



INTERNAL AUDIT DIVISION

REPORT 2022/068

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

The Representation needed to define its strategic direction and strengthen the delivery of programme activities in a cost-effective manner

8 December 2022

Assignment No. AR2021-151-01

Audit of the operations in Venezuela 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 the Bolivarian Republic of Venezuela 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 Venezuela was managing the delivery of services to its PoCs in a cost-effective manner and in accordance with UNHCR's policy requirements. The audit covered the period from 1 January 2020 to 31 December 2021 and reviewed (a) planning and resource allocation; (b) security from violence and exploitation; (c) shelter and rehabilitation activities; (d) cash and in-kind assistance (including non-food items); and (e) logistics and operations support.

Venezuela's protracted economic contraction, challenging political situation and violence within the country and recent incidence of the COVID-19 pandemic have led to an estimated 6 million Venezuelans leaving for neighboring countries and almost 7 million displaced or affected within the country in need of humanitarian assistance. In response to the host government's receptibility to aid, the Representation scaled up its programme in 2020 and, alongside other United Nations agencies, provided support to refugees, asylum seekers and Venezuelan nationals. However, the Representation needed to fully develop its strategic direction to achieve the goals of the upscaled programme effectively and efficiently.

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

- Assess the needs and evaluate the current effectiveness of the programme to inform its strategic direction;
- Strengthen the quality of its financial and programme data to ensure effective programme planning as well as monitoring and accounting for results;
- Reinforce the capacity to manage and oversee programme implementation by partners by strengthening evidence-based decision-making on delegation to partners and partner performance monitoring;
- Strengthen the quality of services provided to gender-based violence survivors by improving case management, and coordination and monitoring of related activities;
- Strengthen the planning, implementation and monitoring of shelter programme activities;
- Implement standard operating procedures over the management of receipt, storage and distribution of non-food items, and monitor partner activities to ensure accountability and that items reach intended beneficiaries; and
- Prepare a comprehensive procurement plan and ensure full compliance with UNHCR procurement policies and procedures.

UNHCR has accepted the recommendations and has initiated action to implement them. Actions required to close the recommendations are indicated in Annex I.

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Audit of the operations in Venezuela 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 the Bolivarian Republic of Venezuela for the Office of the United Nations High Commissioner for Refugees (UNHCR).

2. The UNHCR Representation in Venezuela (hereinafter referred to as ‘the Representation’) was established in 1991 to provide refugees, asylum seekers and other persons of concern (PoCs) with international protection and humanitarian assistance. Venezuela’s ongoing political and economic crisis has led, by 2020, to an estimated 6 million Venezuelans leaving for neighboring countries and beyond. The Representation primarily supported an estimated 1,080 refugees and asylum seekers in Venezuela, as well as 1.4 million displaced and affected Venezuelans. It also worked on preventing statelessness.

3. The Representation collaborated with the United Nations Country Team and other humanitarian actors to deliver services to the affected persons and refugees in Venezuela. Needs assessments conducted under the Humanitarian Response Plan (HRP) estimated that 7 million Venezuelans needed humanitarian support within the country. However, considering available resources, the HRP targeted the 4.5 million most vulnerable people. The Representation led two of the eight clusters: protection and shelter; and energy and non-food items (NFI). The other six activated clusters were: health; education; food security and livelihoods; water, sanitation and hygiene; nutrition; and coordination and logistics.

4. The Representation was headed by a Representative at the D-1 level. As of 2022, the Representative was supported by 22 professionals, nine national officers, 96 general-level staff, and six affiliates. The Representative reported to the Director of the Regional Bureau for the Americas (the Bureau). The Representation had a Country Office in Caracas and five Field Offices in San Cristobal, Ciudad Guayana, Maracaibo, San Antonio, and Guasdualito. It spent \$52 million in 2020 and 2021 and worked with 19 and 15 partners in 2020 and 2021 respectively that implemented programmes worth \$13 million (39 per cent) in the two years under audit.

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 Venezuela 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 2021 risk-based work plan at the request of the UNHCR Regional Bureau for Americas (Bureau) due to the increased risks associated with implementing activities in Venezuela.

8. OIOS conducted this audit from March to September 2022. The audit covered the period from 1 January 2020 to 31 December 2021. Based on an activity-level risk assessment, the audit covered higher risk areas and reviewed: (a) planning and resource allocation; (b) security from violence and exploitation; (c) shelter and rehabilitation activities; (d) cash and in-kind assistance (including non-food items); and (e) logistics and operations support.

