



## INTERNAL AUDIT DIVISION

### REPORT 2014/158

---

Audit of the management of the Sudan Common Humanitarian Pipeline project by the Office of the United Nations High Commissioner for Refugees

Overall results relating to management of the Sudan Common Humanitarian Pipeline project were initially assessed as unsatisfactory. Implementation of one important recommendation remains in progress.

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

29 December 2014  
Assignment No. AR2014/115/01

# CONTENTS

	<i>Page</i>
I. BACKGROUND	1
II. OBJECTIVE AND SCOPE	1-2
III. AUDIT RESULTS	2-5
A. Strategic planning	3
B. Project management	4-5
IV. ACKNOWLEDGEMENT	5
ANNEX I      Status of audit recommendations	
APPENDIX I   Management response	

# AUDIT REPORT

## **Audit of the management of the Sudan Common Humanitarian Pipeline project by 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 management of the Sudan Common Humanitarian Pipeline project by the Office of the United Nations High Commissioner for Refugees (UNHCR)
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. The Common Humanitarian Pipeline project (hereinafter referred to as ‘the Project’) was managed by the UNHCR Representation in Sudan (hereinafter referred to as ‘the Representation’). The Project started in 2004 in Darfur as a logistics and programme solution to efficiently provide non-food items (NFIs) and emergency shelters to the population affected by the Darfur crisis. On 1 April 2012, it was transferred from the World Food Programme to UNHCR, which is the Global Cluster Lead for Emergency Shelter and Non-Food Items for Internally Displaced Persons.
4. The Project is under the overall management of the Head of Operations in the UNHCR Darfur Field Office of El Fasher, with support from the Representation in Khartoum. The management of the Project includes fundraising for the Project, procurement of NFIs and delivery of the NFIs first to the El Obeid warehouse and the three UNHCR offices in Darfur (Sub Office El Geneina, Field Office El Fasher and Field Office Nyala) and then from there to the final distribution points.
5. UNHCR currently uses two implementing partners in the implementation of the Project, namely the United Nations Office for Projects Services and the Catholic Relief Services. Until June 2013, the International Organization for Migration was also an implementing partner. The Project’s expenditure for the year ended 31 December 2013 was \$7.2 million against a budget of \$7.8 million. As at January 2014, the Project had 28 authorized posts of which only one post, for a storekeeper in El Obeid, was vacant. At the time of the audit, the Project had assets consisting of 17 vehicles, four generators and 271 serially tracked items.
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 UNHCR governance, risk management and control processes in providing reasonable assurance regarding the **effective management of the Common Humanitarian Pipeline project by the UNHCR Representation in Sudan**.
8. The audit was included in the 2014 risk based internal audit work plan for UNHCR due to the risks associated with the implementation of the Project in remote areas of Sudan with the involvement of multiple parties.

9. The key controls tested for the audit were: (a) strategic planning; and (b) project management. OIOS defined these key controls as follows:

(a) **Strategic planning** - controls that provide reasonable assurance that strategic planning arrangements related to the Common Humanitarian Pipeline project are in compliance with relevant rules, regulations and policies.

(b) **Project management** - controls that provide reasonable assurance that there is accurate and complete monitoring and reporting of project activities

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

11. OIOS conducted the audit from January to April 2014. The audit covered the period from 1 April 2012 to 31 March 2014. The audit included a field trip to the UNHCR Sub Office in El Geneina.

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.

### III. AUDIT RESULTS

13. The UNHCR governance, risk management and control processes examined were initially assessed as **unsatisfactory**<sup>1</sup> in providing reasonable assurance regarding the **effective management of the Common Humanitarian Pipeline project by the UNHCR Representation in Sudan**. OIOS made three recommendations to address issues identified in the audit.

14. Strategic planning was assessed as partially satisfactory because there was a need to develop a multi-year strategic plan for the Project. Project management was assessed as unsatisfactory because there was a critical need to strengthen the arrangements for monitoring the Project. In addition, there was a need to establish realistic and achievable benchmark indicators for the distribution of non-food items and emergency shelter materials.

15. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **partially satisfactory**<sup>2</sup> as the implementation of one important recommendation remains in progress.

