and ii) including a separate budget line for partner's management support costs which should exclude all costs that are not related to UNHCR activities.	Important	Yes	Snr. Programme Officer	February 2015 December 2015	The detailed budget lines for management support costs have been included in the 2015 project partnership agreement with the main government partner in the East and Darfur. Agreement has been reached to include separate budget lines for management support costs in the 2016 project partnership agreement for the main government partner Headquarters in Khartoum.
3	The UNHCR Representation in Sudan should: (i) assess its project control staffing needs and allocate a sufficient number of staff to cover the required	Important	Yes	Project Control Officer and Programme	December 2015	i) The position of Project Control Officer will be filled by the end of the year and the Representation has developed a risk-based monitoring

¹ 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.

² 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 Sudan for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	locations in Sudan on the basis of a risk-based monitoring plan; and (ii) put in place local procedures that ensure that performance and financial monitoring activities are coordinated.			Officers	October 2015	plan as recommended. ii) A multi-functional verification team now ensures that performance and financial monitoring activities are effectively coordinated.
4	The UNHCR Representation in Sudan should establish: (i) a specialized technical unit responsible for construction activities across all operations in Sudan with a sufficient number of staff; and (ii) standard operating procedures and a countrywide work plan for monitoring the construction activities.	Important	Yes	Snr. Programme Officer	May 2015 September 2015 September 2015	An international consultant site planner/civil engineer was hired late in 2014 as an emergency deployee for the South Sudan emergency and is currently providing technical advice and support countrywide. Furthermore, resources also include two Engineers, one in Kassala and another in Darfur. The Representation has drafted a national shelter strategy that has yet to be endorsed. The operation has also developed Standard Operating Procedures and a work plan for construction projects, the draft documents are currently under review.
5	The UNHCR Representation in Sudan should put in place review mechanisms for avoiding purchase orders being raised after the dates of the relevant invoices.	Important	Yes	Assistant Representative (Supply)	October 2015	As recommended, procedures have been established to avoid purchase orders being raised after the date of invoice.
6	The UNHCR Representation in Sudan should coordinate with the Division of Financial and Administrative	Important	Yes	Finance Officer	October 2015	As recommended, the Representation has initiated the write-off process.

Management Response

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

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	Management to identify an accounting solution, either in terms of write-off or provision for bad debts, for the old outstanding Value Added Tax receivable amount.					