



## INTERNAL AUDIT DIVISION

### REPORT 2019/041

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

There was a need to address control deficiencies in planning and resource allocation, partnership management, procurement and vendor management, shelter management, cash based interventions, and response to sexual and gender based violence

14 June 2019  
Assignment No. AR2018/151/01

# **Audit of the operations in Mexico 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 Mexico 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 Mexico was delivering services to its persons of concern in a cost-effective manner and in accordance with UNHCR's policy requirements. The audit covered the period from 1 January 2017 to 30 September 2018 and included a review of: (a) planning and resource allocation; (b) partnership management; (c) procurement and vendor management; (d) shelter and settlement; (e) cash based interventions (CBI); (f) favourable protection environment and government relations; and (g) security from violence and exploitation.

The Representation's arrangements for ensuring favourable protection environment and government relations were satisfactory. However, there was a need to improve controls over planning and resource allocation, partnership management, procurement and vendor management, shelter and settlement activities, CBI, and security from violence and exploitation. Overall, OIOS was of the opinion that the Representation needed to better integrate its risk management processes into its operations management cycle.

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

- Finalise the standard operating procedures on child protection and circulate them among staff and concerned partners, and institutionalise risk management in the day-to-day operations, in particular in respect of timely identification of emerging risks and their mitigating treatments;
- Put in place measures to strengthen financial and performance monitoring of projects implemented by partners, and capacity build partners to address weaknesses identified by the monitoring activities;
- Ensure it has sufficient capacity to meet its increased demands to conduct procurement activities and strengthen its oversight over procurement and vendor management, including adequate monitoring of contracts;
- Update its shelter strategy including the need to plan for increased arrival of persons of concern, including associated target dates, action plans, allocation of roles and responsibilities and monitoring mechanisms, as well as define shelter targets in the Focus system for effective monitoring and reporting of shelter projects;
- Strengthen controls over CBI by: (i) updating the CBI strategy and related standard operating procedures to incorporate new contextual changes; (ii) defining each CBI activity by a separate budget line; (iii) sharing clear criteria and detailed procedures with partners associated with the CBI programme; (iv) conducting post verifications of CBI activities through home visits; (v) conducting an evaluation of the CBI programme; and (vi) developing an exit strategy; and
- Update its protection strategy after assessment of emerging risks related to sexual and gender violence (SGBV) and evaluate the existing SGBV programme.

UNHCR accepted the recommendations, took action to implement four recommendations, and has initiated action to implement the remaining two.

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# **Audit of the operations in Mexico 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 Mexico for the Office of the United Nations High Commissioner for Refugees (UNHCR).

2. The UNHCR Representation in Mexico (hereinafter referred to as “the Representation”) started its operations in 1982. Mexico is a signatory to the 1951 Convention and its 1967 protocol relating to the Status of Refugees, and has developed a legal framework on asylum, which is implemented by its various departments and institutions. Mexico is also a Comprehensive Refugee Response Framework (CRRF) roll-out country and the Government has agreed to implement high standards of protection of refugees in the country. The role of the Representation is to support the Government and ensure international protection for persons of concern (PoCs). During 2017 and 2018, the Representation’s priority was to strategically align its actions with the Government’s Regional Refugee Response Framework commitments and provide technical support where needed. The Representation also supported the Government to strengthen favourable protection environment, distributed non-food items and cash based assistance, improved shelters, and explored durable solutions including local integration of asylum seekers and refugees.

3. As of September 2018, the Representation had registered 15,492 PoCs in proGres, the UNHCR registration and case management system. This figure comprised all PoCs who had approached the Representation for international protection, including 12,407 asylum seekers, 3,046 refugees and 39 others of concern. However, the Representation estimated that there were 70,979 PoCs with possible protection needs, including migrants from Venezuela, with other forms of legal stay and persons in transit. In November 2018, UNHCR declared a Level 2 emergency in Mexico following the continuous arrival of caravans of migrants and refugees from El Salvador and Honduras.

4. The Representation was headed by a Representative at the P-5 level who reported to the Regional Representative in Panama. As of September 2018, it had 62 posts, of which 17 were professional staff (including three junior professionals), five national officers, and 40 general service staff. The Representation recorded total expenditure of \$9.6 million in 2017 and \$7.3 million in 2018 during the 9-month period up to 30 September 2018. The Representation had a Country Office in Mexico City, two Field Offices in Tapachula and Tenosique, and two Field Units in Acayucan and Saltillo. It worked with 21 partners in 2017 and 18 partners in 2018, through which it spent a total expenditure of \$3.0 million in 2017 and \$1.0 million by August 2018 respectively. The expenditure of the partners during the audit period accounted for 49 per cent of the Representation’s total programme expenditure for 2017 and 2018.

5. Comments provided by UNHCR are incorporated in italics.

## **II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY**

6. The objective of the audit was to assess whether the UNHCR Representation in Mexico was managing the delivery of services to its PoCs in a cost-effective manner and in accordance with UNHCR’s policy requirements.