---

<sup>1</sup> A rating of “unsatisfactory” means that one or more critical and/or pervasive important deficiencies exist in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

<sup>2</sup> A rating of “partially satisfactory” means that important (but not critical or pervasive) deficiencies exist in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review

Table 1  
Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of the Common Humanitarian Pipeline project by the UNHCR Representation in Sudan	(a) Strategic planning	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Project management	Unsatisfactory	Unsatisfactory	Unsatisfactory	Unsatisfactory
<b>FINAL OVERALL RATING: PARTIALLY SATISFACTORY</b>					

### A. Strategic planning

#### Need to develop a multi-year strategic plan for the Project

16. The Representation had not prepared a multi-year strategic plan to document the long-term strategic objectives for the Project, as required by UNHCR rules. Only work plans were prepared identifying the annual requirements for Darfur and the rest of Sudan respectively. Such annual plans should have been linked to a strategic three to five year plan documenting the long-term strategic objectives for sustainable, durable and appropriate interventions under the Project.

17. As a result, the Project's staffing and funding approaches were not properly coordinated and harmonised as part of an overall project strategy, which would have created an accountability framework for implementation and provided a budgetary framework for donors who were funding the Project. The Representation was only able to source funding on an annual basis which affected the long-term sustainability of the Project. This shortcoming was attributed to limited involvement by the Representation's senior management in the strategic planning for the Project.

**(1) The UNHCR Representation in Sudan should develop, with senior management involvement, a multi-year strategic plan for the Common Humanitarian Pipeline project to document its long-term strategic objectives.**

18. *The Representation partially accepted recommendation 1 and stated that the multi-year strategic plan for the Project was already an integral part of the UNHCR Engagement Strategy for Darfur 2014-2015 (Priority number 2: Enhancing emergency response to new displacement). However, the Representation's ability to deliver on the planned strategy was contingent, inter alia, on the secured access for international staff to Darfur and the availability of funding. To ensure effective coordination of the emergency protection response with focal points from different organisations, offices, clusters, sections and locations, comprehensive standard operating procedures would be established. The gradual mainstreaming of the Project into UNHCR programme activities would be completed in 2015. Recommendation 1 remains open pending receipt of the approved strategic plan for the Project which comprehensively documents the Representation's long-term strategic objectives for the Project, as well as the related accountability arrangements and funding requirements.*

## B. Project management

### Need to strengthen project monitoring arrangements

19. The Representation did not conduct monitoring of the Project on a continuous basis, as required by the UNHCR rules. There was no monitoring plan and no documentary evidence of any form of monitoring having taken place for the Project in 2012. In 2013, a monitoring consultant was hired on a short-term basis for the Project. He produced a report on his work dated 3 November 2013, citing access restrictions affecting the monitoring of the Project.

20. A partner implementing a transitional shelter project for UNHCR with a 2013 budget of \$277,749 and with an objective of reducing beneficiaries' dependency on emergency assistance reported 90 per cent of the 300 shelters as having been completed. However, the Representation's programme and project staff in West Darfur had not conducted any monitoring of these construction activities. The remote monitoring tool (via a Google Application) being used in North Darfur, which could have provided the Representation with some assurance regarding the quality of construction and the number of shelters completed, had also not been used in any of the other locations. The implementing partner did not provide monthly progress reports. Instead, only one report for the period 15 April-15 August 2013 was available. The partner also did not publish reports, photographs or other documentation on the sector website as specified in the implementing partner agreement. As a result, the Representation did not have the means to assess whether project activities were being achieved and the project funds were spent on the intended purposes.

**(2) The UNHCR Representation in Sudan should strengthen monitoring of the Common Humanitarian Pipeline project by assigning the related responsibilities to a project monitoring focal point and developing a formal plan and procedures for monitoring the project activities, including through the use of remote monitoring to complement on-site monitoring.**

21. *The Representation accepted recommendation 2 and stated that the project monitoring focal point was assigned as of 1 December 2014. The focal point's functions included the requirement to extend the use of the remote monitoring tool. The Representation was using a Project Post Distribution Monitoring form for data collection and uploading into the Google remote monitoring database. In addition, a telecommunication system was in place with beneficiaries to register service delivery failures through the United Nations Office for the Coordination of Humanitarian Affairs. Based on the action taken and the documentation provided by the Representation, recommendation 2 has been closed.*

### Need to put in place indicators for distribution of non-food items and emergency shelter materials

22. The UNHCR Practical Guide to the Systematic Use of Standards and Indicators promotes the use of realistic and achievable indicators in UNHCR operations. This also pertains to the distribution of emergency assistance. The use of such indicators enables objective assessments of the quality of distribution to be made against established benchmarks. These assessments can thereafter be used to bring UNHCR programmes up to acceptable standards where gaps exist.

