



INTERNAL AUDIT DIVISION

REPORT 2019/020

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

**There were control weaknesses in the
arrangements for fair protection process and
documentation, security from violence and
exploitation, durable solutions, distribution
of core relief items and warehouse
management, partnership management, and
procurement and vendor management**

**28 March 2019
Assignment No. AR2018/111/08**

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

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the operations in Malawi for the Office of the United Nations High Commissioner for Refugees (UNHCR). The objective of the audit was to assess whether the UNHCR Representation in Malawi was managing the delivery of services to its persons of concern in a cost-effective manner and in compliance with UNHCR's policy requirements. The audit covered the period from 1 January 2017 to 30 June 2018 and covered the following areas: (a) fair protection process and documentation; (b) security from violence and exploitation; (c) durable solutions; (d) distribution of core relief items and warehouse management; (e) partnership management; and (f) procurement and vendor management.

OIOS concluded that the Representation needed to better guide the implementation of the end-to-end fair protection process, develop strategies for preventing and responding to sexual and gender-based violence (SGBV), and strengthen oversight over partners that provide support to SGBV survivors. It also needed to more effectively safeguard the integrity of the durable solution processes and strengthen controls over the receipt, distribution and accountability of core relief items, the management and monitoring of partners, and procurement and vendor management. Overall, the Representation had not instituted appropriate actions to mitigate some of the key risks that it had identified and that could impede the achievement of its objectives.

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

- Develop comprehensive standard operating procedures (SOPs) to guide the reception and registration process; review fair protection indicators and targets for monitoring performance; and review the implementation of the refugee status determination plan to ensure it addresses the backlog of asylum seekers.
- Develop a country specific SGBV strategy and updated SOPs to guide related programmes and activities; strengthen the monitoring of partners implementing SGBV projects; and enhance coordination of the multi-sectoral SGBV response.
- Develop clear guidance for circumstances where agreements are not reached to guide repatriations.
- Develop SOPs to guide the resettlement process and for identifying the most vulnerable persons of concern for resettlement; and address issues related to access rights to resettlement data and quality of the data.
- Develop SOPs on distribution of core relief items; revise the beneficiary selection criteria; and regularly monitor and reconcile items distributed.
- Ensure Project Partnership Agreements (PPAs) are comprehensive, accurate and signed in a timely manner and that designation of procurement to partners is done only after conducting a comparative analysis; and develop and implement comprehensive risk-based monitoring plans for the PPAs.
- Conduct a review of the adequacy of existing staffing in the procurement function; and develop and implement an action plan to strengthen controls, including in terms of supervision and monitoring, in procurement and vendor management.

UNHCR accepted the recommendations, implemented three of them, and initiated action to implement the remaining four recommendations.

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I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the operations in Malawi for the Office of the United Nations High Commissioner for Refugees (UNHCR).
2. The UNHCR Representation in Malawi (hereinafter referred to as ‘the Representation’) was established in 1989 to provide refugees, asylum seekers and other persons of concern (PoCs) with international protection and humanitarian assistance. As of October 2018, Malawi hosted a total of 36,205 PoCs, with 21,702 registered as asylum seekers in proGres, the UNHCR registration and case management system. Forty-nine per cent of the PoCs were from the Democratic Republic of Congo (DRC), 21 per cent from Burundi and 18 per cent from Rwanda. The Representation’s focus in 2017 and 2018 was to enhance the protection environment, with a view of ensuring that PoCs become self-reliant.
3. As at 1 October 2018, the Representation had a Country Office in Lilongwe and a Field Office in Mwanza. The Representation was headed by a Representative at the P-5 level and had a complement of seven professional staff, two national officers and 24 general service staff. The Representation worked with eight and six partners in 2017 and 2018 respectively. It recorded expenditure of \$6.9 million in 2017 and had a budget of \$6.6 million in 2018, \$4.0 million of which had been spent by 30 June 2018.
4. Comments provided by the Representation are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

5. The objective of the audit was to assess whether the Representation in Malawi was managing the delivery of services to its persons of concern in a cost-effective manner and in compliance with UNHCR’s policy requirements.
6. This audit was included in the 2018 risk-based work plan of OIOS due to risks related to UNHCR’s operational capacity to deal with the influx of asylum seekers mainly from DRC.
7. The audit took place between September and December 2018 and was carried out in Lilongwe, Dzaleka and Karonga. The audit covered the period from 1 January 2017 to 30 June 2018. Based on an activity-level risk assessment, the audit covered higher and medium risk areas pertaining to the operations in Malawi, which included: (a) fair protection process and documentation; (b) security from violence and exploitation; (c) durable solutions; (d) distribution of core relief items and warehouse management; (e) partnership management; and (f) procurement and vendor management.
8. The audit methodology included: (a) interviews of key personnel; (b) review of relevant documentation; (c) analytical reviews of data, including financial data from Managing Systems, Resources and People (MSRP), UNHCR’s enterprise resource planning system, and performance data from Focus, UNHCR’s results-based management system; (d) sample testing of controls; (e) visits to the UNHCR office in Lilongwe, four partners, including one government partner, and three project sites; and (f) interaction with a sample of beneficiaries.
9. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

III. AUDIT RESULTS

A. Fair protection process and documentation

The Representation needed to institute standard operating procedures to guide the end-to-end fair protection process so that persons of concern receive the required protection and targeted assistance

10. The Representation is expected to provide protection and targeted assistance to the PoCs in the country by: (i) maintaining appropriate and suitably located reception areas with processes in place to identify and refer urgent and specific needs; (ii) instituting standard operating procedures (SOPs) to govern the end-to-end fair protection process; (iii) deploying competent and adequately trained staff; (iv) establishing appropriate anti-fraud and corruption controls; and (v) monitoring the timeliness of the fair protection process and instituting measures to address bottlenecks or delays.