7. This audit was included in the 2018 risk based work plan of OIOS due to the risks associated with the increased influx of asylum seekers in Mexico and because the operation had not been audited since 2009.

8. OIOS conducted this audit from September 2018 to January 2019. The audit covered the period from 1 January 2017 to 30 September 2018. Based on an activity-level risk assessment, the audit included a review of the following high and medium risk areas: (a) planning and resource allocation; (b) partnership management; (c) procurement and vendor management; (d) shelter and settlement; (e) cash based interventions (CBI); (f) favourable protection environment and government relations; and (g) security from violence and exploitation. Assessments of the risk management processes and the control environment were integrated in the review of the above-mentioned areas.

9. The audit methodology included: (a) interviews of key personnel; (b) review of relevant documentation; (c) analytical reviews of data, including financial data from Managing for Systems, Resources and People (MSRP), the UNHCR enterprise resource planning system, and performance data from Focus, the UNHCR results based management system, through Global Focus Insight; (d) review of data extracted from proGres; (e) sample testing of controls using stratified sampling techniques; and (f) visits to selected UNHCR offices, partner offices, collective shelters and project sites.

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

### **III. AUDIT RESULTS**

#### **a. Planning and resource allocation**

There was a need to approve and widely circulate the standard operating procedures on child protection and embed risk management into the operations management cycle

11. In order to provide vital protection and assistance to PoCs, it is essential that: (i) the needs of PoCs are comprehensively assessed and informed by timely and reliable data on the population of concern; (ii) goals and objectives are identified and planned through a participatory process that also takes in the views of concerned actors, including implementing and operational partners and the host government; (iii) goals and objectives are prioritized and aligned with UNHCR's global strategic priorities; (iv) protection and operational strategies are defined and harmonized; and (v) required outputs and activities are defined, budgets are allocated, and deliverables are established.

12. The Representation prepared annual operation plans for 2017 and 2018 that were aligned with the global strategic objectives and defined outputs, activities, allocated budgets and performance targets for each area. It also conducted structured community discussions with its PoCs. The Representation prepared a multi-year (2018–2020) protection strategy that was aligned with the UNHCR Global Strategic Priorities and the Comprehensive Regional Protection and Solutions Framework (2018-2020) agreed by regional governments. The protection strategy provided guidance for identifying areas for protection interventions and preparing standard operating procedures (SOP) on key protection issues. The Representation also prepared an emergency plan to respond to the sudden influx of a caravan of 11,000 migrants to Mexico.

13. Nevertheless, OIOS observed the following deficiencies in the Representation's planning and resource allocation processes:

#### Statistics on persons of concern

14. The Representation collected and compiled statistics on PoCs through different sources including Government departments responsible for registration and refugee status determination, partners, collective shelters, and civil society organisations. It utilised proGres to keep the records of beneficiaries who were

provided with cash based or legal assistance. However, data received from Government departments had inherent limitations because secondary movements of registered refugees were hard to track and different institutions were involved in registration and refugee status determination procedures. The Representation had no mechanism to reconcile data collected from different sources. In 2017, the Representation offered the Government its support for installing proGres, but the proposal was not accepted. In the absence of a mechanism to reconcile data obtained through various sources, the Representation was exposed to the risk of having inaccurate or incomplete data on its beneficiaries. While the audit was in progress, the Representation hired a registration officer and created a post of information management officer to support data management. The Representation also stated that it was working with the Government to improve collection and reconciliation of data related to PoCs. In view of the actions taken and planned by the Representation, OIOS did not raise a recommendation on this issue.

### Strategic prioritisation

15. Historically, the Representation's strategic priority was to provide technical support to the Government for meeting its international obligations under the 1951 Refugee Convention and its 1967 Protocol. However, contextual changes required the Representation to balance its role of technical support to the Government vis-a-vis the requirements of ensuring international protection to the growing number of asylum seekers while also preparing to respond to the Level 2 emergency. According to the Comprehensive Regional Protection and Solutions Framework, there was a 678 per cent increase in applications received in 2016 compared to 2013. The Representation stated that it had started a gradual shift in strategy in 2015; yet it did not have the capacity to deal with the growing volume of work related to the increased inflow of asylum seekers. Hence, the Representation was exposed to the risk of misalignment of its strategy with its objectives in the country. While the audit was ongoing, the Representation, in collaboration with the UNHCR Bureau for Americas, completed a review of its staffing positions to meet the staffing requirements for the Level 2 emergency. As a result of the prompt actions taken, OIOS did not raise a recommendation.

