



INTERNAL AUDIT DIVISION

REPORT 2014/052

Audit of the operations of the Regional Office in South Africa for the Office of the United Nations High Commissioner for Refugees

Overall results relating to the effective management of UNHCR operations in South Africa and the Southern African region were initially assessed as partially satisfactory. Implementation of seven important recommendations remains in progress.

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

27 June 2014

Assignment No. AR2013/113/01

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AUDIT REPORT

Audit of the operations of the Regional Office in South Africa 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 Regional Office in South Africa for the Office of the United Nations High Commissioner for Refugees, (hereafter referred to as ‘the Regional Office’).

2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.

3. The Regional Office was responsible for the management of UNHCR operations in South Africa and oversight of UNHCR operations in the Southern African region. It was opened in Pretoria in 1996 to provide refugees with international protection and humanitarian assistance. Its two main roles were:

- Regional management, oversight, technical support and coordination for the UNHCR country operations in the Southern African region (Mozambique, Malawi, Zambia, Zimbabwe, Botswana, Angola, Namibia and South Africa); and
- Management of UNHCR operations in South Africa.

4. As of 31 December 2012, the population of concern in South Africa consisted of 295,675 refugees and asylum seekers mainly from Zimbabwe, Ethiopia, Somalia and the Democratic Republic of Congo. Refugees resided in the main urban areas such as Johannesburg, Pretoria, Cape Town, Durban and Port Elizabeth and there were no refugee camps. Refugees and asylum seekers had access to: labour markets; primary health care; specific categories of refugees had access to social grants; and children had access to education. The Regional Office provided on a need basis, assistance (housing, emergency medical care, income generating activities, and education support) to 16,000 persons in 2013.

5. The Regional Office worked with 18 implementing partners in 2011, 19 in 2012 and 12 in 2013. It was located in Pretoria, had two field offices in Cape Town and Musina, and had expenditures of \$11.8 million in 2012 and \$12.2 million in 2011. Its budget for 2013 was \$12.3 million. As at 1 July 2013, the Regional Office had 55 posts of which 18 were regional officer posts. From 1 January 2011 to 31 July 2013, it issued 648 purchase orders valued at \$1.8 million. At the end of December 2013, the Regional Office had 17 Property, Plant and Equipment (PPE) assets with a purchase value of \$417,000; and, 102 Serially Tracked Items (STI) assets with a purchase value of \$402,000.

6. Comments provided by UNHCR are incorporated in *italics*.

II. OBJECTIVE AND SCOPE

7. The audit was conducted to assess the adequacy and effectiveness of the Regional Office’s governance, risk management and control processes in providing reasonable assurance regarding **the effective management of UNHCR operations in South Africa and the Southern African region**.

8. This audit was included in OIOS 2013 risk-based annual work plan due to the risks identified in recent audits in relation to the management of UNHCR operations in the Southern African region. The last audit of the Regional Office was in 2007.

9. The key controls tested for the audit were: (a) risk management and strategic planning mechanisms; (b) project management; and (c) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Risk management and strategic planning mechanisms** – Controls that are designed to provide reasonable assurance that risks relating to the regional oversight and management role of the office are identified, assessed, and mitigated.

(b) **Project management** - Controls that are designed to provide reasonable assurance that there is accurate and complete monitoring and reporting of project activities.

(c) **Regulatory framework** - Controls that provide reasonable assurance that policies and procedures exist, are adequate and are effective.

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

11. OIOS conducted this audit from November 2013 to January 2014. The audit covered the period from 1 January 2011 to 30 November 2013.

12. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness. OIOS interviewed UNHCR and implementing partner staff, reviewed relevant documents including policies, guidelines and procedures, and data available from Managing for Systems, Resources and People¹ (MSRP) system. OIOS visited the UNHCR offices in Pretoria and Cape Town.

III. AUDIT RESULTS

13. The Regional Office governance, risk management and control processes examined were initially assessed as **partially satisfactory** in providing reasonable assurance regarding the **effective management of UNHCR operations in South Africa and the Southern African region**. OIOS made eight recommendations to address issues identified in the audit.