9. The audit methodology included: (a) interviews with key UNHCR personnel and staff of five implementing partners; (b) review of relevant documentation; (c) analytical review 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; (d) sample testing of controls; and (e) virtual visits of five warehouses. The audit was conducted remotely and therefore, OIOS could only assess the controls that required physical observation through virtual visits.

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

Strategic planning

Need to use results of programme evaluation and risk and needs assessments to strengthen strategic planning

11. The Representation's programme saw its budget increasing from \$16 million in 2018 to \$26 million in 2021, making it the largest operational United Nations agency in the country. This scale up called for: (i) strong planning, so vital assistance reaches the most vulnerable; (ii) assessment of PoC needs to inform prioritization of resources; (iii) reliable data to support decision making; and (iv) reinforced performance management to ensure strategic and operational objectives are met.

12. UNHCR's Senior Executive Team supported the scale up of operations in Venezuela on condition that the Representation conduct a risk assessment focusing on: (i) maintaining a balanced regional refugee response; (ii) creating the desired impact in Venezuela; and (iii) mitigating risks of politicization of the programme and any other significant risks. Similarly, a joint senior level mission in August 2019, comprising of the Regional Bureau and the Division of Emergency, Security and Supply and the Division of International Protection, recommended that a detailed risk assessment of the country programme be conducted. However, the Representation did not conduct the requested risk assessments, and thus missed opportunities to identify and mitigate factors impacting effective programme implementation.

13. The Representation did not have a strategy to appropriately direct its programme during the scale up to sustain its service delivery to PoCs. Consequently, implemented activities were misaligned with the Representation's mandated programme: the 1,080 refugees and asylum seekers in-country only received limited one-off support because resources were focused on the needs of 1.4 million vulnerable Venezuelan nationals. For example, the health programme, which was identified by PoCs as a priority, received only 5 per cent of the budget.

14. The Representation's needs assessments were ineffective in identifying the most vulnerable and prioritizing among the many needs. The needs assessments were community-driven and not PoC-centered as required in UNHCR guidance. Instead of starting with PoCs, the Representation applied a top-down process that, first, identified communities to support and then, through focus group discussions, identified the PoC needs in those communities. The needs assessments covered 86 of 49,178 (1 per cent) of the community councils and only 2,041 out of the 1.4 million PoCs participated in them. The Representation left the identification of beneficiaries and determination of assistance to partners, often without oversight and guidance. Thus, services were not targeted to create the desired impact. The Representation needed to evaluate the effectiveness of its programme in creating the desired impact among PoCs in Venezuela.

15. The Representation lacked reliable data to inform its programming and decision-making. It relied on unverified data from Government departments and implementing partners to determine programme implementation modalities, and thus risked the UNHCR programme being politicized and ineffective. Also, because the Government discouraged the use of the term internally displaced persons (IDP) for affected Venezuelan nationals, this population was referred to differently in various documents, which further reduced data reliability.¹

16. The Representation spent 36 per cent of its budget on staff and administrative activities, leaving 64 per cent for service delivery to PoCs. This was attributed to the increased staff component from 30 in 2018 to 134 in 2022 (327 per cent). At the time of the audit, 43 per cent of the Representation's staff were in the main office in Caracas, and 57 per cent across the five field offices. Some field offices were under-resourced: in Tachira, 10 protection and programme personnel managed the movements of 3.2 million people between Colombia and Venezuela in the first quarter of 2022. In line with the UNHCR decentralization principle of bringing decision making closer to PoCs, the Representation needed to assess the effectiveness of its structure in supporting the execution of its mandate.

17. The Representation was operating in a complex operating environment and gaps in its strategic planning raised the risk that the scaled-up programme would not meet the needs of the most vulnerable PoCs in Venezuela.

(1) The UNHCR Representation in Venezuela, in collaboration with the Regional Bureau for the Americas, should strengthen its strategic planning by: (i) evaluating its current programme and using the results to develop its multi-year multi-partner strategy; (ii) conducting the recommended risk assessments on the scaled operations and implementing actions to mitigate identified risks; and (iii) conducting proper needs assessments and formalizing criteria for identifying persons of concern for support.

UNHCR accepted recommendation 1 and stated that (i) the Regional Bureau for the Americas would evaluate the multi-year strategy of the Representation and the results of evaluation would be incorporated in its strategy for 2023; (ii) the Representation revised its current risk register after considering input of Multi-Functional monitoring teams and the annual review process. The Senior Risk Management and Compliance Advisor of the Regional Bureau has reviewed it; and (iii) the Representation would submit the results of 2022 needs assessments conducted per UNHCR policy and guidance on participatory assessment.