### Resource allocation and expenditures on protection related services

16. The multi-year (2018–2020) protection strategy of the Representation gave strategic priority to certain protection objectives, including response to sexual and gender based violence (SGBV), child protection, and self-reliance and livelihoods activities. However, financial resources allocated to these objectives did not correspond to their strategic importance and there were some unexplained fluctuations in the budget allocations from one year to the next. For example, the budget under the objective 'risk of SGBV reduced and quality of response improved' was \$79,629 and \$12,042 in 2017 and 2018 respectively (corresponding to only 1.5 per cent and 0.2 per cent respectively of the Representation's total budget for both years), of which only \$57,720 was spent (i.e., 0.7 per cent of the expenditure in 2017 and 2018 combined). The budget for the objective 'protection of children strengthened' was \$249,861 in 2017 and \$341,941 in 2018 (corresponding to 4.6 and 2.9 per cent respectively of the total budget for 2017 and 2018). The budget for the objective 'self-reliance and livelihoods improved' was \$20,559 and \$358,008 in 2017 and 2018 respectively (corresponding to 0.4 per cent and 3.1 per cent respectively of the total budget for the two years). During the audit fieldwork, the Representation adjusted the allocations to different protection objectives in the budget for 2019. Therefore, OIOS did not raise a recommendation.

### SOPs on key protection areas

17. Whilst the Representation had prepared SOPs for most key protection areas, its localised procedures on child protection were in draft. Consequently, there was a risk that the concerned staff and partners implementing UNHCR projects on child protection did not have sufficient guidance on how to implement the child protection programmes to achieve the Representation's objectives.

## Risk management

18. The Representation had appropriately categorised and prioritised identified risks in its risk register, assessed their ratings and potential impacts, and determined relevant proactive and reactive treatments during the annual planning exercise. However, it had not identified some significant risks to the operational context and their related mitigating controls. For example, the 2018 Country Operations Plan (COP) identified human trafficking as one of the highest risks in Mexico, but it was not reflected in the risk register. Similarly, some other obvious risks were not reflected in the risk register related to: inadequate and incomplete data on refugees; risks identified in the SOP on CBI; and SGBV risks along the country's southern borders as reported in the 2018 COP. Furthermore, the Representation had not established a process for updating the risk register throughout the year which was an indicator that its risk management processes were not sufficiently embedded into its operations management cycle. As a result, emerging risks were less likely to be identified in a timely manner, and actions to mitigate the risks were less likely to be implemented.

**(1) The UNHCR Representation in Mexico should: (i) finalise the standard operating procedures on child protection and circulate them among staff and concerned partners; and (ii) institutionalise risk management in the day-to-day operations, in particular in respect of timely identification of emerging risks and related mitigating treatments.**

*UNHCR accepted recommendation 1 and stated that the Representation had developed and officially circulated an SOP on child protection on 31 May 2019. The Representation had also reviewed its risk register and was mainstreaming the risk management methodology in its operational response. Based on the action taken and documentation provided by UNHCR, recommendation 1 has been closed.*

## **B. Partnership management**

### There was a need to better monitor partners' implementation of projects in a cost-effective manner

19. In order to achieve expected project results through the use of partners, it is essential to: (i) select or retain partners through a process with adequate authorization, objectivity, transparency, consistency and timeliness; (ii) sign well developed project agreements with partners and transfer instalments in a timely manner; (iii) monitor project activities and expenditures through a risk based and multi-functional approach; and (iv) arrange for building capacity of partners as and when necessary.

20. The Representation had an Implementing Partnership Management Committee (IPMC) which conducted the partner selection processes in accordance with UNHCR procedures. The Representation signed all 2018 Project Partnership Agreements on time and assessed the comparative advantage of partners to undertake procurement before designating procurement to them.

21. However, although the Representation formally established a multi-functional team on 19 October 2018, financial and performance monitoring were conducted on an ad-hoc basis by the Programme and Protection staff, and without following a risk based monitoring plan for each partner. Hence, the multi-functional teams did not include Supply and Administration staff, as required. Consequently, the staff responsible for monitoring activities did not review the accounting and procurement systems of the partners, and the number of transactions reviewed and vouchers selected were not recorded. The documentation and coordination of the monitoring activities were also not properly recorded as the decisions and proposed actions were maintained in various files and personal emails of the concerned staff. Resultantly, the Representation was not able to identify emerging risks related to partners' management of projects and take

timely actions to mitigate them. Whilst the audit was ongoing, the Representation rectified the situation and added Supply and Administration staff to the multi-functional team for monitoring of projects.

22. Due to increase of activities and lack of staff in the Programme Unit, the Representation relied on internal audits conducted by two partners to assess controls at these partners. More scrutiny was needed from the Representation as, based on OIOS review, only one staff at these partners, respectively, was responsible for carrying out administrative, financial and procurement activities. The same person was also serving as preparer and technical approver.

23. The Representation's financial verification teams had followed the implementation of the external auditors' recommendations in 2017 audit reports; yet 12 out of 34 recommendations had not been implemented at the time of the OIOS mission. Furthermore, documentation of the follow-up process was inadequate, and no deadlines were given to close outstanding recommendations. The main issues raised by the external auditors were lack of supporting documentation for procurement of goods and services and inadequate segregation of duties. Similar issues were reported in financial verifications conducted by the Representation, but no initiative was taken for building capacity of partners to address them.