14. Risk management and strategic planning mechanisms were assessed as partially satisfactory as there was a need to ensure effective monitoring and oversight in the region by regional officers as required by the UNHCR Global Management Accountability Framework. There was also a need to establish work plans for regional officers to assist in addressing operational priorities and high risk areas in the region.

15. Project management was assessed as partially satisfactory as there was a need to establish a plan to collect profiling data of the population of concern in South Africa to enable effective needs assessment and programme planning. The Regional Office needed to develop criteria to ensure delivery of targeted assistance to vulnerable refugees. There was a need to establish a strategy for livelihoods support and

¹ The UNHCR enterprise resource planning system.

promote sustainable access to microfinance institutions for persons of concern and closely monitor partners implementing livelihood projects. The Regional Office needed to implement a risk-based approach for selection and retention of implementing partners. Lastly, there was a need for: a system for follow-up on recommendations made during financial verifications and in project audit reports; and to ensure that financial and performance monitoring were coordinated.

16. Regulatory framework was initially assessed as partially satisfactory as there was a need to fully comply with UNHCR procurement rules. The Regional Office took corrective action to comply with the rules.

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

Table 1
Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of UNHCR operations in South Africa and the Southern African region.	(a) Risk management and strategic planning mechanisms	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Project management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(c) Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Risk management and strategic planning mechanisms

Need to implement monitoring and oversight by the regional officers as required by the Global Management Accountability Framework

18. The UNHCR Global Management Accountability Framework establishes accountabilities, responsibilities and authorities (ARA) for a regional office in key functional areas like programme, supply management, protection and finance. The ARAs for a regional office require it to: (a) guide and monitor the implementation of regional and country operations plans throughout the region, applying a results-based management and multi-functional team approach; (b) provide support and guidance to all offices in the region in the areas of protection, programme, security, administration, human resources and finance as well as in technical sectors when such expertise is available; and (c) oversee the management of financial resources allocated to the region in accordance with policies, procedures, rules and regulations.

19. To effectively exercise regional functions, the terms of reference (TORs) for a regional officer require them to undertake regular assistance and monitoring missions to the countries they cover. During such mission travel, regional officers should provide quality control, oversight and monitor compliance of

processes and/or systems in the region. Upon completion of the mission, regional officers are required to write reports with recommendations on corrective actions as appropriate.

20. Interviews with 14 regional officers and review of monitoring reports prepared by regional staff showed that the regional officers did not:

- Adequately monitor the implementation of regional and country operations plans;
- Provide the required guidance and assistance to offices in the region in the areas of protection, programme, security, administration and human resources; and
- Provide the required level of oversight of the management of financial resources allocated to the region in accordance with policies, procedures, rules and regulations.

21. As a result, the impact of its oversight role was diminished and weaknesses persisted in several functional areas in the region. For example: (a) financial management was deficient since monthly accounts were not closed in a timely manner, four countries had not adequately followed up on reconciling items in bank reconciliations, and eight countries had a total of \$539,000 of outstanding receivables older than one year; (b) Supply chain management required improvement since six countries did not ensure that procurement over \$20,000 was always submitted to the LCC for approval, four countries had not implemented a vendor management system, four country operations did not comply with required procurement procedures for competitive bidding, and for eight countries 50 per cent of STIs with an acquisition value of \$1.1 million had not been verified; (c) programme management was weak in four countries since there was no regular follow up process of implementation of implementing partner audit recommendations; (d) human resources management was weak since the Regional Office had not ensured oversight of the staff learning plans for the countries in the region; and (e) The Regional Office was not aware whether offices in the region were Minimum Operating Security Standards (MOSS) compliant.

(1) The UNHCR Regional Office in South Africa should prepare and implement an action plan to provide systematic oversight of the countries in the region and to ensure that key controls are implemented as required for functional areas including finance, programme, human resources and supply chain management, protection and security.

The UNHCR Regional Office in South Africa accepted recommendation 1 and stated that preparation of oversight action plans for the Regional Office was in progress and would be finalized by the end of June 2014 after completion of the risk assessment. Recommendation 1 remains open pending receipt of action plans for systematic oversight of the countries in the region to ensure that key controls are implemented as required for functional areas.