Performance management

Need to strengthen performance data for purposes of programme planning and monitoring and accountability for results

18. The Representation did not collect and disaggregate data on the support provided to refugees and Venezuelan nationals for purposes of programming and decision making. It reported results and expenditure primarily under the refugee pillar, although Venezuelan nationals were the primary beneficiaries of support. In one case where the Representation differentiated between planned projects for refugees and those for Venezuelan nationals, it could not provide the number of persons reached under each

¹ Venezuelan nationals were referred to as people affected by the humanitarian situation, others of concern and/or people on move; which terms meant different things within UNHCR. For instance, "other PoCs" referred to individuals other than refugees or IDPs, for whom UNHCR was mandated to support based on United Nations General Assembly Resolution 48/116 of 20 December 1993, regional documents or peace agreements.

category. As UNHCR replaced programme pillars with goals in 2022, the Representation still faced challenges in aligning and reporting its activities under the new proposed goals. The misclassification of results and expenditure created a risk of inaccurate reporting against earmarked funding that amounted to \$26 million (50 per cent) of the Representation's programme in 2020-2021.

19. The Representation's performance framework did not have indicators in some of its areas of strategic importance, e.g., statelessness. Allocation of funds was also not always linked to outputs; for instance, in 2020, \$637,694 and \$292,222 were allocated to the 'unspecified outputs' rubric under hygiene, sanitation and NFIs. Some indicators did not provide meaningful performance information; for instance, the Representation measured the number of educational facilities constructed or improved under the education programme instead of the number of children not in attendance at school.

20. The Representation reported the total number of refugees living in a particular community as benefitting from a specific project; however, the activities under the project had not covered all the refugees. The audit also questioned the reasonableness of targets and/or results considering the Representation's over-achievement of between 170 and 2000 per cent on 27 output indicators in 2021. Additionally, the Representation did not analyze reasons for non-performance nor adjust mid-year targets to reflect changed circumstances. For instance, it did not analyze for corrective action the underperformance reported for at least 20 indicators related to various protection objectives in 2020 and 2021.

(2) The UNHCR Representation in Venezuela should strengthen the quality of its financial and programme data to ensure effective programme planning and monitoring and accounting for results.

UNHCR accepted recommendation 2 and agreed to share the revised Results Based Framework developed by the Representation's Multi-Functional Teams and reviewed by the Bureau.

Partner management

Need to strengthen evidence-based decision making and monitoring for delegation to partners

21. The Representation delegated the implementation of 35 and 43 per cent per cent of its programme budget to 19 and 15 partners in 2020 and 2021 respectively. However, this was without conducting the required cost benefit analysis to inform its decision on whether to directly implement or delegate programmes to partners. Also, when designating procurement worth \$3.5 million to its partners, the Representation did not comprehensively assess their capacity nor determine whether the partners had a comparative advantage. The audit identified significant gaps in delegated partner procurements, as discussed later in the report.

22. The Representation constituted Multi-Functional Teams (MFTs) and Project Control to monitor programme implementation by partners. Their effectiveness was impacted by: (i) desk-based reviews conducted in 2020 that were limited in coverage and depth due to COVID-19 pandemic restrictions; and (ii) the number and type of monitoring visits conducted not reflecting the assessed partner risk. Additionally, the MFTs adopted the results that were reported by partners without verifying them.

23. The weaknesses occur because the Representation had not implemented an evidence-based decision-making process for delegation of programme implementation to partners and had not ensured its partner monitoring processes include collection of complete and accurate project data.

(3) The UNHCR Representation in Venezuela should strengthen its capacity to manage programme implementation by partners, by strengthening evidence-based decision-making on delegation to partners and partner performance monitoring.

UNHCR accepted recommendation 3 and stated that it would share the Delegation of Procurement to Partners for the year 2023, financial verification reports, and performance monitoring reports of the partners for the year 2022.