Reception and registration

11. The Representation did not have SOPs to guide its reception processes and ensure that it not only met the immediate needs of new arrivals but also prioritized the vulnerable. Draft SOPs were subsequently prepared and provided to the audit team, but they did not cover various key aspects, such as stakeholder roles and responsibilities, process for assessing needs and prioritizing persons with special needs, guidance on the submission and renewal of documents, scheduling of interviews, and referrals to other protection or assistance interventions. The indicator for measuring performance in this area was “extent to which the reception conditions meet minimum standards” but the Representation had not defined what such minimum standards were. The lack of finalized, comprehensive SOPs impacted the quality of the delivery of services to PoCs as reflected in the paragraphs below.

12. The Representation rehabilitated the transit centre at Karonga and constructed sanitation facilities at two border entry points but the availability and condition of facilities at the transit and reception centres remained inadequate. The Dzaleka camp held over 30,000 people against its capacity of 10,000, and this affected also the conditions at its reception centre. The transit centre accommodated an average of 400 people against its capacity of 200 during the DRC influx. The Representation could not expand the transit centre due to the lack of available land, leaving decongestion of the centre as the only possible solution. However, PoCs stayed longer than anticipated at the transit centre due to delays in the registration process and lack of transport since they had to self-finance their journey to Dzaleka camp.

13. In its visits to Karonga transit and Dzaleka reception centres, OIOS noted that the Representation faced challenges in providing basic needs to new arrivals, e.g. secure accommodation, water and sanitation facilities, food, child friendly spaces, blankets, cooking utensils, etc. To illustrate this matter, the reported ratio of persons per latrine at Dzaleka camp was 1:7 against the recommended 1:5. The ratio of persons per borehole was 1:1,150 against the recommended 1:250. Although the Representation prioritized the risk of inadequate facilities at the reception centre in its risk register, it did institute effective measures to mitigate the risk.

14. The Representation’s SOPs for registration were comprehensive but were still in draft. There were also unreconciled differences between the number of asylum seekers registered by the Government at the transit centre (42,000) and those registered by UNHCR at the reception centre (38,505). The Representation attributed the variance to deaths and asylum seekers who had transited to other countries and urban areas after their initial registration. To resolve this, the Representation had proposed but not yet reached an agreement with the Government that registration be done once using proGres.

15. The backlog in registering new arrivals in proGres at the time of the audit was reported as 641. Also, the Representation took an average of 30 days against a target of 21 days to register an asylum seeker in proGres. The Representation also noted in its 2018 operations plan its concern about poor-quality registration information collected which was not only negatively affecting PoC claims and assistance but also impacting the refugee status determination (RSD) process. However, it had not instituted measures to address this risk. In addition, the Representation's risk register listed the risk of presentation of fraudulent documents by asylum seekers during registration as high likelihood and major impact, but it too was not prioritized for mitigation and active monitoring.

Refugee status determination

16. There was a marked improvement in the country's RSD backlog of asylum seekers from the previous year's 32,000 to 21,702 persons at the time of the audit. However, the Representation reported performance of 360 days against a target of 150 days for the indicator "average period between registration and the first RSD interview" which was inaccurate. The period between registration and RSD was 3-4 years on average. The Representation prioritized the risk of long RSD backlog in its risk register and proposed granting prima facie refugee status to Congolese asylum-seekers as a mitigating action to which the Malawi Government was yet to agree. In the meantime, the Representation provided four additional staff for interviews, equipment and additional working space to expedite the RSD preparatory work.

17. The Representation also facilitated a Government-led assessment of the RSD backlog in November 2017. However, the resultant RSD reduction plan was not monitored until September 2018 when a consultant was hired to do it. Based on OIOS review, the following issues remained pervasive to the RSD process:

- The Refugee Committee which comprised of high-level Government officials met at least once a year, but this was not frequently enough to approve the number of submitted RSD cases.
- The influx from the DRC entrenched the backlog and made addressing it more difficult. For instance, to clear the backlog within a year, the Representation estimated that it needed to increase the cases reviewed per week from the 30 cases (at the time of the audit) to 216.
- Thirty-two per cent of asylum seekers did not attend RSD interviews. This may have been due to loss of credibility of the process in the eyes of the PoCs or their limited understanding of the importance of RSD. In the view of OIOS, this called for targeted information, education and communication activities by UNHCR.

18. The Representation attributed the above-mentioned shortcomings to delays in updating of the registration information, teething problems of the newly launched registration system (proGres version 4) and limited staff capacity. However, OIOS was of the view that inadequate management supervision as evidenced by lack of SOPs and an ineffective performance management system contributed to the issues at hand. The RSD backlog was caused by the number of applications exceeding the country's RSD processing capacity and systemic issues which resulted in reduced output over a sustained period. The inability of PoCs to access appropriate reception conditions, be registered and have their refugee status determined in a timely, confidential, effective and well communicated manner increased the risk that they would not have legal protection and their needs would not be identified and addressed.

(1) The UNHCR Representation in Malawi should strengthen its end-to-end fair protection process by: (i) developing comprehensive standard operating procedures to guide the reception and registration process; (ii) reviewing its fair protection indicators and targets for monitoring performance; and (iii) reviewing the implementation of the refugee status determination plan to ensure it addresses the backlog of asylum seekers.