24. The weaknesses noted were due to: limited coordination between different units of the Representation on monitoring of partners; shortage of staff particularly for project control, especially considering the large number of partners (21 in 2017 and 18 in 2018) due to the large geographical span of the Mexico operations; inadequate risk based procedures related to financial and performance monitoring of projects; incomplete documentation of the risk based approach to partner management; and absence of a capacity building plan for addressing weaknesses noted during performance monitoring exercises. This increased the risk of loss or inefficient use of project funds as well as partners' failure to implement projects effectively. Whilst the audit was still ongoing, the Representation created positions for a Senior Programme Officer (P-4) and an Associate Programme Officer (P-2) to increase capacity in its Programme Unit.

**(2) The UNHCR Representation in Mexico should: (i) put in place measures to strengthen and to establish a better audit trail for financial and performance monitoring; and (ii) capacity build its partners to address weaknesses identified by financial and performance monitoring activities.**

*UNHCR accepted recommendation 2 and stated that the Representation had taken measures to strengthen performance and financial verification of partners, maintain audit trail and build capacity of partners. Based on the action taken and documentation provided by UNHCR, recommendation 2 has been closed.*

### **C. Procurement and vendor management**

There was a need to strengthen the Procurement Unit to meet the increasing demands for procurement and enhance management oversight and monitoring over contract management

25. In order to ensure the integrity of the procurement process and that UNHCR receives value for money for the acquisition of goods and services to support its operations, it is essential to: (i) prepare an annual procurement plan according to identified needs; (ii) establish an effective vendor management system; (iii) initiate timely procurement activities in accordance with the procurement plan; and (iv) ensure adequate oversight over procurement activities by establishing a Local Committee on Contracts (LCC).

26. OIOS reviewed 28 purchase orders related to 29 contracts, as well as 16 submissions to the LCC in 2017 and 9 submissions in 2018, totalling \$8.9 million, for the procurement of goods and services.



27. The Representation had a comprehensive annual procurement plan; however, the plan was not systematically followed. OIOS also noted that the Representation did not fully comply with the procurement rules and did not manage its contracts properly. For example, five contracts involving \$479,635 had been regularised only after a desk review conducted by the UNHCR Procurement Service from headquarters in 2018. Additionally, five contracts for a total amount of \$525,964 required ex-post facto notification which could have been avoided with better planning.

28. The Representation had a Vendor Review Committee whose composition was last updated in September 2018. The Committee held four meetings each year in 2017 and 2018. Nevertheless, there was no evidence that the Committee had systematically reviewed the performance of vendors or evaluated the vendor database to identify duplicate records and other discrepancies. Also, none of the vendor files were complete. During the audit fieldwork, the Representation took corrective action and deleted all duplicate records in the database and initiated action for completion of vendor files. As a result of the actions taken, OIOS did not raise a recommendation.

29. The Representation did not monitor the aggregate value of procurement from individual vendors. Thus, it did not notify the LCC about procurement of goods and services from three vendors having an individual value of \$20,609, \$26,296, and \$28,212 respectively, which would have required approval by the LCC. During the audit, the Representation submitted these cases to LCC ex-post facto, which the LCC took note of. During 2017 and 2018, the LCC also approved three waivers of competitive bidding amounting to \$68,796 without clear justifications. Furthermore, LCC minutes did not provide complete information on the cases approved by the Committee.

30. These weaknesses were mainly due to lack of oversight and monitoring of contract management, and absence of a Supply Officer to oversee the supply management function. The Representation had also not integrated risk management principles into its procurement planning, processing and monitoring. In addition, the Representation's functions had grown since 2017 due to the influx of Venezuelan and Honduran asylum seekers, which stretched its procurement activities to support the expanded operations; however, its procurement staffing capacity was not improved correspondingly. Consequently, the Representation was exposed to the risk of not getting value for money for its procurement. Whilst the audit was ongoing, the Representation created the post of a Supply Officer and initiated various actions for capacity building of its supply staff.

**(3) The UNHCR Representation in Mexico should ensure it has sufficient capacity to meet its increased demands for procurement, and strengthen management oversight over procurement and vendor management, including adequate monitoring of contracts.**

*UNHCR accepted recommendation 3 and stated that the Representation had advertised the position of Supply Officer and taken action to strengthen management control and oversight over procurement including updating the procurement plan, developing a tool for monitoring ongoing contracts, and updating the vendor database and vendor files. Based on the action taken and documentation provided by UNHCR, recommendation 3 has been closed.*

## **D. Shelter and settlement**

There was a need to update the shelter strategy and allocate shelter targets for effective monitoring and reporting of shelter projects

31. In order to effectively deliver shelter solutions to PoCs, it is essential to develop and implement shelter and settlement strategies at an early stage with a clear trajectory towards durable and sustainable

solutions suitable to the specific context of displacement and alternatives to camps. The strategies should be supported by: (i) needs assessments, including surveys of potentially affected areas, analysis of the population demographics, cultural practices and habits, available resources and housing options, and the geographical, climate, environmental, political, security and socio-economic context; (ii) participation of the population of concern and of the overall local affected population, host governments, and partners; (iii) coordination with other sectors (SGBV, education, health and nutrition, water, sanitation and hygiene, and livelihoods); and (iv) technical expertise.