Need to establish work plans for regional officers that addressed high risks

22. UNHCR rules require regional officers to develop their work plans using inputs from beneficiary offices to ensure that operational priorities are taken into account and that high risk areas receive adequate consideration. These work plans should include details of all planned missions as specialist assistance is primarily provided through field missions. UNHCR rules also stipulate that regional positions can only be considered regional when at least 25 per cent of the time of the concerned individuals is dedicated to countries other than the country where the position is located.

23. The Regional Office had not fully implemented regional officer work plan requirements and ensured that each plan addressed high risk areas. For example:

- Four out of the 18 regional officers in the office had no work plans for some important functional areas including supply management, administration, finance and information technology.
- The other regional officers' work plans were not focused on addressing high risks or operational priorities in the region. For example, the available work plans did not take into account operational weaknesses for example, the lack of professional staff in administration, finance, protection and supply in Botswana.
- The available work plans also did not contain specific details of missions to the region. As a result, there was no assurance that regional positions were implementing their regional responsibilities since at least 25 per cent of their time was expected to be dedicated to other countries in the region.

24. The main cause was a lack of management oversight to ensure that appropriate work plans were in place to address the risks and operational priorities in the region. The regional officers explained that work planning tended to be influenced by day to day issues and was not based upon a comprehensive assessment of risks and pressing country priorities.

(2) The UNHCR Regional Office in South Africa should ensure that regional officer work plans are focused on high risk areas and operational priorities, and indicate specific mission plans to countries.

The UNHCR Regional Office in South Africa accepted recommendation 2 and stated that the 2014 work and mission plans had been completed. These would be adjusted after the risk mapping exercise planned for end of June 2014. Recommendation 2 remains open pending receipt of work and mission plans focused on high risk areas and operational priorities.

B. Project management

Need for an action plan to register persons of concern

25. UNHCR rules in urban refugee situations require registration of persons of concern and state that this is a vital tool for protection, pursuit of durable solutions and facilitates the tasks of needs assessment, programme planning and budgeting. These rules also require UNHCR operations to record registration data in a standard registration system known as proGres, and including the data details of specific needs of the registered persons of concern to facilitate profiling of the population of concern.

26. The Regional Office had not taken adequate measures for the registration of population of concern, for example:

- The registration by the protection needs assessments covered only 2,000 persons since its introduction in 2012, which was less than 1 per cent of total population of concern of 295,675.
- During these protection needs assessments, proGress was not used for recording specific needs codes as required by the registration standards.

27. As a result, the Regional Office was not able to effectively use the registration information in proGres to assist with identifying specific needs, vulnerabilities and durable solutions for the population of concern.

28. The main cause for the above weakness was the lack of an action plan to implement protection needs assessments and to use registration and profiling data to facilitate protection, pursuit of durable solutions and programme planning.

(3) The UNHCR Regional Office in South Africa should develop an action plan to undertake protection needs assessments to collect relevant registration and profiling data on the population of concern, with the aim of facilitating protection activities, durable solutions and programme planning tasks.

The UNHCR Regional Office in South Africa accepted recommendation 3 and stated that the Age Gender and Diversity/Participatory Assessment (AGD/PA) was the primary tool for assessing protection needs of persons of concern (POCs) as well as program planning. The Protection Needs Assessment (PNA) complements the AGD/PA and was mostly beneficial in individual case assessments for targeted assistance, individual protection needs for protection interventions including resettlement and documentation. The plan of action for AGD and PNA would be implemented under the objective of strengthening community outreach and mobilization. Recommendation 3 remains open pending receipt of the action plan for Age, Gender and Diversity/Participatory Assessment as a tool for assessing the protection needs of persons of concern.

Need to develop criteria for providing assistance to refugees and asylum seekers

29. UNHCR rules in urban refugee situations require that UNHCR programmes target those persons of concern who are in most need of assistance based on vulnerabilities or other relevant criteria.

30. Although the Regional Office had started defining criteria in September 2013 and communicating them to its partners, these criteria were not specific enough to enable identification of the most vulnerable groups and individuals among the population of concern. As a result, the Regional Office and implementing partners could not demonstrate the effectiveness of the assistance programme and how they identified vulnerable groups or individuals most in need of assistance. For example, at one implementing partner, small business grants were provided quarterly to 15 persons of concern. However, the partner was unable to explain the criteria used in the process of selecting 15 beneficiaries from 200 applicants. Another partner provided sanitary materials to refugees and asylum seekers, but lacked selection criteria based on vulnerability or needs.

