



INTERNAL AUDIT DIVISION

REPORT 2015/159

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

Overall results relating to effective management of the operations in Cameroon were initially assessed as unsatisfactory. Implementation of four critical and three important recommendations remains in progress.

FINAL OVERALL RATING: UNSATISFACTORY

3 December 2015

Assignment No. AR2015/110/03

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AUDIT REPORT

Audit of the operations in Cameroon 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 Cameroon for 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 UNHCR Representation in Cameroon (hereinafter referred to as ‘the Representation’) was established in 1999. As at 31 May 2015, it was assisting about 293,000 refugees and asylum seekers, mainly from the Central African Republic (CAR) and Nigeria. A twin emergency crisis in CAR and in Nigeria led to an influx of more than 100,000 refugees to Cameroon in 2014. The Representation’s strategic priorities in its Country Operations Plan for 2015 were: physical protection of persons of concern from armed conflict; access to basic services, health and water supplies; prevention of sexual and gender-based violence; and livelihood activities.
4. The Representation had a Country Office in Yaounde, two Sub Offices in Bertoua and Maroua, two Field Offices in Batouri and Meiganga, and two Field Units in Douala and Djhong. It was headed by a Representative at the D-1 level. In May 2015, the Representation had 196 posts and 26 staff on temporary assistance. The Representation had total expenditure of \$13.0 million in 2013, \$44.0 million in 2014, and \$13.8 million in the five-month period up to 31 May 2015 against an annual budget for 2015 of \$21.5 million. The Representation worked with 11 partners in 2013 and 16 in 2014 and 2015. These partners implemented 75 and 58 per cent of the Representation’s programme-related expenditures in 2013 and 2014 respectively.
5. Comments provided by UNHCR are incorporated in *italics*.

II. OBJECTIVE AND SCOPE

6. 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 UNHCR operations in Cameroon**.
7. The audit was included in the OIOS 2015 risk-based internal audit work plan for UNHCR due to risks associated with the growth of the operations in Cameroon caused by the conflicts in CAR and Nigeria.
8. The key controls tested for the audit were: (a) strategic planning; (b) project management; and (c) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Strategic planning** - controls that provide reasonable assurance that the Representation's strategic planning for its programme and protection activities is implemented in alignment with the UNHCR global strategic priorities.

(b) **Project management** - controls that provide reasonable assurance that there is proper planning and implementation as well as accurate and complete monitoring and reporting of the Representation's project activities.

(c) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the management of UNHCR operations in Cameroon; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

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

10. OIOS conducted the audit from May to September 2015. The audit covered the period from 1 January 2013 to 31 May 2015. During the audit, OIOS visited the Representation's offices in Yaounde, Bertoua and Batouri and the refugee site in Mbile.

11. 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 and analytical reviews, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

12. The UNHCR governance, risk management and control processes examined were initially assessed as **unsatisfactory**¹ in providing reasonable assurance regarding the **effective management of UNHCR operations in Cameroon**. OIOS made seven recommendations to address issues identified in the audit.

13. The Representation's controls over strategic planning were satisfactory. However, there was a critical need: (i) to develop a risk-based plan for monitoring projects implemented by partners and to implement a coordinated system of financial and performance monitoring by a multi-functional team; (ii) strengthen controls over procurement entrusted to partners; (iii) strengthen management supervision and oversight arrangements over procurement and vendor management activities; and (iv) strengthen controls over warehouse management and distribution of non-food items (NFIs). In addition, there was a need to: (i) prepare an implementation plan for selection and retention of partners; (ii) ensure that property, plant and equipment and serially tracked items are physically verified, asset records are updated, and missing items are accounted for; and (iii) designate a qualified transport manager to ensure effective management of the Representation's vehicle fleet.

14. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **unsatisfactory** as implementation of four critical and three important recommendations remains in progress.

¹ 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.