32. The Representation developed its shelter interventions after conducting needs assessments of the PoCs and considering its resource position. It also considered inputs from its Protection and Programme Units and involved its partners, Government departments and civil society in finding shelter solutions for the asylum seekers and refugees. The Representation spent \$550,967 and \$364,724 during 2017 and 2018 respectively on shelter activities. It built six new shelters and repaired two shelters in 2017, and constructed two new shelters in 2018 (by September 2018) and repaired two others. It implemented 90 per cent of its activities in collective shelters and focused on rehabilitating public buildings, upgrading unfinished buildings and building infrastructure. It cooperated with its operational partners on shelter initiatives. It also supported 28 collective shelters which were not UNHCR partners but provided shelter to the PoCs. As of 30 June 2018, over 50,000 persons (asylum-seekers and migrants combined) were accommodated in 28 different UNHCR-supported shelters along the migratory route.

33. The Representation promoted shelters as a safe protection environment. By August 2018, under the Alternative to Detention Programme and with the help of Government institutions, it ensured temporary shelters for 3,234 vulnerable persons, and unaccompanied and separated children detained by the Government. OIOS visits to five shelters and UNHCR projects for improving the welfare of PoCs, such as a gymnasium, a clean water facility and a football stadium in Tenosique, indicated that the construction activities were satisfactorily implemented. The UNHCR logo was displayed on all shelter projects.

34. However, the Representation's shelter strategy, developed in 2016, did not meet the requirements of new and/or a high influx of asylum seekers and needed revision to include planning figures based on new asylum data. It also did not provide an action plan for implementation of the strategy, with target dates, assignment of roles and responsibilities, and associated monitoring mechanisms. Furthermore, the Representation did not develop a shelter and construction master plan and did not fix targets for shelter in the Focus system to enable systematic monitoring and reporting of shelter and construction projects. However, its engineers monitored construction activities using bills of quantities and project drawings.

35. The above occurred because of lack of an up-to-date strategy to provide guidance on shelter planning and monitoring. Consequently, the Representation was exposed to the risk that shelters may not be constructed in accordance with UNHCR approved standards. The Representation stated that it had initiated the process of revising its shelter strategy on the basis of a shelter needs assessment, which was currently ongoing.

**(4) The UNHCR Representation in Mexico should: (i) update its shelter strategy including planning for increased arrival of persons of concern, including the associated target dates, action plans, allocation of roles and responsibilities, and monitoring mechanisms; and (ii) define shelter targets in the Focus system for effective monitoring and reporting of shelter projects.**

*UNHCR accepted recommendation 4 and stated that the Representation had started the process of updating its shelter strategy with the goal of improving reception conditions across the country. It had also defined shelter targets in the Focus system. Recommendation 4 remains open pending receipt of the updated shelter strategy.*

## E. Cash based interventions

### The Representation needed to strengthen controls over its CBI programme

36. In order to ensure effective programming and delivery of CBI, it is essential to: i) undertake a risk assessment and assess the feasibility of the CBI programme; (ii) develop SOPs governing the selection criteria, value of transfers and operational modalities for CBI; (iii) develop financial and protection related controls; (iv) monitor the performance of the CBI programme and assess its impact; and (v) establish an exit strategy to avoid PoCs depending on the programme in the long term.

37. The Representation's CBI-related expenditure for 2017 and 2018 (up to August 2018) amounted to \$968,357 and \$352,722 respectively. The Representation implemented CBI mostly through its three partners. However, it did not develop an exit strategy on CBI. In April 2018, the Representation initiated the use of debit cards for the payments of CBI to beneficiaries to strengthen its financial controls and mitigate the risk of fraud. It also revised its SOP on CBI and the related annexes in March 2018.

38. The Representation informed OIOS that CBI payments were made in accordance with the data input on beneficiaries in the proGres system, uploaded by the Field Offices; however, monitoring of the disbursement of cash payments to beneficiaries was not documented properly and discrepancies were not followed up systematically. OIOS took a sample from proGres consisting of 40 cases which had an aggregate amount of \$4,421, and observed that the Representation's CBI Beneficiary Selection Committee did not record proper and complete justifications for approving each case as required by the SOP.

39. The multi-purpose cash grants issued covered several activities like basic needs, health, education, livelihood activities and funerals with different amounts for each type of grant. The SOP did not provide any minimum or maximum thresholds for payment of different types of cash grants or define the exceptional circumstances to justify any non-standard amounts approved. Due to this weakness, it was difficult to identify and trace cash grants disbursed to beneficiaries under different objectives as all types of cash grants were lumped together and booked as CBI. As a result, the Representation and its partners involved in distributing CBI could not justify the different rates paid to different beneficiaries. Furthermore, the Representation did not conduct post verification of CBI disbursements through home visits to verify the payment of right amount of cash assistance to the right beneficiaries. An impact assessment of the programme had also not been done. OIOS further observed that risk assessments had not been embedded in CBI activities, despite the SOP highlighting some vulnerabilities on CBI.