UNHCR accepted recommendation 1 and stated that the Representation had developed SOPs on reception and registration. The Representation had also reviewed its performance against set targets and completed the year-end multi-functional monitoring in February 2019. To resolve the 2018 RSD backlog, the Representation continued to advocate for prima facie status for some asylum seekers. It was regularly reviewing and updating the RSD backlog action plan. Recommendation 1 remains open pending receipt of: (i) documentary evidence of sustained monitoring of fair protection performance against set targets; and (ii) evidence of actions taken to address the backlog of asylum seekers following the review of the implementation of the RSD plan.

B. Security from violence and exploitation

There was a need for the Representation to develop a strategy for preventing and responding to sexual abuse and exploitation and strengthen its oversight over partners that provide support to survivors

19. One of the Representation's strategic objectives is to prevent and respond to cases of sexual and gender-based violence (SGBV). Key to achieving this objective is the protection of children that account for 60 per cent of PoCs in the country. In this regard, the Representation is required to: (i) have strategies and SOPs in place to guide related activities; (ii) institute activities that prevent and respond to sexual abuse and exploitation; (iii) ensure adequate coordination between relevant clusters, sectors, agencies and partners; (iv) have requisite resources to implement the activities; and (v) establish mechanisms for monitoring grave violations of human rights.

20. Although the Representation identified SGBV as a priority in its multi-year, multi-partner protection strategy (2018-2022), there was not a country specific strategy to direct SGBV related work. It instead relied on the global UNHCR strategy that was high level and did not address issues that were unique to Malawi. For example, this strategy did not address the low incident reporting rate of sexual abuse and the high prevalence of domestic violence in camps. The Representation had SOPs for SGBV but did not fully comply with them. For example, it did not conduct a baseline survey to identify SGBV types and their contributing factors in Dzaleka camp. Such information could have been used in developing the country specific SGBV strategy and assessing the effectiveness of prevention and response interventions. In the absence of such a survey, the Representation reported contradictory information, with the annual operations plan highlighting a high prevalence of sexual abuse in the camps while monitoring reports reflected that domestic violence was more predominant (i.e. over 80 per cent of reported SGBV cases).

21. Contrary to the requirements contained in the SOPs, the Representation did not conduct safety risk assessments for identifying SGBV risks or challenges within the camps. OIOS identified in its visit to Karonga transit centre factors that increased the SGBV risk. For example, the centre lacked sex-segregated accommodation, pit latrines for male and female were juxtaposed without partitions, yet some latrines had no doors, and there was no lighting at night around the latrines. These issues were addressed by the Representation after the audit field visit.

22. The low school attendance and high student dropout rate raised the risk of child related SGBV in the camp. Only 69 per cent of children of school going age (4-18) attended school during the 2017/2018 academic year against a target of 100 per cent. The Representation also reported a high teacher-student ratio (1:70-100), as well as a high school dropout rate of 45 per cent of girls reported as dropping out of secondary school. While the low school attendance was attributed to insufficient space in schools, the Representation cancelled a procurement process for the construction of three classroom blocks due to its failure to follow tendering procedures. This resulted in its inability to utilise the allocated \$194,756 from its 2017 construction budget. This amount was also not included in the subsequent 2018 budget and, thus, the need to address classroom congestion remained unresolved.

23. The Representation also did not undertake best interest assessments (BIAs) to determine the appropriate actions to take considering children's unique circumstances. While BIAs should have been undertaken at the earliest opportunity, only 149 BIAs were conducted at the time of the audit, out of the 663 unaccompanied and separated children identified in 2017. There was a 69 per cent backlog for best interest determination (BID), a process that defined children's interim care and best durable solutions. Also, the BIAs and BIDs were not quality assured by the Representation as required by its SOPs. Thus, OIOS identified gaps in the 55 case files reviewed, with 31 lacking details of actions taken in response to identified needs and the remaining 24 files containing no evidence that proposed actions were implemented, e.g. where necessary, that referrals were made to partners supporting SGBV survivors.

24. Case management measures were in place to help survivors recover from the long-term effects of SGBV. However, OIOS review of 24 SGBV survivor case files from Dzaleka camp identified significant delays between incidents and the preparation of case files. For example, cases concerning two minor sisters who had been sexually abused were opened over a year after the incident happened. This delayed the required response and meant that the children remained exposed to continuous risk during this period. A detailed review of a sample of files revealed that they did not contain documentation evidencing actions taken. They lacked, for example: (i) BIAs conducted for SGBV cases against minors; (ii) referrals to stakeholders providing medical care, psychosocial counselling, legal remedies, and safety and security support to survivors; (iii) feedback forms from referring agencies outlining the services that had been provided and recommendations going forward; and (iv) follow-up of SGBV cases up to their final resolution.

25. The Representation was responsible for but did not effectively coordinate the stakeholders in the SGBV response that was meant to be multi-sectorial. For example, the required monthly SGBV meetings were not held which was a missed opportunity to analyze SGBV data, review effectiveness of prevention and response activities, and identify and resolve challenges. Instead, SGBV matters were discussed at camp meetings which lacked evidence of follow-up, and which raised confidentiality risks. There was also limited coordination among UNHCR partners that were providing health care, psychosocial, safety and legal support, and this affected the delivery of services to survivors. For example, the partner offering psychosocial support did not meet its targets because of inadequate number of referrals made.

26. The Representation held case management meetings as required in the SOPs but the meetings that should have been small to ensure confidentiality comprised of 10-15 people. There was no evidence that survivors had authorized the sharing of information related to them with all the attendees at these meetings. The meetings discussed all SGBV cases as opposed to only highly sensitive cases as recommended in the SOPs and, in consequence, there was insufficient time allocated to discussing and finding solutions to cases that warranted increased attention.