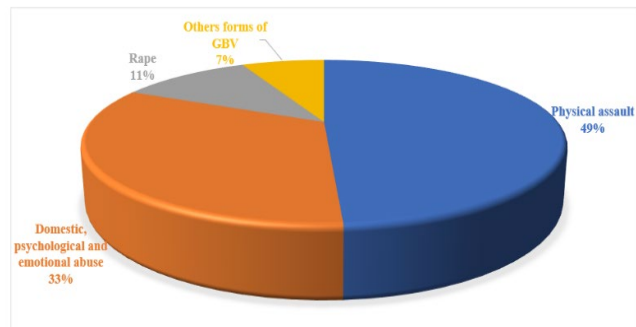
B. Security from violence and exploitation

Need to strengthen support to survivors of violence and exploitation

24. The Representation, through its seven implementing partners, identified and provided support to 2,093 Gender-based Violence (GBV) survivors. Despite substantial work done by the Government and humanitarian actors, GBV remained prevalent in Venezuela particularly amongst women, adolescents, girls and boys. The restrictions caused by the COVID-19 pandemic and the ongoing political and economic crises escalated domestic, psychological, physical and sexual violence in the groups most at risk. They also impacted PoCs' livelihoods and employment, which in turn increased negative coping mechanisms such as human trafficking, sexual exploitation and child recruitment in armed groups. To address this situation, the Representation needed to implement interventions that prevent and respond to identified cases of GBV among PoCs and support coordination among key stakeholders.

25. The country did not have official GBV data and therefore the Representation conducted a risk assessment and identified the likelihoods of dominant forms of GBV as physical assault and domestic, psychological and emotional abuse as reflected in chart 1. This data did not include GBV affecting minors, nor could it be reconciled to partners' reports. The Representation was also unable to segregate GBV data by population groups and thus reported all results under the refugees and asylum seekers pillar, even when it related to Venezuelan nationals. This created challenges in stakeholders' understanding of the magnitude of the problem, the development of suitable strategies and assessment of programme effectiveness in preventing and responding to GBV over time.

Chart 1: Dominant forms of GBV



26. The Representation's GBV prevention and response activities were guided by the Cluster's standard operating procedures (SOPs). The SOPs included community awareness raising to increase reporting by survivors and prioritized GBV survivors in service delivery, e.g., under the shelter programme. The SOPs however needed updating to reflect the cessation of cash distribution to GBV survivors from 2019, following the Government's imposition of restrictions on the use of CBI.

27. The Representation's effectiveness in responding to GBV survivors' needs was impacted by:

- Partners primarily providing psycho-social support with minimal attention given to the safety, health and legal needs of survivors. Several reports highlighted limitations of the legal and judicial system in providing the required support to GBV survivors.

- The Representation not having a follow up mechanism especially for the many GBV survivors that were on the move. It was yet to form linkages with regional organizations that would provide support to GBV survivors on the move.
- Inadequate coordination arrangements with key sectors and agencies that would have supported the successful implementation of GBV programmes. The minutes of two GBV cluster meetings that were available covered administrative matters, i.e., scheduling meetings and agreeing the cluster budget. These meetings would otherwise provide a platform for reviewing the effectiveness of implemented programmes.

28. The Representation reported very high programme performance results, and this raised questions about the reasonableness of targets for 2020 and 2021. For instance, in 2021, it reached 4,794 persons with material assistance against a target of 66. Moreover, these exceptionally high outputs did not affect the related impact indicator. Despite reported widespread prevalence of GBV and challenges in response, the Representation did not identify risks related to GBV in the risk register and did not have a strategy to drive its prevention and response programmes and reinforce case management.

(4) The UNHCR Representation in Venezuela should develop a strategy for gender-based violence programmes across all persons of concern that strengthens prevention and response, case management, coordination and programme monitoring and reporting.

UNHCR accepted recommendation 4 and stated that the Representation would develop a strategy for gender-based violence (GBV) programmes covering all the relevant areas, including GBV prevention, risk mitigation, and response for refugees and asylum seekers. However, it informed that it would no longer perform case management as it has transferred it to another United Nations agency according to the agreed upon area of responsibility in the Humanitarian Response Plan.

C. Shelter and rehabilitation activities

Need to strengthen controls over identification of beneficiaries and construction activities

29. The Representation led the shelter cluster and implemented activities worth \$3.4 million in the period under audit. It primarily rehabilitated infrastructure for the benefit of the entire community and provided accommodation to PoCs with specific protection needs.

30. The Representation's shelter activities were informed by community-based needs assessments, but these were not supplemented with situational assessments of beneficiaries. For instance, despite the many PoC needs, the Representation used shelter funds to install synthetic grass worth \$83,659 in a sports field and renovated the Ombudsman's office (\$14,500) because the community asked for it. The Representation also did not involve local authorities in its planning of community projects, which created challenges once implementation was underway; some local governments also asked PoCs to pay to access premises that were renovated under the programme.