40. These shortcomings increased the risk that the Representation would not be able to achieve its CBI programme objectives while inadequate CBI procedures could expose it to the risk of fraud and errors in disbursement of cash.

**(5) The UNHCR Representation in Mexico should strengthen controls over cash based interventions (CBI) by: (i) updating the CBI strategy and related standard operating procedures to incorporate new contextual changes; (ii) defining each CBI activity by a separate budget line; (iii) sharing clear criteria and detailed procedures with partners associated with the CBI programme; (iv) conducting post verifications of CBI activities through home visits; (v) conducting an evaluation of the programme; and (vi) developing an exit strategy.**

*UNHCR accepted recommendation 5 and stated that the Representation had taken several actions to implement the recommendation, including: updating the CBI strategy and the associated SOPs;*

*defining each CBI activity by a separate budget line; and sharing criteria and detailed procedures with the partners. The Representation was currently performing post verification of CBI activities through home visits. A market assessment was also planned. The Representation's CBI team was working together with the Durable Solutions team for developing a longer-term exit strategy, which would be implemented in 2020. An impact evaluation review of the CBI programme would also be done through an outsourced consultant in the second half of 2019. Recommendation 5 remains open pending receipt of evidence of the post verifications conducted, a copy of the report on the market survey, a copy of the evaluation report, and the final exit strategy.*

## **F. Favourable protection environment and government relations**

Arrangements for ensuring favourable protection environment and government relations were satisfactory

41. In order to ensure PoCs are able to enjoy a favourable protection environment, it is essential for UNHCR to: (i) accurately identify protection gaps and understand their impact on PoCs; (ii) plan, deliver and monitor interventions designed to close these gaps; (iii) understand the concerns of the host government and have protocols in place for liaising with relevant officials to resolve protection issues; and (iv) continuously monitor the impact of UNHCR interventions on the enhancement of the protection environment and adjust activities if needed.

42. During the audit period, the Representation supported the Government to ensure a favourable protection environment for the asylum seekers and refugees. Some of its initiatives included: (i) assisting the Government in development of a legal framework for protection; (ii) persuading the Government to implement its existing policies on refugees and asylum seekers and continuing to provide safe protection environment to the asylum seekers and migrants; (iii) establishing regular and sustained cooperation with Government departments; and (iii) providing technical support to Government institutions and departments to improve procedures on registration, RSD, and best interest determination. In view of the measures taken by the Representation to explore and enhance the favourable protection environment with the support and cooperation of the host Government, OIOS is not raising a recommendation on this area.

## **G. Security from violence and exploitation**

There was a need to strengthen SGBV response and follow-up mechanisms

43. UNHCR guidance on prevention and response to SGBV requires the Representation to design and develop activities aimed at preventing and responding to the risks of SGBV, providing legal and psycho-social support to SGBV survivors, and continuously monitoring SGBV risks and updating its response.

44. The Representation with assistance of its partners made 56 referrals in 2017 and 140 in 2018 for SGBV survivors to obtain legal and psycho-social support. However, OIOS observed the following deficiencies in respect of the Representation's SGBV response:

- Although the 2018 COP had reported an increase in SGBV incidences along the southern border of Mexico, the Representation's SGBV response was limited to identification and referral only. Further, there was no mechanism to follow up on cases referred to the Government authorities or taking systematic feedback on the status of referrals from the victims. The Representation attributed the reasons for this shortcoming to its lack of capacity; however, it took prompt action on this issue and created new positions for a Protection Officer and four Protection Associates whilst the audit was still ongoing.

- OIOS visits to the partners' offices in Tenosique indicated that asylum seekers were not given adequate information on how to report an incident. In addition, the Representation did not maintain a database of each individual victim to facilitate follow-up and ensure protection support of the victim. The Representation stated that it had set up a SGBV module in proGres, which was expected to facilitate maintenance and updating of individual victim cases.
- The Representation had not conducted a study of its SGBV programme to evaluate the impact of its protection strategy in providing technical assistance and guidance to the Government and legal and psycho-social support to the victims of SGBV.

45. As a result of the above, the Representation was exposed to the risk of failure to ensure a safe and secure environment for PoCs and an increased likelihood of violations of fundamental rights of PoCs.