27. The Representation did not have an SGBV information management system for monitoring effectiveness of its interventions. Signed Project Partnership Agreements (PPAs) did not reflect the partners' roles as stipulated in the SGBV SOPs nor related targets in Focus. For example, the BIA and BID targets in Focus differed from those in partners' log frames, which questioned the reliability of the planning assumptions and data. The targets in the monitoring reports were also not aligned to the ones in the PPAs which raised doubts about the effectiveness of performance measurement. The Representation also did not follow up on partners' failure to meet targets, nor was evidence available of measures instituted to address performance shortfalls.

28. The issues cited above were associated with inadequate management oversight as evidenced by the lack of a country specific SGBV strategy to direct prevention and response interventions, as well as gaps

in monitoring of related activities undertaken by partners. These shortcomings impacted the effectiveness of the Representation's response to SGBV survivors and put children of concern at increased risk.

(2) The UNHCR Representation in Malawi should strengthen the timeliness and quality of the delivery of services to sexual and gender-based violence (SGBV) survivors by: (i) developing a country specific SGBV strategy and updated standard operating procedures to guide related programmes and activities; (ii) strengthening its monitoring of partners implementing SGBV projects; and (iii) coordinating the multi-sectoral SGBV response.

UNHCR accepted recommendation 2 and stated that the Representation had updated its SOPs on SGBV, concluded its 2018 year-end performance monitoring exercise by a multifunctional team, and revised terms of reference for its inter-agency SGBV and case management committees after considering partners' input. The Representation had subsequently conducted two interagency coordination meetings and one case management meeting in accordance with the agreed terms of reference. However, the SGBV strategy remained in draft form due to the need to consult stakeholders, and the SOPs would also be revised to align them with the new strategy upon its finalization. Recommendation 2 remains open pending the receipt of the finalized SGBV strategy and related SOPs.

C. Durable solutions

There was a need for the Representation to ensure compliance with UNHCR procedures to safeguard the integrity of durable solution processes

29. The Malawian Government's signature of the 1951 United Nations Convention on the Status of Refugees and its 1967 Protocol with nine reservations meant refugees could not be locally integrated, and with repatriation improbable resettlement was the most viable durable solution. The Representation supported the repatriation of 2,612 Mozambicans to their home country in September 2018 and resettled 626 people to third countries in 2017.

30. The voluntary repatriation process of Mozambican asylum seekers that started in March 2017 was unduly delayed due to reluctance from the Government of Mozambique to sign the tripartite agreement between the Malawian and Mozambican governments and UNHCR. The absence of a signed tripartite agreement, and the failure to have letters of exchange as proposed by UNHCR headquarters in Geneva to the Mozambican Government as an alternative, meant that the repatriation modalities were not agreed for implementation. In consequence, 2,595 refugees opted for spontaneous repatriation (by their own means) in September 2018. The Representation facilitated their return by paying their transport and repatriation costs, amongst other things. While the Representation prioritized the risk of delay in repatriating Mozambican asylum seekers in its risk register, it did not institute mitigating measures for this risk.

31. According to the Representation, the repatriation was 'assisted-spontaneous' but UNHCR's institutional guidance did not provide for such a process. It only listed spontaneous and facilitated/assisted repatriations, and these two processes were governed by different principles. In consequence, modalities that would have assured the return and proper integration of refugees in Mozambique were not undertaken, such as promotion (go and see) visits, compilation of updated information on their region of origin, promotion of housing and property restitution, etc. This exposed the Representation to a reputation risk if PoCs were to experience the same conditions that had forced them to flee.

32. In the absence of signed agreements, the Representation also lacked guidance on what form of support (repatriation grant, transport facilitation, etc.) it should provide, at what rates, and who was eligible. For example, the Representation stated that it used a survey to determine transportation costs totaling

\$48,452 but did not have documentation to show that the survey was conducted. It used the Division of International Protection's guidance for paying repatriation grants; however, it did not systematically follow such guidance as there were overpayments of grants in 37 cases amounting to \$12,704.

33. The Representation also facilitated the resettlement of PoCs by profiling, interviewing and recommending potential resettlement cases to the Regional Representation for Southern Africa for review and approval. However, the Representation did not exhaust its 2017 resettlement quota, as only 626 cases were submitted in 2017 against the quota of 857. There was also a risk that the Representation would not meet its 2018 quota as only 508 individual cases had been submitted against a target of 1,050 at the time of the audit. Although the Representation had assessed its human resource needs to meet its resettlement targets, it still attributed shortfalls in meeting its quotas to the inability of the Regional Representation to absorb the forwarded files due to limitations in staffing. After the audit fieldwork, the Representation provided evidence that it met its 2017 resettlement quota.

34. Sixty per cent of asylum seekers could not be considered for resettlement because they did not have refugee status. To address this issue, the Representation had SOPs in place for dealing with special protection cases that required accelerated RSD. However, OIOS was unable to verify that the Representation followed the laid down procedures in selecting the nine cases reported as having been processed through the accelerated channel. A review of the resettlement staff's access rights to proGres also indicated that four staff had manager rights which enabled them to make referrals and effect changes to the system. OIOS was not provided with documentation to confirm that officers with manager access only made bona fide changes to the system. The Representation attributed this to the inability of the proGres system to generate a report that could trace inputs made by different persons.