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 Cameroon | (a) Strategic planning | Satisfactory | Satisfactory | Satisfactory | Satisfactory |
| | (b) Project management | Unsatisfactory | Unsatisfactory | Unsatisfactory | Unsatisfactory |
| | (c) Regulatory framework | Unsatisfactory | Unsatisfactory | Unsatisfactory | Unsatisfactory |
| FINAL OVERALL RATING: UNSATISFACTORY | | | | | |

A. Strategic planning

Controls over strategic planning were satisfactory

15. In accordance with the UNHCR Global Management Accountability Framework, the Representation prepared Country Operations Plans for 2014 and 2015 that were aligned with the UNHCR global strategic priorities and based on an assessment of the needs of the population of concern following a participatory and inclusive assessment approach. The initial approved budget of \$21.5 million for 2014 was increased to \$43.5 million at the end of December 2014 to adjust for the growth of the operations in Cameroon due to the refugee emergency. The Representation's results framework linked its priorities to project targets, resources and activities, as required by UNHCR rules. Between 2013 and 2015, local Standard Operating Procedures were established in collaboration with partners for all key protection and programme activities. OIOS concluded that the Representation had adequate controls in place over strategic planning.

B. Project management

The policy on selection and retention of partners was not implemented as intended

16. The UNHCR Policy on Selection and Retention of Partners for Project Partnership Agreements, which became mandatory after 30 July 2013, requires the Representation to establish an Implementing Partnership Management Committee (IPMC), conduct a call for expression of interest for implementing its projects through partners, and analyze the concept notes submitted by potential partners. After review of the concept notes, the Committee should provide recommendations to the Head of Office who makes the final decisions regarding the partners to be selected and/or retained.

17. For the implementation of projects in 2014, the Representation retained all its 11 partners from the previous year and also identified five additional partners to assist with the growth of its operations. However, it was only in October 2014 that the Representation established its first IPMC, more than a year after it became a requirement. The call for expression of interest was also not conducted. Hence, the selection of new partners for 2014, although undertaken in close cooperation with the Bureau for Africa, was not done in line with the policy on selection and retention of partners. For the projects in 2015, the Representation duly followed all the requirements of the policy, which resulted in the re-selection of all

16 partners from 2014. However, this process experienced delays and was finalized only at the end of May 2015.

18. The above deficiencies occurred because of delays in decision-making and because the availability of funds for the emergency was only gradual. However, the Representation had also not established an implementation plan for conducting the process of selecting and retaining partners for either 2014 or 2015. As a consequence, the Representation was exposed to the risks of delayed implementation of projects and working with partners who were not properly assessed and who did not have the required expertise.

(1) The UNHCR Representation in Cameroon should prepare an implementation plan, with clear milestones and assignment of roles and responsibilities, for the selection and retention of partners in accordance with UNHCR requirements.

UNHCR accepted recommendation 1 and stated that the Representation received the proposals for partnerships for 2016. The sub-committees for pre-selection in Yaoundé, Bertoua and Maroua would soon review and grade the proposals and make recommendations to the IPMC. Recommendation 1 remains open pending receipt of evidence that the selection and retention of partners for 2016 has been completed in accordance with UNHCR requirements and in a timely manner.

There was a critical need to develop a coordinated system of financial and performance monitoring of projects by a multi-functional team

19. The UNHCR Manual requires the Representation to monitor project activities implemented and reported on by partners on an ongoing basis to assess whether they are proceeding according to plan and targets. The Manual also requires the Representation to undertake at least one financial verification visit per year to each partner to assess the reliability of the partners' accounting systems and internal controls, as well as to test expenditures with focus on high value transactions and those identified as high risk. Financial monitoring includes following up on recommendations issued by external auditors in their audit reports on projects implemented by partners. The Representation should prepare an annual risk-based monitoring plan and establish a multi-functional monitoring team to ensure that performance and financial monitoring activities are conducted in a comprehensive and coordinated manner.