31. The Regional Office could not explain how it had achieved or intended to achieve one of its main programme objectives of providing targeted assistance to a limited number of persons of concern on the basis of vulnerability. Given the fact that the Government ensured access to education, health for most, social security for refugees and provided the right to work and freedom of movement in South Africa, the Regional Office assistance to persons of concern needed to be specifically targeted at those in most need, or based on gaps in the assistance provided by the Government.

32. The Regional Office was therefore at risk of providing its limited assistance to beneficiaries who might not be in most need of such assistance, resulting in less effective programme implementation.

(4) The UNHCR Regional Office in South Africa should define and implement clear and

specific criteria for selection of refugees and asylum seekers to ensure delivery of assistance to those in most need of it.

The UNHCR Regional Office in South Africa accepted recommendation 4 and stated that the Standard Operating Procedures (SOP) for social assistance were reviewed in March and a draft was shared with partners for their inputs. The SOPs provide guidelines for selection, prioritization and provision of social assistance by UNHCR and partners. The assistance targets the most vulnerable persons of concern, however due to limited resources, less than 2 per cent of the target population of 10% can be reached. The selection involved two steps; the general criteria in addition to the specific assistance criteria detailed under the various services / assistance packages as stipulated in the SOPs. The draft Community Services SOP would be finalized with Partners at the national implementing partner meeting in September / October 2014. Recommendation 4 remains open pending receipt of clear and specific criteria implemented by partners for selection of refugees and asylum seekers to ensure delivery of assistance to those in most need of it.

Need to review distribution of business grants and move towards micro financing

33. UNHCR rules for microfinance require that cash grants for livelihood activities should only be provided in very exceptional circumstances, such as in ongoing crisis situations with short term timeframes of up to one year. The UNHCR standard for livelihood support is microfinance projects, which aim to facilitate and promote sustainable access for persons of concern to services provided by microfinance institutions. UNHCR rules also require that access to microfinance should form part of a comprehensive livelihood-support strategy for UNHCR operations. Where such projects are implemented through partners, UNHCR needs to monitor such projects closely.

34. The Regional Office had been distributing business cash grants to persons of concern for several years instead of facilitating access to microfinance services. In 2012, 150 cash grants totalling \$131,000 were provided to beneficiaries through three implementing partners. The Regional Office did not undertake market research on microfinance institutions that could have provided a more sustainable livelihood support to the entire population of concern. The Regional Office also lacked a comprehensive livelihood-support strategy for the South Africa programme.

35. The Regional Office also did not properly supervise and monitor partners implementing livelihood projects and as a result, the impact and success rate of business grants given could not be determined. The Regional Office did not ensure that implementing partners dispensing business grants were able to report on whether the businesses supported by the cash grants in 2012 were still operational, and whether they provided sustainable livelihood opportunities for beneficiaries. These implementing partners could not provide appropriate reports on the follow up, success rate and effectiveness of business cash grants given. One implementing partner explained that 35 out of the 53 (66 per cent) business cash grants given in 2013, with a budget of \$23,000, were still operational businesses at the time of the audit. There was no documentary evidence to support this. As a result, the impact of providing 150 business grants for the population of concern could not be adequately demonstrated.

(5) The UNHCR Regional Office in South Africa should: establish a strategy for livelihoods support; promote sustainable access to microfinance institutions for persons of concern; review the effectiveness of providing business cash grants; and closely monitor partners implementing livelihood projects.

The UNHCR Regional Office in South Africa accepted recommendation 5 and stated the Regional Office had secured a Senior Regional Livelihood position within the framework of a Headquarters initiative – the Capacity Building Initiative. The position would be filled by September 2014.

Through this position the Region would have technical expertise to adequately and appropriately address the issues raised in the recommendation, not only for South Africa but for the Southern Africa Region as a whole. The Senior Regional Livelihoods Officer would elaborate a Regional Livelihood Strategy based on assessments to be undertaken by the incumbent, this would include promotion of sustainable access to micro-finance institutions across the region, including South Africa. Recommendation 5 remains open pending receipt of a strategy for livelihood support which promotes access to microfinance institutions and evidence of review of the effectiveness of the business cash grant programme.