35. The Representation had developed a tracking tool for monitoring resettlement cases from profiling to their eventual departure. However, OIOS identified discrepancies between the numbers and data in the tracking tool and related details in proGres. While information provided on the tracking tool could be ascertained, this was not possible with the information in proGres. For instance, OIOS noted four cases of families that had benefited from resettlement as a durable solution and left the country as per the tracking tool but were either reflected as canceled, waiting for approval or rejected in proGres. The Representation attributed these discrepancies to system errors in proGres version 4. This raised the risk that qualified PoCs would not be considered for resettlement and the risk of resettlement fraud.

36. Regarding the tracking of performance against its durable solutions targets, the Representation's performance framework contained inaccurate targets and results for 2017 and mid-2018. For example, Focus still listed the 2017 targets for resettlement as 550, despite it having been revised to 857 after the 2017 mid-year review. The 2017 number of cases reported as submitted in Focus was 336, yet the actual number of cases was 754. The 2018 target in Focus was 550 as opposed to 1,050 which was the country's resettlement quota. This put into question the reliability of targets and results that were recorded as a measure of the Representation's performance regarding its strategic objectives.

37. The main cause of the issues cited above was a generally weak management oversight framework over planning, execution, monitoring and reporting on durable solutions as evidenced by: (i) the lack of SOPs to guide the repatriation process in the absence of a signed tripartite agreement; (ii) inadequate human resources for delivery of resettlement related services; (iii) non-compliance with key controls; and (iv) inadequate monitoring of performance against objectives and set targets. This increased the risks of fraud and the failure of the Representation to meet its objective of providing durable solutions to PoCs.

(3) The Bureau for Africa, in collaboration with the Regional Representation for Southern Africa and UNHCR Representation in Malawi, should develop clear policy guidance for circumstances where agreements are not reached to guide repatriations.

UNHCR accepted recommendation 3 and stated that the approach note was being reviewed at headquarters level. Recommendation 3 remains open pending receipt of the policy guidance for circumstances where agreements are not reached to guide voluntary repatriations in Malawi.

(4) The UNHCR Representation in Malawi should strengthen its controls over resettlement by: (i) developing standard operating procedures to guide the resettlement process and for identifying the most vulnerable persons of concern for resettlement; and (ii) addressing the identified issues related to access rights to resettlement data and quality of the data.

UNHCR accepted recommendation 4 and stated that the Representation had updated the resettlement SOPs to clearly outline the procedure for expediting cases of asylum-seekers with serious protection needs. The Representation, together with the Regional Representation for Southern Africa, and with the support of headquarters, reviewed the resettlement staff access rights to ProGres and reduced the number of staff with manager rights to limit their ability to make changes in the system. Staff also received training on how to extract the resettlement tracking tool from the ProGres database. The Representation shared a reconciliation of the tracking sheet with ProGres for January and February 2019. Recommendation 4 remains open pending receipt of evidence of a reconciliation of inconsistencies between the resettlement tracking tool and proGres data noted at the time of the audit field mission.

D. Distribution of core relief items and warehouse management

There was a need for the Representation to put in place controls to ensure that core relief items reach intended beneficiaries and are properly accounted for

38. The Representation received, stored and distributed core relief items (CRIs) worth \$983,508 and \$1.63 million in 2017 and 2018 respectively. To ensure delivery of CRIs in a timely manner to the intended beneficiaries of concern, it is important for the Representation to: (i) effectively manage warehouses with suitable record keeping and physical controls; (ii) establish beneficiary targeting criteria; (iii) develop and deliver a distribution plan that is suitably communicated to recipients; and (iv) conduct post distribution monitoring and reconciliations to ensure items reach the indented beneficiaries.

39. The Representation's SOPs on warehouse management defined roles and responsibilities and ensured accountability between UNHCR and its warehouse logistics partner. However, the partner's PPA did not reflect the responsibilities stipulated in the SOPs, which impacted their implementation. For example, the files at the warehouse lacked key documents such as goods received notes, waybills and delivery notes, inspection and weekly reports, bin/stack and stock reports, inventory counting sheets and loss/damage forms. Some delivery notes were not signed by the warehouse manager and the partner responsible for distribution thereby weakening accountability and raising the risk of loss of stock. The PPAs also lacked indicators and targets for monitoring the partner's management of the warehouse.

40. The Representation's physical stock verifications identified discrepancies in the stock positions. For example, the December 2017 physical verification exercise revealed discrepancies between physical stock and bin card for soap (difference of \$21,210), kitchen sets (\$7,295) and mosquito nets (\$3,636). The Representation agreed that this was due to its failure to update stock records in a timely manner. OIOS noted similar discrepancies in 2018, although to a lesser extent. The weekly stock reports at the two warehouses did not reconcile the closing and opening stock balances, and in and outgoing shipments. The risk of fraud in supply management was rated as high in the Representation's risk register but the risk was not prioritized for mitigation and active monitoring.

41. Regarding distribution, the related SOPs remained in draft. The draft SOPs lacked criteria for selection of beneficiaries to ensure that CRIs reached the most vulnerable refugees. The effectiveness of the Representation's monitoring of distributions was questionable because: (i) the targets in the partner's PPA logframe were not aligned to its performance monitoring report; (ii) no documentation was in place to evidence that the Representation attended actual distributions; and (iii) the Representation did not reconcile CRIs received, issued from the warehouse and those distributed to confirm that they were properly accounted for. OIOS reconciliation of six items showed that 7,311 plastic tarpaulins and 8,000 plastic buckets valued at \$46,567 could not be accounted for.