31. The Representation did not clarify who its targeted beneficiaries for shelter would be in 2021 and lacked criteria against which the most vulnerable people would be identified. It had in 2020 targeted 988 women and 231 indigenous people but did not have documentation evidencing that these targets were met. Its performance framework did not cover core activities such as the 234 refugee housing units and temporary shelters worth \$676,643 that were installed for the flood-affected persons. It also reported unreasonably high performance, which raised questions about the reasonableness of targets; for example, it claimed to have repaired 203 shelters in 2021 against a target of 28. Also, the data in FOCUS did not match the year-end narrative shelter report.

32. OIOS reviewed 23 constructions costing \$608,769 and identified opportunities to strengthen the controls aimed at safeguarding UNHCR resources:

- Unauthorized changes to scope of work - Partner justification and Representation approval were not in file for: scope changes in a contract worth \$222,000 (only three of the five planned structures were renovated); and additional costs amounting to \$13,556 for four projects.
- Delays in construction - Two projects costing \$66,000 that should have been completed in 2021 were not completed by August 2022. The Representation had not taken action to rectify the delays.
- Issues with payment – None of the contracts had provisions for security deposits or insurance clauses to guarantee the proper execution of the construction work. Payments were also made without an independent verification of progress and quality of works. The payment of \$14,750 for the Ombudsman’s office repairs was made to an individual and not the contracted company.
- Inadequate monitoring - The Representation’s Multi-Functional Team did not have the requisite technical competency to validate the quality of construction works.

33. The above issues were caused by the lack of proper controls over the implementation of shelter interventions by partners and the overall inadequate management of the shelter programme. Unless these weaknesses are addressed, vulnerable PoCs will not have access to quality shelters.

(5) The UNHCR Representation in Venezuela should: (i) develop, implement and monitor a shelter strategy, informed by a documented needs assessment; (ii) strengthen monitoring of partners implementing the shelter programme; and (iii) strengthen the performance management of the shelter programme.

UNHCR accepted recommendation 5 and stated that it would develop and implement a shelter strategy informed by the UNHCR participatory assessment and monitor its implementation.

D. Cash and in-kind assistance (including non-food items)

The use of CBI as a service modality was discontinued

34. The Representation’s cash assistance programme started in 2019 with a budget of \$1 million, when the Country Team under the HRP was scaling up the use of CBI as a service delivery modality. A Government directive stopped the CBI programme in that same year, by which time the Representation had spent \$856,872 of the \$1 million budget.

35. The Representation stated that it had stopped implementing CBI after the Government directive and had informed partners in 2020 not to use the cash payment modality. However, key planning documents, project partnership agreements, work plans and performance frameworks for six partners still referred to CBI in 2020 and 2021. Further, until 2021, indicators, targets and results for sectoral cash grants were listed in FOCUS. The Representation informed OIOS that these transactions were mistakenly listed under CBI instead of in-kind assistance.

Need to ensure NFIs reach intended beneficiaries and are properly accounted for

36. With CBI discontinued, the Representation spent \$6.1 million on in-kind assistance in the period under audit. However, in the absence of comprehensive records, i.e., signed distribution lists, distribution reports and consolidated records from field and sub-offices, the Representation was unable to account for the monies reported as spent. Partners did not have distribution reports that reflected their basis for selecting

beneficiaries and to confirm that NFIs reached intended beneficiaries. Thus, the Representation did not have assurance that the needs of key PoC groups were met, and that one-off assistance created the desired impact.

37. OIOS identified the following weaknesses:

- Partners did not have the names, identification numbers and signatures of people that that received medical assistance. There were also notable differences between the names and signatures of the 150 people who received hot meals between July and December 2020 and the payment vouchers. Hence, it was difficult to assess whether the support was provided to the intended beneficiaries.
- Partner staff who received debit cards of between \$35 to over \$400 to procure in-kind assistance did not account for the money received.
- Partners did not maintain proper records for NFIs distributed. For instance, they did not reconcile issued stock to distribution lists. In one instance, a partner could not account for up to 251 hygiene kits worth \$375,000.
- Except at the year-end, partners did not conduct stock verifications and reconciliations. This resulted in discrepancies between the inventory and the MSRP records; for example, a \$3.9 million difference was noted in March 2021, which was attributed to delays in processing delivery notes and stock requests.
- Four of the 6 field offices did not have distribution plans. When plans were available, partners did not follow them; e.g., one partner issued two kits instead of one to families with five members.
- One partner delegated distributions to a vendor that supplied the NFIs without prior approval of the Representation and without controls in place to ensure items reached intended beneficiaries.