**(6) The UNHCR Representation in Mexico should update its protection strategy after assessment of emerging risks related to sexual and gender violence and evaluate the existing programme.**

*UNHCR accepted recommendation 6 and stated that after an assessment of emerging risks related to SGBV and an evaluation of the existing programme, the results and recommendation had been included in UNHCR Mexico's updated protection strategy. Based on the action taken and documentation provided by UNHCR, recommendation 6 has been closed.*

#### **IV. ACKNOWLEDGEMENT**

46. 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  
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## STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical/ Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	The UNHCR Representation in Mexico should: (i) finalise the standard operating procedures on child protection and circulate them among staff and concerned partners; and (ii) institutionalise risk management in the day-to-day operations, in particular in respect of timely identification of emerging risks and related mitigating treatments.	Important	C	Action completed	Implemented
2	The UNHCR Representation in Mexico should: (i) put in place measures to strengthen and to establish a better audit trail for financial and performance monitoring; and (ii) capacity build its partners to address weaknesses identified by financial and performance monitoring activities.	Important	C	Action completed	Implemented
3	The UNHCR Representation in Mexico should ensure it has sufficient capacity to meet its increased demands for procurement, and strengthen management oversight over procurement and vendor management, including adequate monitoring of contracts.	Important	C	Action completed	Implemented
4	The UNHCR Representation in Mexico should: (i) update its shelter strategy including planning for increased arrival of persons of concern, including the associated target dates, action plans, allocation of roles and responsibilities, and monitoring mechanisms; and (ii) define shelter targets in the Focus system for effective monitoring and reporting of shelter projects.	Important	O	Submission to OIOS of the updated shelter strategy.	15 September 2019

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

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

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

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

## STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical/ Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
5	The UNHCR Representation in Mexico should strengthen controls over cash based interventions (CBI) by: (i) updating the CBI strategy and related standard operating procedures to incorporate new contextual changes; (ii) defining each CBI activity by a separate budget line; (iii) sharing clear criteria and detailed procedures with partners associated with the CBI programme; (iv) conducting post verifications of CBI activities through home visits; (v) conducting an evaluation of the programme and (vi) developing an exit strategy.	Important	O	Submission to OIOS of: (i) evidence of the post verifications conducted; (ii) a copy of the report on the market survey; (iii) a copy of the evaluation report; and (iv) the final exit strategy.	30 November 2019
6	The UNHCR Representation in Mexico update its protection strategy after assessment of emerging risks related to sexual and gender violence and evaluate the existing programme.	Important	C	Action completed	Implemented

# **APPENDIX I**

## **Management Response**



## Management Response

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

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Representation in Mexico should: (i) finalise the standard operating procedures on child protection and circulate them among staff and concerned partners; and (ii) institutionalise risk management in the day-to-day operations, in particular in respect of timely identification of emerging risks and related mitigating treatments.	Important	Yes	(i) Snr Protection Officer. (ii) Snr Field Coordinator	Completed	(i) UNHCR Mexico's standard operating procedures (SOPs) on child protection have been finalized and officially circulated on 31 May 2019. UNHCR's Country Office in Mexico City (COMEX) had shared the initial draft with its Field Offices on 26 April 2019.  COMEX conducted a national meeting with Child Protection staff from Field Offices to discuss and validate the SOPs.  (ii) The risk register and the enterprise risk management approach has been discussed and is included in Mexico's Country Operations Plan. The risk management methodology is currently being mainstreamed in UNHCR's operational response. The enterprise risk management approach has been applied to specific risks and mitigating measures have been identified and activated.
2	The UNHCR Representation in Mexico should: (i) put in place measures to strengthen and to establish a better audit trail for financial and performance monitoring; and (ii) capacity build its	Important	Yes	Snr Programme Officer and Project Control Officer	14 July 2019  - Risk Matrix for each partner will be completed by 30 June 2019.	i) Appropriate measures to strengthen and establish a better audit trail for financial and performance monitoring reports are ongoing. Audit trails for 2018 recommendations were established by using the "Annex C: Matrix for Follow-up

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

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

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	partners to address weaknesses identified by financial and performance monitoring activities.				<ul style="list-style-type: none"> <li>- Monitoring activities will be ongoing focusing on audited partners and follow-up recommendations from previous monitoring activities.</li> <li>- A workshop on project management with all partners will be held from 13-14 July 2019 to strengthen their programmatic and financial capacity. A draft of the agenda is attached.</li> </ul>	<p>on Recommendations of Project Audit per Partner”. For 2019, the recommendations are also being tracked through PMC03.</p> <p>(ii) Capacity building of partners to address weaknesses noted during the financial and performance monitoring are ongoing and to be completed by 14 July 2019.</p> <p>The operation has upgraded the position of a Project Control Officer from P2 to P3. While the selection process is ongoing, a temporarily Project Control Officer has been assigned for six months (start date was 15 April 2019).</p>
3	The UNHCR Representation in Mexico should ensure it has sufficient capacity to meet its increased demands for procurement, and strengthen management oversight over procurement and vendor management, including adequate monitoring of contracts.	Important	Yes	Supply Officer and Assoc Admin Officer	<p>Completed</p> <p>The Procurement Plan for 2019 has been updated on 22 March 2019.</p>	<p>The operation has taken measures to ensure sufficient capacity to meet increased demands and oversight of its procurement activities. The following actions have already been taken and are being implemented as part of the standard procedures of the operation:</p> <p>Contract monitoring:</p> <ul style="list-style-type: none"> <li>- The Procurement Plan for 2019 has been updated and the Supply Unit is following up on actions with respective units.</li> </ul>