42. While the Representation attributed most of the above-mentioned anomalies to the absence of technical staff, OIOS was of the view that these shortcomings were caused mainly by inadequate management oversight over warehousing and CRI distribution.

(5) The UNHCR Representation in Malawi should strengthen its management oversight over receipt and distribution of core relief items (CRIs) by: (i) completing the development of the related standard operating procedures; (ii) revising the beneficiary selection criteria; (iii) ensuring its presence at the time of CRI distribution; and (iv) ensuring proper reconciliations of items are regularly conducted.

UNHCR accepted recommendation 5 and stated that the Representation had developed the SOPs for CRIs, including the revision of beneficiary selection criteria and templates evidencing UNHCR's attendance of distribution exercises. It also established a template to assist with reconciliation of CRIs issued from the UNHCR warehouse to quantities distributed by partners. Based on the documentary evidence and assurances received from UNHCR, recommendation 5 has been closed.

E. Partnership management

There was a need for the Representation to strengthen management of projects implemented by partners to ensure the delivery of services to persons of concern effectively and efficiently

43. The Representation had eight partners in 2017 to implement programmes valued at \$2.9 million and six partners for projects valued at \$2.8 million in 2018. According to UNHCR Implementing Partnership Management Guidance, the Representation is required to: (i) select or retain partners through a multi-functional Implementing Partnership Management Committee to ensure that the process is carried out with adequate due diligence and in a timely manner; (iii) sign the project agreements before commencement of the project year; (iv) monitor the project activities through a risk-based and multi-functional approach; and (v) arrange for building capacity of partners, when necessary.

44. The Representation established an Implementing Partnership Management Committee (IPMC) to oversee the selection and retention of partners and conducted a week-long capacity development activity in the form of a workshop for its various partners. As already noted in earlier sections of this report, the roles and responsibilities of some partners reflected in their PPAs were not aligned with those that were stipulated in the related SOPs developed by the Representation. OIOS could also not establish how the activities undertaken by partners contributed to the strategic objectives of the Representation because the indicators and targets in the partners' PPAs were not aligned to annual targets established in Focus. For instance, the Representation did not set indicators for the partner managing its warehouse.

45. Eight of the 15 PPAs were concluded more than a month after the effective date of the project year which affected the timeliness of implementation of the projects. For instance, a livelihoods project for which the PPA was signed at the end of June 2017 could not be completed resulting in the partner having

to return unspent funds to the Representation amounting to \$33,103. The Representation also designated procurement to four partners without assessing their procurement capacity and determining whether they had a comparative advantage over the Representation undertaking the procurement. The Representation had one important comparative advantage over partners because it did not pay local taxes on its purchases, including 16.5 per cent value added tax.

46. OIOS review of the Representation's risk-based monitoring plans developed for the PPAs mainly covered financial risks with little or no protection and programme related risks identified. OIOS also questioned the comprehensiveness of these plans since the Representation undertook the same number and intensity of monitoring visits regardless of the assessed partner and/or project risk.

47. The Representation attributed the weaknesses to limitations in its staff capacity. However, OIOS was also of the view that the Representation had not prioritized the controls required to address the risks inherent in partnership management. For example, while it had identified the risk of fraud among partners as high risk, proposed measures were inadequate to mitigate against it materializing.

(6) The UNHCR Representation in Malawi should strengthen its management oversight over partnership management by: (i) ensuring Project Partnership Agreements (PPAs) are comprehensive, accurate and signed in a timely manner; (ii) designation of procurement to partners is done only after conducting a comparative analysis; and (iii) developing and implementing comprehensive risk-based monitoring plans for the PPAs.

UNHCR accepted recommendation 6 and stated that the Representation had reviewed the PPAs for comprehensiveness and accuracy, signed them on time, and only delegated procurement to partners after conducting a comparative analysis. The risk-based monitoring plans for 2019 were updated to include key programmatic and protection risks. The Representation also continued to conduct risk-based project performance monitoring by a multifunctional team. Based on the documentary evidence and assurances received from UNHCR, recommendation 6 has been closed.

F. Procurement and vendor management

The Representation needed to strengthen its procurement processes to ensure that best value is obtained from purchases and to safeguard the integrity of the procurement process

48. The Representation raised 112 purchase orders totaling \$1.2 million in the period under audit. To ensure the integrity of the procurement process and that UNHCR receives value for money from its purchases, the Representation needs to: (a) prepare an annual procurement plan; (b) establish an effective vendor management system; (c) initiate timely procurement activities in accordance with the procurement plan to facilitate transparent and competitive procurement; and (d) ensure adequate oversight over the procurement activities, including through the Local Committee on Contracts (LCC).

49. The Representation's procurement plans were not comprehensive. For example, the 2017 plan only covered \$315,538 out of \$639,868 worth of purchases undertaken during the year. The Representation did not monitor the implementation of the plan, nor was it updated to reflect changes during the year. For example, the Representation did not change its 2018 procurement plan to reflect changes in priorities that caused it to spend only \$304,757 of the \$1,125,873 worth of purchases by 30 June 2018. The Representation also did not seek authorization to extend a 2017 purchase order for a solar pump valued at \$22,142 and consequently the purchase had to be made from the 2018 budget.

50. The Representation instituted a Vendor Review Committee (VRC) in August 2017. However, the VRC had met only twice in one year. This impacted its effectiveness in supporting the solicitation process. For example, OIOS identified two duplicate vendors in the vendor database that was subject to review by the VRC. There was no documentation available to evidence the VRC's assessment of the performance of vendors. The Representation also continued to solicit for new vendors through competitive bidding processes despite having a vendor database comprising of 211 vendors in place.