38. The Representation had not conducted safety and security risk assessments in the Guasdalito warehouse and thus risks of fire, damage and theft remained unmitigated. The audit also noted in its virtual tour of five of the six MSRP warehouses that gaps identified in the Headquarters Supply Management Service Mission in March 2020 had not been addressed. These included (i) storing large quantities of highly inflammable items alongside other stock; (ii) inadequate storage with inventory stacks exceeding five layers, raising risks that stock will be damaged; and (iii) limited access to stocks due to the limited space between stacks.

39. The Representation also did not conduct real time monitoring to ensure that NFIs reached bona-fide beneficiaries and that no inventory was lost. Post-distribution monitoring only happened three times in 2020 and not at all in 2021. In the three cases, the monitoring was limited in: (i) coverage, i.e., it only covered 3 out of 86 communities (3 per cent) and (ii) scope, since it did not address beneficiary selection and distribution processes. This was a missed opportunity to confirm NFIs reached intended beneficiaries and met PoCs' protection needs.

40. The issues identified above reflected partners' limited capacity to implement activities, inadequate controls to safeguard UNHCR resources and a lapse in management's oversight over NFI processes. Additionally, the Representation had not provided guidance to partners on the management of NFIs except for the Maracaibo Field Office which had draft NFI SOPs in place. Thus, the risk that NFIs would not reach intended beneficiaries remained prevalent at the time of the audit.

<p>(6) The UNHCR Representation in Venezuela should strengthen the control environment over management of non-food items (NFIs) in compliance with relevant UNHCR policies by: (i) developing standard operating procedures to guide partners on related processes; and (ii) reinforcing monitoring of partner receipt, distribution and accountability for NFIs.</p>
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UNHCR accepted recommendation 6 and stated that the Representation was working on a related standard operating procedure which it would share with OIOS shortly.

E. Logistics and operations support

Need to strengthen controls over procurement

41. The Representation issued 2,114 local purchase orders (LPOs) worth \$17 million in the period under audit. To achieve best value for procurement, the Representation needed to plan, procure and manage contracts in accordance with UNHCR policies and procedures.

42. The Representation's annual procurement plans were not comprehensive, as they only reflected \$4.8 million of the \$9.2 million and \$7.6 million procured in 2020 and 2021 respectively. Sixty-five and 47 per cent of all purchases were conducted in the last couple of months of 2020 and 2021 respectively. Purchases were often not in line with the approved procurement plan and sometimes did not follow UNHCR policies and procedures.

43. The Representation had a database of 1,360 vendors but sought waivers to competition for medical supplies (\$542,504), street solar lights (\$294,750) and shutter resistant films (\$54,954). While sole sourcing the procurement of these goods, the Representation did not seek to obtain independent quotations to ensure the reasonableness of prices quoted. The audit also noted that the Representation sought ex-post-facto waivers from the Regional Committee on Contracts for the procurement of streetlights, medical supplies and hiring warehouses worth \$664,631, citing emergency as the justification for the exceptions. However, the audit found that 60 per cent of these purchases started towards the end of the year and/or when the items were required, and the request for ex-post-facto waiver was not appropriately justified.

44. The audit reviewed 38 POs worth \$5 million and identified the same issues as in OIOS previous audit:

- 40 purchases worth \$397,873 were made without purchase orders (POs), even though the individual amount in each case exceeded the \$4,000 threshold.
- The prescribed invitation to bid for procurement above \$40,000 was not complied with. The request for quotation was used instead, citing emergency as the main justification for the procurement of security services (\$44,222), resistant shutter film (\$54,954), transport (\$58,900), water tanks (\$68,519), and NFIs (\$59,020).
- Purchases of hammocks worth \$132,000 were split over two weeks to bypass the required procedures, thereby preventing volume discounts.
- Vendors were given only two to three weeks to prepare bids instead of the standard four weeks for purchases of water tanks (\$249,897), pallets (\$162,328) and flood lights (\$141,524).

45. The Local Committee on Contract did not identify the abovementioned breaches of procurement procedures. It also allowed contract extensions beyond the expiry date and without checking the quality-of-service delivery. For instance, it approved the contract for internet services for 12 months because the selected vendor was not ready to provide the services. This indicated the need for additional training to ensure that Committee members fulfil their oversight responsibilities and the Representation's procurement activities were compliant with UNHCR policies and procedures and achieved best value for money.