Need to implement risk based approach to justify the selection and retention of implementing partners

36. UNHCR rules require that the annual process for selection and retention of implementing partners should be conducted through a risk-based approach utilizing tools such as audit reports and financial verifications to assess past performance. Furthermore, UNHCR should not only use the Implementing Partner Checklist, but also criteria related to the added value, justifiable cost benefit, and expected impact of the work of the implementing partner. UNHCR rules also require that the choice of an implementing partner should be the result of a concerted analysis by all units (programme, protection, finance and sectorial specialists) and recommendations should be properly documented and retained on the respective sub-project files. Potential partners must be willing to adhere to the UNHCR rules and procedures and should be able to demonstrate that they have successfully implemented similar programmes effectively in the past.

37. For 2011 and 2012, there was no evidence that the Regional Office complied with the rules on selection and retention of partners. Whilst the Regional Office had established an Implementing Partner Management Committee (IPMC) in 2013, there was no evidence that it had used a risk based partner selection approach and assessed prior performance, cost benefits and willingness of partners to adhere to UNHCR rules. The Protection Unit had not attended any of the meetings of the IPMC which was important for assessing risks involved in selecting partners for legal projects.

38. The Regional Office did not assess the negative impact on the achievement of planned results as a result of entering into agreements with partners that were not best suited for a given operation or risks arising from mismanagement or loss of resources. For example, a partner who had received a qualified audit report in 2012, was assigned in 2013 under the umbrella of another implementing partner, however, the managing implementing partner was not capable of coping with this additional responsibility. Three partners were entrusted with procurements aggregating to \$100,000 without assessing their capacity to undertake such procurement on a competitive basis.

39. The main reason for not implementing the required procedures for a risk based approach for the selection and retention of partners was the lack of management oversight.

(6) The UNHCR Regional Office in South Africa should strengthen management oversight of partner selection and retention by: (a) implementing a risk based approach to select and retain partners; (b) ensuring that all relevant units are represented in the Implementing Partner Management Committee.

The UNHCR Regional Office in South Africa accepted recommendation 6 and stated that the Regional Office had fully implemented the new policy on partner selection and retention in the second half of 2013. The IPMC composed of multifunctional team (MFT) was established and the 2014 implementing partners had been selected through a transparent call for proposals and through a well-documented risk-based assessment which was in specific files established for this purpose. The multifunctional team regularly monitored the implementation of these partners. Based on the

findings of the MFT, quarterly meetings of the IPMC are scheduled. To date, no issue was identified that needed the attention of the IPMC. IPMC would assess the performance of the partners in July as part of its regular tasks. Recommendation 6 remains open pending receipt of supporting evidence for risk assessments conducted to support the selection and retention of 2014 implementing partners.

Need to coordinate financial and performance monitoring and follow up on findings of monitoring activities

40. Offices are required by UNHCR rules to verify expenditures incurred by implementing partners before they record them in MSRP. UNHCR monitoring activities have the specific and primary purpose to establish, on an ongoing basis, that planned results and outputs were achieved and resources used for the intended purposes. Financial monitoring needs to have a direct link to performance monitoring in order to be meaningful. UNHCR rules require that during the course of financial monitoring, the project control team also follows-up on implementing partner project audit recommendations.

41. The Regional Office had not ensured that implementing partner expenditures were adequately verified before they were accepted because the findings in the financial monitoring reports were not always followed up before approving and recording the expenditures. For example:

- During its financial monitoring visit at one implementing partner in the first quarter of 2012, UNHCR staff had highlighted weaknesses in controls and that distribution of food parcels could not be accounted for. However this issue had not been followed up internally and did not result in timely corrective action.
- The UNHCR team that conducted financial monitoring did not adequately follow up on an external audit report dated 30 April 2013 which stated that an estimated \$468,000 could not be adequately accounted for relating to distribution of goods and assistance to beneficiaries.
- Furthermore, monitoring had not taken place in a coordinated manner between UNHCR staff assigned responsibility for financial monitoring and UNHCR staff responsible for performance monitoring tasks. The Regional Office therefore did not fully link expenditures with achievement of project objectives.