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
					<p>An offline tool was developed on 22 March 2019 and updated regarding ongoing activities.</p> <p>The vendor database in MSRP has been updated on 22 March 2019 and updated regarding ongoing activities.</p> <p>Vendor inactivation took place 20 February 2019. Local requirements for vendor registration were approved for VRC on 18/03/2019</p> <p>The position of the Supply Officer has been re-advertised on 23 March 2019. On 1<sup>st</sup> April 2019, the Supply Officer on mission arrived.</p>	<p>- An offline tool has been developed to monitor all contracts. Access for relevant staff members to the Procurement Contract Module in MSRP has been requested to register all valid contracts and ensure that contract periods and ceilings are respected.</p> <p>Vendor management:</p> <ul style="list-style-type: none"> <li>- UNHCR's vendor database is continuously being monitored to ensure that it only contains valid vendors.</li> <li>- Vendor files have been updated and vendors who have not been used since 2015 have been inactivated.</li> <li>- As of mid-February 2019, no new vendor has been created unless the required documentation is completed.</li> <li>- The Vendor Review Committee met to assess the actions taken with regards to the audit recommendations and has approved local requirements for vendor registration.</li> </ul> <p>While the position of the Supply Officer has been re-advertised and the selection process is ongoing, a temporary Supply Officer on emergency mission has been deployed from April-June 2019.</p> <p>Please find attached supporting documentation for the actions taken (see Annex Rec 3 Procurement).</p>

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<i>The operation would like to request OIOS to consider closing this recommendation.</i>
4	The UNHCR Representation in Mexico should: should: (i) update its shelter strategy including planning for increased arrival of persons of concern, including the associated target dates, action plans, allocation of roles and responsibilities, and monitoring mechanisms; and (ii) define shelter targets in the Focus system for effective monitoring and reporting of shelter projects.	Important	Yes	Snr Field Coordinator	15 September 2019  A final shelter strategy will be ready in the first half of September 2019, provided that the shelter assessment will continue until August.	(i) The operation is currently working on updating its shelter strategy based on a comprehensive review of shelter capacities across the country.  (ii) The Operation's goal is to improve the reception conditions (as opposed to focusing only on construction) through supporting shelters with renovations, maintenance, equipment, staffing, administrative capacity, etc. The corresponding objective selected in Focus is "Reception Conditions Improved". The output is "Reception/transit centre infrastructure established and maintained".
5	The UNHCR Representation in Mexico should strengthen controls over cash based interventions (CBI) by: (i) updating the CBI strategy and related standard operating procedures to incorporate new contextual changes; (ii) defining each CBI activity by a separate budget line; (iii) sharing clear criteria and detailed procedures with partners associated with the CBI programme; (iv) conducting post verifications of CBI activities through home visits; (v) conducting an evaluation of the programme and (vi) developing an exit strategy.	Important	Yes	Snr Programme Officer and CBI Officer	30 November 2019  i) 29 January 2019  ii) 30 March 2019.  iii) 31 December 2018  iv) 30 June 2019  v) 1 <sup>st</sup> July 2019  vi) 30 November 2019	i) CBI strategy and related operating procedures were updated on 29 January 2019 to reflect contextual changes and to improve procedures. The document was shared with all staff in Mexico. Supporting documents are attached.  (ii) Each activity was defined in 2019 by a separate budget line.  (iii) Criteria and procedures were shared with partners through the workshop conducted on 18 December 2018. Similarly, UNHCR has regular calls with partners. UNHCR also has regular CBI monitoring calls with partners' and CBI staff.  (iv) UNHCR is conducting post verification of CBI activities through

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>home visits: a team has been hired and process monitoring began in mid-March. Post distribution monitoring will be conducted in May and November and a market assessment will be carried out in May/June 2019.</p> <p>(v and vi) The Representation is conducting an evaluation of the programme and developing an exit strategy: The CBI team is working together with the Durable Solution team on a longer-term exit strategy, which was discussed and is part of the operation's 2020 Country Operations Plan.</p> <p>UNHCR will conduct a CBI review through a Consultancy starting in the second half of 2019. TORs were cleared by the Bureau and the selection process will start soon.</p> <p>On the other hand, targeting and exit strategy is included and discussed during the CBI MFT meetings. The exit strategy will be part of the COP 2020 Detailed Planning.</p>
6	The UNHCR Representation in Mexico update its protection strategy after assessment of emerging risks related to sexual and gender violence and evaluate the existing programme.	Important	Yes	Snr Protection Officer and Protection Officer	Completed	An assessment of emerging risks related to SGBV and evaluation of the existing programme has been concluded. The assessment was finalized on 26 April 2019. The results and recommendation have been included in UNHCR Mexico's updated Protection Strategy.