51. Regarding the procurement process, the Representation did not comply with the bid receipt and opening requirements. Evaluation teams did not always follow the technical criteria stipulated in the request for proposal documents for construction services. The criteria for disqualifying bidders was also not consistently applied in procurements related to the construction services and provision of soap. For instance, a bidder who had passed the technical evaluation stage was disqualified from the financial evaluation stage without proper justification. In four cases involving procurement worth \$282,709, the Representation did not obtain the required authorization from the LCC. Similarly, 24 cases with an aggregate procurement value exceeding \$20,000 within a year were not submitted to LCC for approval.

52. Regarding vendors under the One United Nations scheme, the Representation did not conclude individual contracts laying out the unique conditions under which it would work with vendors. Some purchase orders were raised under United Nations long term agreements (LTAs) without the requisite LCC clearance; for example, for a telecom vendor (contract value \$62,123), a security services provider (\$47,942), and a fuel supplier (\$27,548). No documentation was on file to evidence that the Representation was getting the same rates as negotiated under the United Nations LTA and that the rates provided represented best value. The Representation also did not monitor the LTAs. This resulted *inter alia* in one purchase order worth \$21,623 being raised against an LTA that had already expired.

53. The issues cited above compromised the procurement processes and exposed the Representation to not receiving best value on its purchases. The Representation attributed the weaknesses to the lack of supply personnel and, in this regard, it said that it had sought assistance from the Regional Senior Supply Officer at the Regional Representation for Southern Africa to strengthen its controls. The Representation's oversight over procurement was impaired by the lack of training of LCC members and this too was scheduled at the time of the audit.

(7) The UNHCR Representation in Malawi, in collaboration with the Regional Representation for Southern Africa, should conduct a review of the adequacy of its staffing for the procurement function and develop and implement an action plan to strengthen controls, including in terms of supervision and monitoring, in procurement and vendor management.

UNHCR accepted recommendation 7 and stated that the Representation developed a comprehensive procurement plan for 2019, trained staff that sit in procurement related committees, and developed further guidance on procurement. Based on the documentary evidence and assurances received from UNHCR, recommendation 7 has been closed.

IV. ACKNOWLEDGEMENT

54. 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) Eleanor T. Burns
Director, Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	The UNHCR Representation in Malawi should strengthen its end-to-end fair protection process by: (i) developing comprehensive standard operating procedures to guide the reception and registration process; (ii) reviewing its fair protection indicators and targets for monitoring performance; and (iii) reviewing the implementation of the refugee status determination plan to ensure it addresses the backlog of asylum seekers.	Important	O	Submission to OIOS of evidence of: (i) sustained monitoring of fair protection performance against set targets; and (ii) actions taken to address the backlog of asylum seekers following the review of the implementation of the RSD plan.	31 July 2019
2	The UNHCR Representation in Malawi should strengthen the timeliness and quality of the delivery of services to sexual and gender-based violence (SGBV) survivors by: (i) developing a country specific SGBV strategy and updated standard operating procedures to guide related programmes and activities; (ii) strengthening its monitoring of partners implementing SGBV projects; and (iii) coordinating the multi-sectoral SGBV response.	Important	O	Submission to OIOS of the finalized SGBV strategy and related SOPs.	31 July 2019
3	The Bureau for Africa, in collaboration with the Regional Representation for Southern Africa and UNHCR Representation in Malawi, should develop clear policy guidance for circumstances where agreements are not reached to guide repatriations.	Important	O	Submission to OIOS of the policy guidance for circumstances where agreements are not reached to guide repatriations.	31 July 2019
4	The UNHCR Representation in Malawi should strengthen its controls over resettlement by: (i) developing standard operating procedures to guide the resettlement process and for identifying the most	Important	O	Submission to OIOS of evidence of a reconciliation of inconsistencies between the resettlement tracking tool and proGres data noted at the time of the audit field mission.	31 July 2019

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 Malawi for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	vulnerable persons of concern for resettlement; and (ii) addressing the identified issues related to access rights to resettlement data and quality of the data.				
5	The UNHCR Representation in Malawi should strengthen its management oversight over receipt and distribution of core relief items (CRIs) by (i) completing the development of the related standard operating procedures; (ii) revising the beneficiary selection criteria; (iii) ensuring its presence at the time of CRI distribution; and (iv) ensuring proper reconciliations of items are regularly conducted.	Important	C	Action completed.	Implemented
6	The UNHCR Representation in Malawi should strengthen its management oversight over partnership management by: (i) ensuring Project Partnership Agreements (PPAs) are comprehensive, accurate and signed in a timely manner; (ii) designation of procurement to partners is done only after conducting a comparative analysis; (iii) developing and implementing comprehensive risk-based monitoring plans for the PPAs.	Important	C	Action completed.	Implemented
7	The UNHCR Representation in Malawi, in collaboration with the Regional Representation for Southern Africa, should conduct a review of the adequacy of its staffing for the procurement function and develop and implement an action plan to strengthen controls, including in terms of supervision and monitoring, in procurement and vendor management.	Important	C	Action completed.	Implemented