20. The Representation did not prepare an annual monitoring plan for the years 2013 and 2014. Due to the delay in undertaking the partner selection process for 2015, it approved an initial monitoring plan for 2015 only in May 2015. The plan was not risk-based, did not contain adequate details on assigned resources and locations to be visited, and was still to be discussed with partners. The Representation had also not yet appointed the multi-functional monitoring team. In the absence of a plan and a team, the Project Control Officer, the Programme Officer and other thematic experts performed monitoring activities in a disjointed and ad-hoc manner. In 2013 and 2014, the Representation also did not conduct physical monitoring visits to project locations in a systematic way. Instead, it entered the information provided by the partners into FOCUS, the UNHCR tool for results-based management, mainly on the basis of a desk review of such reports.

21. In 2014, the Representation performed 20 financial verifications related to 14 of its 16 partners. OIOS visited two of these partners to assess the extent and quality of the financial verifications undertaken by the Representation and generally found them to have been performed and documented adequately. However, the financial reports of two partners for a total expenditure of \$1.6 million and representing 14 per cent of total disbursement to all partners in 2014 were not verified, and the Representation had not documented the reasons for not conducting any financial verification visits to

these two partners. In addition, for all the other 14 partners that the Representation had visited, the verification was done late in the year, when the partners had already spent between 35 to 100 per cent of the total project budget. As a result, for \$5.6 million, representing 34 per cent of the total project budget under implementation by 16 partners of \$17.9 million, the expenditure was recorded in Managing for Systems, Resources and People (MSRP), the UNHCR enterprise resource planning system, only on the basis of the reports submitted by the partners and without prior verification.

22. As at May 2015, draft external audit reports were available only for 9 of the 16 partners for 2014. They had been submitted by the external auditors to the partners and the Representation for comments and were at different stages of finalization due to the stretching of the project liquidation period to 15 March 2015. For 2013, all 11 partner projects were reviewed by external auditors and all audit reports were finalized during 2014. However, the Representation did not have a tracking matrix or other evidence to demonstrate whether the audit recommendations had been addressed.

23. The above weaknesses occurred because management had not enforced the requirements for project monitoring activities, in particular in respect of the need to establish a multi-functional monitoring team and to develop a risk-based monitoring plan. The Representation also had an acute shortage of programme and project control staff vis-à-vis the complexity and geographical spread of the operations before and during the early stages of the emergency; however, this issue was in the process of being addressed. As a result of inadequate financial and performance monitoring, the Representation was exposed to risks related to financial losses and failure to achieve the intended project objectives.

(2) The UNHCR Representation in Cameroon should enforce the requirement to: (i) establish a multi-functional monitoring team; and (ii) develop a detailed risk-based plan for monitoring the accuracy and completeness of project activities reported on by partners, the related expenditures, and the adequacy of the partners' financial systems and procedures.

UNHCR accepted recommendation 2 and stated that the multi-functional team (MFT) was established and an interim chairperson amongst the existing members had been appointed pending the recruitment of the Project Control Officer who would be the Chairperson. The newly nominated MFT would meet and establish a risk-based plan. It was also foreseen that the first MFT visit would take place in January 2016. The MFT missions would allow the monitoring of implementation based on the Implementing Partner Financial Reports submitted by partners by mid-December 2015. Recommendation 2 remains open pending receipt of a risk-based plan for financial and performance monitoring of projects implemented by partners, as well as documentary evidence of its systematic implementation.

Controls over procurement entrusted to partners required significant strengthening

24. UNHCR guidelines in place prior to 2015 allowed the Representation to entrust procurement valued at more than \$100,000 to a partner only after review and approval by the Local Committee on Contracts (LCC). Effective 1 November 2014, the UNHCR Policy and Procedures on Procurement by Partners with UNHCR Funds require the Representation to ensure that the IPMC reviews and approves each designation of procurement authority to partners. The Representation should also assess each partner's capacity to undertake procurement activities effectively on behalf of UNHCR. During project implementation, the Representation is required to undertake regular monitoring of partners' procurement activities.