23. The procedures in place for distribution of NFIs and emergency shelter materials as part of the Project did not include quantitative and qualitative benchmark indicators. As a result, the Representation could not measure how efficient, effective and economical the distribution process was or assess the quality of NFIs and shelter materials distributed. This control deficiency happened because the Representation's staff was not aware of the UNHCR guidelines regarding the use of indicators in distribution activities.

**(3) The UNHCR Representation in Sudan should provide training to staff involved in the Common Humanitarian Pipeline project on the use of standards and indicators in distribution activities and establish realistic and achievable benchmarks for the distribution of non-food items and emergency shelter materials.**

24. *The Representation accepted recommendation 3 and stated that meetings, discussions, coaching, and sessions with partners were being conducted on a regular basis for capacity building on the use of standards and indicators. Indicators and benchmarks were established for monitoring. The distribution partners provided distribution reports and conducted post distribution monitoring with the Representation's project staff. The new project monitoring focal point was tasked with ensuring that the deadlines for distribution and monitoring reports were adhered to by the partners. The monthly response reports informed on distributions conducted and were circulated widely to donors, partners, other agencies and within UNHCR. Based on the action taken and the documentation provided by the Representation, recommendation 3 has been closed.*

#### **IV. ACKNOWLEDGEMENT**

25. OIOS wishes to express its appreciation to the Management and staff of the UNHCR Representation in Sudan 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 management of the Sudan Common Humanitarian Pipeline project by the Office of the United Nations High Commissioner for Refugees**

Recom. no.	Recommendation	Critical <sup>3</sup> / Important <sup>4</sup>	C/ O <sup>5</sup>	Actions needed to close recommendation	Implementation date <sup>6</sup>
1	The UNHCR Representation in Sudan should develop, with senior management involvement, a multi-year strategic plan for the Common Humanitarian Pipeline project to document its long-term strategic objectives.	Important	O	Submission to OIOS of the approved strategic plan for the Project which comprehensively documents the Representation's long-term strategic objectives for the Project, as well as the related accountability arrangements and funding requirements.	31 December 2014
2	The UNHCR Representation in Sudan should strengthen monitoring of the Common Humanitarian Pipeline project by assigning the related responsibilities to a project monitoring focal point and developing a formal plan and procedures for monitoring the project activities, including through the use of remote monitoring to complement on-site monitoring.	Critical	C	Action completed	Implemented
3	The UNHCR Representation in Sudan should provide training to staff involved in the Common Humanitarian Pipeline project on the use of standards and indicators in distribution activities and establish realistic and achievable benchmarks for the distribution of non-food items and emergency shelter materials.	Important	C	Action completed	Implemented

<sup>3</sup> 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.

<sup>4</sup> 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.

<sup>5</sup> C = closed, O = open

<sup>6</sup> Date provided by UNHCR in response to recommendations.



# **APPENDIX I**

## **Management Response**

## Management Response

**Audit of the management of the Sudan Common Humanitarian Pipeline project by the  
Office of the United Nations High Commissioner for Refugees**

Rec. no.	Recommendation	Critical <sup>7</sup> / Important <sup>8</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Representation in Sudan should develop, with senior management involvement, a multi-year strategic plan for the Common Humanitarian Pipeline project to document its long-term strategic objectives.	Important	Partially	1) Snr. Programme Officer KRT under the direct accountability of Deputy Representative 2) Pending Arrival of Head of Darfur Operation	31 December 2014	<p>The multi-year strategic plan for the Common Humanitarian Pipeline (CHP) project is an integral part of the Darfur Engagement Strategy (Priority number 2: Enhancing emergency response to new displacement – Protection and ES/NFIs (paragraph 10) through a partnership with the Ministry of Social Affairs (MoSA) which foresees the joint establishment of the Emergency Response Teams (ERT).</p> <p>The ERT will consist of MoSA, Protection partners and UNAMID, and provide immediate assistance for new IDPs including through the distribution of community emergency kits and other medical, psychosocial and material assistance for extremely vulnerable individuals at the early stage of displacement.</p> <p>UNHCR will develop a systematic coordination mechanism with UNAMID and provide guidance for effective protection response.</p> <p>There are thus strategic linkages of the</p>

<sup>7</sup> 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.