42. This occurred because the Regional Office lacked a system to effectively follow up on its own monitoring findings and on the recommendations in the implementing partner project audit reports. In addition, the Representation lacked a plan to ensure that financial and performance monitoring was carried out in a coordinated manner.

(7) The UNHCR Regional Office in South Africa should implement mechanisms for: (a) following up recommendations in financial monitoring reports and implementing partner audit reports; and (b) coordinating financial and performance assessments of activities undertaken by implementing partners.

The UNHCR Regional Office in South Africa accepted recommendation 7 and stated that : (a) Audit follow up plans had been drafted and shared with partners. All recommendations from the 2013 implementing partner audit reports had been discussed with partners and would be included in financial verification reports. Implementation of the recommendations would be monitored and documented during joint performance monitoring and financial verification visits. (b) Multi-functional team consisting of Programme, Protection, Community Services and Project control units

had been established in January 2014. Nine joint (monitoring/verification) visits had been conducted as at 30 May 2014. Recommendation 7 remains open pending receipt of supporting documentation for expenditures of \$468,000 incurred by a partner on assistance to beneficiaries.

C. Regulatory framework

Action was taken to comply with procurement rules and obtain approval from the Local Committee on Contracts

43. UNHCR rules require the submission of procurement cases with values in excess of \$20,000 to the relevant committee on contracts for review and approval. These also require field operations to establish annual procurement plans.

44. The Regional Office had not obtained required approval from the Local Committee on Contracts (LCC) for several purchase orders including 13 contracts with a total value of \$292,000 (17 per cent of total procurement). The concerned purchases were for communication services, travel and conference services, security and lease agreements. For 73 per cent of this procurement aggregating to \$212,000, there was also no evidence that competitive bidding had been conducted. Therefore, there was a risk that the Regional Office had not obtained value for money. Furthermore, the Regional Office did not prepare annual procurement plans to forecast its procurement and keep track of its procurement activity.

45. The main reason was a lack of planning as contracts had not been monitored effectively for their expiration date. These contracts had either been continued without a signed agreement or a new agreement was signed without re-tendering and LCC approval.

(8) The UNHCR Regional Office in South Africa should: (a) establish a system for preparing annual procurement plans; and (b) implement controls to ensure that all purchase orders and contracts over \$20,000 are approved by the Local Committee on Contracts.

The UNHCR Regional Office in South Africa accepted recommendation 8 and stated that the 2014 annual procurement plan had been established for the administrative budget. No program procurement was envisaged for 2014 and therefore no procurement plan had been established. Implementation of control measures for purchases over \$20,000 were in place and approved by the Local Committee on Contracts (LCC). Outcome of the on-going tenders for goods and services would also be submitted to the LCC for approval once finalized. Additionally, an oversight plan for the Regional Supply unit had been developed to monitor country offices' procurements. Based on the action taken by the Regional Office, recommendation 8 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) David Kanja
Assistant Secretary-General for Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of the operations of the Regional Office in South Africa for the Office of the United Nations High Commissioner for Refugees

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	The UNHCR Regional Office in South Africa should prepare and implement an action plan to provide systematic oversight of the countries in the region and to ensure that key controls are implemented as required for functional areas including finance, programme, human resources and supply chain management, protection and security.	Important	O	Receipt of action plans for systematic oversight of the countries in the region to ensure that key controls are implemented as required for functional areas.	30 June 2014
2	The UNHCR Regional Office in South Africa should ensure that regional officer work plans are focused on high risk areas and operational priorities, and indicate specific mission plans to countries.	Important	O	Receipt of work and mission plans focused on high risk areas and operational priorities.	30 June 2014
3	The UNHCR Regional Office in South Africa should develop an action plan to undertake protection needs assessments to collect relevant registration and profiling data on the population of concern, with the aim of facilitating protection activities, durable solutions and programme planning tasks.	Important	O	Receipt of the action plan for Age, Gender and Diversity/Participatory Assessment as a tool for assessing the protection needs of persons of concern	31 December 2014
4	The UNHCR Regional Office in South Africa should define and implement clear and specific criteria for selection of refugees and asylum seekers to ensure delivery of assistance to those in most need of it.	Important	O	Receipt of clear and specific criteria implemented by partners for selection of refugees and asylum seekers to ensure delivery of assistance to those in most need of it.	31 October 2014
5	The UNHCR Regional Office in South Africa	Important	O	Receipt of a strategy for livelihood support	30 September 2014

² Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

³ Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

⁴ C = closed, O = open

⁵ Date provided by the Regional Office in South Africa in response to recommendations

STATUS OF AUDIT RECOMMENDATIONS

Audit of the operations of the Regional Office in South Africa for the Office of the United Nations High Commissioner for Refugees

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
	should: establish a strategy for livelihoods support; promote sustainable access to microfinance institutions for persons of concern; review the effectiveness of providing business cash grants; and closely monitor partners implementing livelihood projects.			including access to microfinance institutions and completion of review of the effectiveness of the business cash grant programme.	
6	The UNHCR Regional Office in South Africa should strengthen management oversight of partner selection and retention by: (a) implementing a risk based approach to select and retain partners; (b) ensuring that all relevant units are represented in the Implementing Partner Management Committee.	Important	O	Receipt of supporting evidence for risk assessments conducted to support the selection and retention of 2014 implementing partners.	30 September 2014
7	The UNHCR Regional Office in South Africa should implement mechanisms for: (a) following up recommendations in financial monitoring reports and implementing partner audit reports; and (b) coordinating financial and performance assessments of activities undertaken by implementing partners.	Important	O	Receipt of supporting documentation for expenditures of \$468,000 incurred by a partner on assistance to beneficiaries.	30 June 2014
8	The UNHCR Regional Office in South Africa should: (a) establish a system for preparing annual procurement plans; and (b) implement controls to ensure that all purchase orders and contracts over \$20,000 are approved by the Local Committee on Contracts.	Important	C	Action taken	Implemented

APPENDIX I

Management Response

Management Response

Audit of the operations of the Regional Office in South Africa for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendations	Critical ⁶ / Important ⁷	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Regional Office in South Africa should prepare and implement an action plan to provide systematic oversight of the countries in the region and to ensure that key controls are implemented as required for functional areas including finance, programme, human resources and supply chain management, protection and security.	Important	Yes	Regional Representative	30 June 2014	Preparation of oversight Action plans for UNHCR RO South Africa (ROSA) is in progress and will be finalized by the end of June 2014 after the risk assessment is completed.
2	The UNHCR Regional Office in South Africa should ensure that regional officer work plans are focused on high risk areas and operational priorities, and indicate specific mission plans to countries.	Important	Yes	Regional Representative	30 June 2014	The 2014 Work and Mission plans are completed. They will be adjusted after the risk mapping exercise that is being planned for end of June 2014.
3	The UNHCR Regional Office in South Africa should develop an action plan to undertake protection needs assessments to collect relevant registration and profiling data on the population of concern, with the aim of facilitating protection activities, durable solutions and programme planning tasks.	Important	Yes	Deputy Regional Representative (Protection)	Implemented (Dec 2013/Feb 2014)	The Age Gender and Diversity/Participatory Assessment (AGD/PA) is the primary tool for assessing protection needs of persons of concern (POCs) as well as program planning. The Protection Needs Assessment (PNA) complements the AGD/PA and is mostly beneficial in; individual case assessments for targeted assistance, individual protection needs

⁶ Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

⁷ Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Management Response

Audit of the operations of the Regional Office in South Africa for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendations	Critical ⁶ / Important ⁷	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>for protection interventions including resettlement and documentation.</p> <p>The plan of action for AGD and PNA will be implemented under the objective of strengthening community outreach and mobilization.</p> <p>It should be noted that the PNA cannot be used to provide registration and profiling data on POCs. The government of South Africa is fully responsible for registration of refugees. The proGres registration conducted by UNHCR during its intakes with refugees is used essentially for case management.</p>
4	The UNHCR Regional Office in South Africa should define and implement clear and specific criteria for selection of refugees and asylum seekers to ensure delivery of assistance to those in most need of it.	Important	Yes	Deputy Regional Representative (Protection)	October 2014	The Standard Operating Procedures for social assistance were reviewed in March and a draft was shared with partners for their inputs. The SOPs provide guidelines for selection, prioritization and provision of social assistance by UNHCR and partners. The assistance targets the most vulnerable persons of concern, however due to limited resources, less than 2% of the target population of 10% can be reached. The selection involves two steps; the general criteria in addition to the specific assistance criteria detailed under the various services / assistance packages as stipulated in the SOPs. The draft Community Services SOP will be