(7) The UNHCR Representation in Venezuela should develop reliable annual procurement plans, strengthen governance and oversight over procurement activities and ensure compliance with UNHCR procurement policies and procedures.

UNHCR accepted recommendation 7 and stated that the Representation would update the 2022 procurement plan and Teams Planner in line with the purchases made in 2022. It further stated that it would provide evidence of the training provided to the staff involved in the procurement process.

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) Anne Ochwo Rwego
Chief, UNHCR Audit Service
Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1.	The UNHCR Representation in Venezuela, in collaboration with the Regional Bureau for the Americas, should strengthen its strategic planning by: (i) evaluating its current programme and using the results to develop its multi-year multi-partner strategy; (ii) conducting the recommended risk assessments on the scaled operations and implementing actions to mitigate identified risks; and (iii) conducting proper needs assessments and formalizing criteria for identifying persons of concern for support.	Important	O	Receipt of documentary evidence of: (i) a multi-year strategy informed by an evaluation of the current UNHCR interventions in Venezuela; (ii) a report detailing assessed risks from the scale-up and actions to mitigate them; (iii) the results of participatory needs assessments and criteria for identifying PoCs to support.	30 June 2023
2.	The UNHCR Representation in Venezuela should strengthen the quality of its financial and programme data to ensure effective programme planning and monitoring and accounting for results.	Important	O	Receipt of documentary evidence that the revised programme framework assures quality of financial and programme data for effective programme planning and monitoring and accounting for results.	30 April 2023
3.	The UNHCR Representation in Venezuela, should strengthen its capacity to manage programme implementation by partners, by strengthening evidence-based decision-making on delegation to partners and partner performance monitoring.	Important	O	Receipt of documentary evidence of the actions taken to strengthen the management oversight over partners, including (i) comparative advantage and capacity assessments; and (ii) implementation of risk based monitoring plans.	30 April 2023
4.	The UNHCR Representation in Venezuela should develop a strategy for gender-based violence programmes across all persons of concern that strengthens prevention and response, case	Important	O	Receipt of documentary evidence of: (i) a gender-based violence strategy that would direct its prevention and response interventions; and (ii) evidence of the instituted mechanisms to monitor	30 June 2023

² Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

³ Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

⁴ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁵ Date provided by UNHCR in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
	management, coordination, and programme monitoring and reporting.			and report on programme activities across all persons of concern.	
5.	The UNHCR Representation in Venezuela should: (i) develop, implement and monitor a shelter strategy, informed by a documented needs assessment; (ii) strengthen monitoring of partners implementing the shelter programme; and (iii) strengthen the performance management of the shelter programme.	Important	O	Receipt of documentary evidence of: (i) a shelter and settlement strategy informed by a documented needs assessment; (ii) actions taken to strengthen the monitoring of the shelter programme implementation; (iii) mid and year-end reports reflecting changes made to performance frameworks.	30 June 2023
6.	The UNHCR Representation in Venezuela should strengthen the control environment over management of non-food items (NFIs) in compliance with relevant UNHCR policies by: (i) developing standard operating procedures to guide partners on related processes; and (ii) reinforcing monitoring of partner receipt, distribution and accountability for NFIs.	Important	O	Receipt of documentary evidence of: (i) standard operating procedures to guide partners on management of NFIs; (ii) action plan to strengthen monitoring of receipt, distribution and accounting for non-food items.	30 June 2023
7	The UNHCR Representation in Venezuela should develop reliable annual procurement plans, strengthen governance and oversight over procurement activities and ensure compliance with UNHCR procurement policies and procedures.	Important	O	Receipt of documentary evidence of: (i) a comprehensive annual procurement plan and (ii) instituted mechanisms to ensure that purchases are conducted in compliance with UNHCR procurement rules.	30 June 2023