<sup>8</sup> 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 management of the Sudan Common Humanitarian Pipeline project by the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>7</sup> / Important <sup>8</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>CHP to the UNHCR's Protection Sector Lead role, which promotes greater coordination and responsibility sharing with the UNCT and UNAMID.</p> <p>To ensure effective coordination of the emergency protection response, comprehensive Standard Operational Procedures (SOP) will be established. The SOP will allow the focal points from different organisations, offices, clusters, sections and locations to take harmonised actions.</p> <p>The ability of UNHCR to deliver on the planned strategy is contingent on the secured access for international staff to Darfur; no additional responsibilities being passed on to UNHCR as a result of the proposed streamlining of UNAMID civilian components; a renewed engagement and advocacy efforts of the UN Country Team/HCT in addressing protection issues; the urgent enhancement of the Darfur protection team in terms of staffing and affiliated workforce; the provision of predictable resources for the Darfur Operation against the minimum required in terms of staffing and operations budgets.</p> <p>The gradual mainstreaming of the ES/NFI</p>

## Management Response

**Audit of the management of the Sudan Common Humanitarian Pipeline project by the  
Office of the United Nations High Commissioner for Refugees**

Rec. no.	Recommendation	Critical <sup>7</sup> / Important <sup>8</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						Project into UNHCR programme activities continued in 2014, while in 2015, the project will be fully mainstreamed. However, the continuation of the project will largely depend on the availability of funding.
2	The UNHCR Representation in Sudan should strengthen monitoring of the Common Humanitarian Pipeline project by assigning the related responsibilities to a project monitoring focal point and developing a formal plan and procedures for monitoring the project activities, including through the use of remote monitoring to complement on-site monitoring.	Critical	Yes		Implemented effective 01 December 2014	<p>The project monitoring focal point was assigned as of 01 December 2014.</p> <p>The focal point's functions include the requirement to extend the use of the remote monitoring tool.</p> <ul style="list-style-type: none"> <li>- The Emergency Shelter/Non Food Item Project (ES/NFI) Post Distribution Monitoring (PDM) form which is a beneficiary satisfaction questionnaire is used after distribution. The data collected is thereafter uploaded into the Google database.</li> <li>- A telecommunication system is in place with beneficiaries to register service delivery failures through the UN Office for the Coordination of Humanitarian Affairs (OCHA).</li> <li>- Due to security restrictions as outlined in the Operational Context, the use of other evidentiary material is limited.</li> </ul>

## Management Response

**Audit of the management of the Sudan Common Humanitarian Pipeline project by the  
Office of the United Nations High Commissioner for Refugees**

Rec. no.	Recommendation	Critical <sup>7</sup> / Important <sup>8</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
3	The UNHCR Representation in Sudan should provide training to staff involved in the Common Humanitarian Pipeline project on the use of standards and indicators in distribution activities and establish realistic and achievable benchmarks for the distribution of non-food-items and emergency shelter materials.	Important	Yes		Implemented	<ul style="list-style-type: none"> <li>- Meetings, discussions, coaching, and sessions with partners are conducted on a regular basis for capacity building on the use of standard and indicators.</li> <li>- Indicators and benchmarks are already set for monitoring. The Distribution Partners provide distribution report and conduct PDMs (Post Distribution Monitoring) with ESNFI Project Staff.</li> <li>- The recruited project monitoring focal point is also tasked with ensuring the deadlines for distribution and monitoring reports are adhered to by the partners.</li> <li>- The monthly response reports and sector updates inform on distribution conducted and are circulated widely to donors, partners, other agencies and within UNHCR.</li> </ul>