APPENDIX I

Management Response

Management Response

Audit of the operations in Malawi 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 Malawi should strengthen its end-to-end fair protection process by: (i) developing comprehensive standard operating procedures to guide the reception and registration process; (ii) reviewing its fair protection indicators and targets for monitoring performance; and (iii) reviewing the implementation of the refugee status determination plan to ensure it addresses the backlog of asylum seekers.	Important	Yes	Senior Protection Officer	Completed - 6 March 2019 Completed 6 Feb 2019 19 Feb 2019	i) The Representation has a duly completed Registration and Reception SOPs. ii) The Representation continues to ensure all projects are monitored against the set targets. The end year 2018 Multifunctional team project performance monitoring was conducted in February 2019. The Representation will ensure the 2019 monitoring are performed as per the risk-based monitoring plans already put in place. iii) The 2018 RSD backlog reduction action plan is being implemented. UNHCR held a consultative meeting with the government on instituting the prima facie status for some asylum seekers in a bid to reduce the backlog and already shared with the Government a sample of 'Draft Gazette Notice- Prima Facie' for review and publication. The minutes and correspondences are herewith attached, including the consolidated status of the implementation of the RSD action plan
2	The UNHCR Representation in Malawi should strengthen the timeliness and quality of the delivery of services to sexual and gender-based violence (SGBV) survivors by: (i) developing a country specific SGBV strategy and	Important	Yes	Senior Protection Officer	Completed 6 March, 2019 31 July 2019	(i) The Representation has updated SGBV SOPs. The SGBV strategy is still in Draft form and awaiting consultation with all stakeholders and is due to finalization on 31 July, 2019. Additionally, the SGBV SOPs will be updated

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.

Management Response

Audit of the operations in Malawi 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
	updated standard operating procedures to guide related programmes and activities; (ii) strengthening its monitoring of partners implementing SGBV projects; and (iii) coordinating the multi-sectoral SGBV response.				Completed- 6 Feb 2019 Completed 6 Feb 2019 Completed 27 Feb 2019	again upon finalization of the SGBV strategy 2019 – 2022. ii) The 2018 year end performance monitoring for SGBV and Child Protection has been done. In addition, the Representation conducted the end year 2018 Multifunctional team project performance monitoring was finalized on the 6 th February 2019. The Representation will ensure the 2019 monitoring are performed as per the risk based monitoring plans already put in place. (iii) The minutes of the interagency coordination meeting held on the 7th February 2019 included the discussion of the new Terms of Reference. A revised Term of reference taking into consideration the partners' comments were shared with all partners on the 27th February The Representation continues to ensure the inter agency coordination meeting are held as per the adopted ToR. The Minutes of the monthly Inter agency coordination meeting held on the 28th February Minutes on follow up meeting on medical referral was held on the 5 th of March 2019.
3	The Bureau for Africa, in collaboration with the Regional Representation for Southern Africa and UNHCR Representation in Malawi, should develop clear policy guidance for circumstances	Important	Yes	Senior Protection officer	31 July 2019	The Approach Note is currently with the Bureau and Divisions at Headquarters for review.

Management Response

Audit of the operations in Malawi 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
	where agreements are not reached to guide repatriations.					
4	The UNHCR Representation in Malawi should strengthen its controls over resettlement by: (i) developing standard operating procedures to guide the resettlement process and for identifying the most vulnerable persons of concern for resettlement; and (ii) addressing the identified issues related to access rights to resettlement data and quality of the data.	Important	Yes	Resettlement Officer	31 July 2019	<p>The Representation, together with the Regional Office and with the support of Headquarters, has reviewed the resettlement staff access rights to ProGres. In line with the audit recommendations, the Representation has reduced ProGres rights for Resettlement staff from having Manager rights to Level 2 rights. This will limit the changes that Resettlement staff can make in the system.</p> <p>The Representation together with the Regional Office has been working to ensure that the information in the Resettlement tracking tool accurately reflects the data in the ProGres database. After the staff training on resettlement data entry, the Resettlement Statistical report is being generated from the ProGres v4 database. The Representation has attached duly reconciled January'19 and February'19 departures comparison of the Progress V4 data against resettlement tracking tool.</p> <p>The Representation has also attached duly reconciled February 2019 submissions and comparison of the ProGres V4 data against the resettlement tracking tool</p>
5	The UNHCR Representation in Malawi should strengthen its management oversight over receipt and distribution of core relief items (CRIs) by (i) completing	Important	Yes	Programme officer	Completed Feb 2019	iv) The Representation continues to ensure the reconciliations of CRIs released from the UNHCR warehouse, the quantities distributed by the partners and the remaining balances are

Management Response

Audit of the operations in Malawi 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
	the development of the related standard operating procedures; (ii) revising the beneficiary selection criteria; (iii) ensuring its presence at the time of CRI distribution; and (iv) ensuring proper reconciliations of items are regularly conducted.					properly tracked. The latest reconciliation for four different CRIs distributed in February 2019 are hereby attached to evidence the process.
6	The UNHCR Representation in Malawi should strengthen its management oversight over partnership management by: (i) ensuring Project Partnership Agreements (PPAs) are comprehensive, accurate and signed in a timely manner; (ii) designation of procurement to partners is done only after conducting a comparative analysis; (iii) developing and implementing comprehensive risk-based monitoring plans for the PPAs.	Important	Yes	Programme Officer and Project Control Officer	Feb 2019 Feb and March 2019	i) The 2019 PPA's have been attached with the Minutes of the meeting with partners. The Representation continues to ensure a risk-based project performance monitoring are conducted by a multifunctional team. The 2018 end of year Multifunctional team project performance monitoring reports and financial verification reports are attached.
7	The UNHCR Representation in Malawi, in collaboration with the Regional Representation for Southern Africa, should conduct a review of the adequacy of its staffing for the procurement function and develop and implement an action plan to strengthen controls, including in terms of supervision and monitoring, in procurement and vendor management.	Important	Yes	Programme Officer		Closed