APPENDIX I

Management Response

Management Response

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

Rec. no.	Recommendation	Critical ⁶ / Important ⁷	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
1.	The UNHCR Representation in Venezuela, in collaboration with the Regional Bureau for the Americas, should strengthen its strategic planning by: (i) evaluating its current programme and using the results to develop its multi-year multi-partner strategy; (ii) conducting the recommended risk assessments on the scaled operations and implementing actions to mitigate identified risks; and (iii) conducting proper needs assessments and formalizing criteria for identifying persons of concern for support.	Important	Yes, but please take note of our comments	(i) Deputy Representative (ii) Senior. Administration Officer (iii) Senior Protection Officer	(i) 30 June 23 (ii) 31 January 2023	(i) Venezuela accepts this recommendation with the understanding that “evaluating its current programme” is understood as “review of Venezuela 2023 strategy by the Bureau and incorporating their feedback in the multi-year strategy.” UNHCR will also provide its multi-year strategy accordingly. (ii) Accepted with the understanding that this recommendation is addressed by reviewing its current Risk Register in consultation with the Bureau Snr Risk Management & Compliance Advisor (already submitted to OIOS on 30 November 2022). UNHCR considers it closed as at 30 Nov 22, with submission to OIOS by e-mail of its revised current Risk Register in consultation with the Bureau Snr Risk Management & Compliance Advisor as well as the MFT and submission of the revised Risk Register. Furthermore, as advised by OIOS, Regional Bureau in collaboration

⁶ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

⁷ Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

Rec. no.	Recommendation	Critical ⁶ / Important ⁷	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						with the Representation in Venezuela will be conducting a risk assessment in 2023. Tentative implementation by June 2023. (iii) UNHCR will provide the result of the Annual 2022 Participatory Assessment conducted in line with UNHCR policy and guidance on Participatory Assessment.
2.	The UNHCR Representation in Venezuela should strengthen the quality of its financial and programme data to ensure effective programme planning and monitoring and accounting for results.	Important	Yes	Deputy Representative	30 April 2023	UNHCR accepts this recommendation with the understanding that it can be closed by UNHCR submission of its revised Results Based Framework developed by Venezuela MFT and reviewed by the Bureau.
3.	The UNHCR Representation in Venezuela, should strengthen its capacity to manage programme implementation by partners, by strengthening evidence-based decision-making on delegation to partners and partner performance monitoring.	Important	Yes	Deputy Representative	30 April 2023	UNHCR accepts this recommendation with the understanding that it can be closed by submission of Delegation of Procurement to Partners for the year 2023; financial verification reports and performance monitoring reports of the partners for the year 2022.
4.	The UNHCR Representation in Venezuela should develop a strategy for gender-based violence programmes across all persons of concern that strengthens prevention and response, case management, coordination, and programme monitoring and reporting.	Important	Yes	Senior Protection Officer	30 June 2023	UNHCR will provide the evidence as mentioned in the report related to points (i) and (ii). However, with respect (iii), UNHCR has recently signed a Letter of Understanding with UNFPA which, among other things, stipulates the transfer of responsibility to UNFPA on GBV case management regarding Venezuelan affected population

Rec. no.	Recommendation	Critical ⁶ / Important ⁷	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						within the Humanitarian Response Plan Area of Responsibility. Such AoR is led by UNFPA; UNHCR in the early years of the humanitarian situation had taken GBV case management as a last resort service provider, as UNFPA did not have presence in the field. UNHCR will continue to work on GBV prevention, risk mitigation and response for refugees and asylum seekers. UNHCR will monitor and report on prioritized programme related to concerned population group activities, as indicated in the revised protection strategy.
5.	The UNHCR Representation in Venezuela should: (i) develop, implement and monitor a shelter strategy, informed by a documented needs assessment; (ii) strengthen monitoring of partners implementing the shelter programme; and (iii) strengthen the performance management of the shelter programme.	Important	Yes	Deputy Representative	30 June 2023	UNHCR will provide the evidence as indicated in the report. UNHCR will develop, implement and monitor a shelter strategy based on UNHCR Participatory Assessment.
6.	The UNHCR Representation in Venezuela should strengthen the control environment over management of non-food items (NFIs) in compliance with relevant UNHCR policies by: (i) developing standard operating procedures to guide partners on related processes; and (ii) reinforcing monitoring of partner receipt, distribution and accountability for NFIs.	Important	Yes	Deputy Representative	30 June 2023	UNHCR will provide the evidence as mentioned in the report (the Representation is currently working on a related SOP).

Rec. no.	Recommendation	Critical ⁶ / Important ⁷	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
7	The UNHCR Representation in Venezuela should develop reliable annual procurement plans, strengthen governance and oversight over procurement activities and ensure compliance with UNHCR procurement policies and procedures.	Important	Yes	Supply Officer	30 June 2023	UNHCR accepts this recommendation with the understanding that the recommendation can be closed by provision of (i) the 2022 procurement plan updated according to all purchases made in 2022; (ii) updated Teams Planner in line with purchases made in 2022; and (iii) evidence that all concerned staff involved in the procurement process have completed the required e-learning trainings for procurement.