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						finalized with Partners at the national IP meeting in September / October 2014.
5	The UNHCR Regional Office in South Africa should: establish a strategy for livelihoods support; promote sustainable access to microfinance institutions for persons of concern; review the effectiveness of providing business cash grants; and closely monitor partners implementing livelihood projects.	Important	Yes	Assistant Regional Representative (Programme) & Programme Officer	September 2014	The Regional Office in Pretoria has secured a Senior Regional Livelihood position within the framework of a Headquarters initiative – the Capacity Building Initiative. The position is to be filled by September 2014. Through this position the Region will have technical expertise to adequately and appropriately address the issues raised in the recommendation, not only for South Africa but for the Southern Africa Region as a whole. The Senior Regional Livelihoods Officer will elaborate a Regional Livelihood Strategy based on assessments to be undertaken by the incumbent, this will include promotion of sustainable access to micro-finance institutions across the region, including South Africa.
6	The UNHCR Regional Office in South Africa should strengthen management oversight of partner selection and retention by: (a) implementing a risk based approach to select and retain partners; (b) ensuring that all relevant units are represented in the Implementing Partner Management Committee.	Important	Yes.	Programme Officer	Implemented	The Regional Office has fully implemented the new policy on partner selection and retention in the second half of 2013. The IPMC composed of multifunctional team (MFT) was established and the 2014 implementing partners have thus been selected through a transparent call for proposals and through a risk-based assessment which is well documented in specific files established for this purpose. The

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						multifunctional team is regularly monitoring the implementation of these partners. Based on the findings of the MFT, quarterly meetings of the IPMC are scheduled. To date, no issue was identified that needed the attention of the IPMC. IPMC will assess the performance of the partners in July as part of its regular tasks.
7	The UNHCR Regional Office in South Africa should implement mechanisms for: (a) following up recommendations in financial monitoring reports and implementing partner audit reports; and (b) coordinating financial and performance assessments of activities undertaken by implementing partners.	Important	Yes	Senior Regional Project Control Officer	June 2014	Regional Perspective: Capacity within the region is being built through missions and training on UNHCR programme & project control to be conducted in June 2014 and to be attended by selected staff from all offices. The Implementing Partnership Management Service at Headquarters is also in process to prepare guidance notes on these matters that will be disseminated to the field once finalised.
			Yes	Associate Programme Officer	June 2014	South Africa Operation : (a) Audit follow up plans have been drafted and shared with partners. All recommendations from the 2013 implementing partner audit reports have been discussed with partners and will be included in financial verification reports. Implementation of the recommendations will be monitored and documented during joint performance monitoring and

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			Yes		January 2014	<p>financial verification visits.</p> <p>(b) Multi-functional team consisting of Programme, Protection, Community Services and Project control units have been established in January 2014. Nine joint (monitoring/verification) visits have been conducted as at 30 May 2014.</p>
8	<p>The UNHCR Regional Office in South Africa should: (a) establish a system for preparing annual procurement plans; and (b) implement controls to ensure that all purchase orders and contracts over \$20,000 are approved by the Local Committee on Contracts.</p>	Important	Yes	Regional Supply Officer	<p>a) January 2014</p> <p>b) Implementation on-going, and will be for the rest of the year.</p>	<p>a) Part (a) of the recommendation has been implemented. A 2014 annual procurement plan established for the ABOD. No program procurement was envisaged for 2014 therefore no procurement plan was established.</p> <p>b) Implementation of control measures for purchases over \$20,000 are already in place and approved by the Local Committee on Contracts (LCC). Outcome of the on-going tenders for goods and services will also be submitted to the LCC for approval once finalized.</p> <p>Additionally, an oversight plan for the Regional Supply unit has been developed to monitor country offices' procurements.</p>