25. The Representation entrusted procurement in excess of \$100,000 to all its 11 partners in 2013, all 16 partners in 2014 and all 16 partners in 2015, with a cumulative value of \$1.4 million for 2013, \$8.8

million for 2014 and \$5.8 million for 2015. Only seven of the partners were pre-qualified to undertake procurement on behalf of UNHCR. The pre-qualification was required to ensure that the partners' procurement policies, procedures and practices were aligned with those of UNHCR. The LCC also did not review and approve the authority of partners to carry out procurement with UNHCR funds before 1 November 2014 as required. Equally for 2015, the IPMC did not meet to discuss the issue of entrusting procurement to partners. The Representative, the Supply Officer and the Project Control Officer also did not complete and sign the required template to record the designation of procurement to partners.

26. As a result, although there was evidence that the Representation conducted reviews of the partners' procurement activities during the financial verification visits, the weaknesses in the process of designating procurement authority to partners and the high financial values involved exposed the Representation to risks related to financial losses and inability to fully obtain value for money from procurement entrusted to partners with UNHCR funds. The main reason for the above weaknesses was the lack of management supervision to ensure compliance with UNHCR rules on procurement by partners.

(3) The UNHCR Representation in Cameroon should: (i) implement appropriate management supervision arrangements to ensure compliance with the policy and procedures on procurement undertaken by partners with UNHCR funds; (ii) assess the partners' pre-qualification status, as well as their capacity to undertake procurement effectively and provide value for money to UNHCR, before entrusting procurement to them; and (iii) ensure that the Implementing Partnership Management Committee reviews all requests for entrusting procurement to partners before the Representative's approval.

UNHCR accepted recommendation 3 and stated that the Representation would undertake the analysis of the pre-qualification after the selection of partners. Recommendation 3 remains open pending receipt of evidence that for the 2016 projects: (i) appropriate management supervision arrangements have been put in place for all activities related to procurement by partners using UNHCR funds; (ii) the partners' capacity to undertake procurement effectively and to provide value for money to UNHCR, and their pre-qualification status, have been assessed before entrusting procurement to them; and (iii) the IPMC has reviewed all requests for entrusting procurement to partners and the Representative has approved them.

C. Regulatory framework

Management supervision and oversight arrangements over procurement and vendor management activities required significant strengthening

27. The Representation is required by UNHCR procurement rules and procedures to establish an effective vendor management system, implement competitive and transparent bidding procedures through tendering, and ensure adequate oversight of procurement activities and management of contracts.

28. OIOS reviewed the vendor management and procurement procedures put in place by the Representation and tested 18 purchase orders worth \$1.2 million from the total local procurement volume of \$9.7 million during the period under review. The established Vendor Review Committee did not hold any meetings to vet and evaluate vendors. The Representation maintained a local vendor database using Microsoft Excel with 79 active vendors, compared to 877 recorded in the MSRP vendor database for Cameroon. This discrepancy exposed the Representation to erroneous payments to inactive vendors. In addition, 21 of the vendors recorded in MSRP had more than one account and identification number,

increasing the risk of double payments. The Representation also did not maintain the required registration forms, contact details and financial reports for its 79 active vendors.

29. Regarding the procurement transactions and management of awarded contracts, despite the LCC being in place and meeting regularly, the review observed the following weaknesses in procurement oversight:

- The LCC did not raise any concerns about the excessive use of waivers (five cases out of the sample of items reviewed amounting to a total of \$183,000) and post-facto approvals (four cases amounting to a total of \$627,000) for purchase of NFIs and services. In addition, in May 2015 the LCC approved a request for post-facto approval of invoices paid by the Representation for food transport between June 2014 and May 2015 totaling \$267,000 which was beyond its approval limit.
- The LCC did not exercise adequate level of scrutiny when, during its meeting held on 3 September 2013, it awarded a transportation contract to a vendor for \$5,785 per day although the contract did not indicate the number of days or the total value of the contract. Also, during its meeting held on 18 December 2013, the LCC awarded a contract for drilling a borehole to a vendor although the contract did not indicate the total cost.
- When the Representation paid a total of \$244,571 for hiring of vehicles from a vendor for escort and transportation of refugees, the contract included a flat rate of \$97 per vehicle per day for the escort services and \$350 for the transportation of refugees but did not indicate the quantity of fuel per kilometer to be charged to control the use of fuel and the related cost. The Representation paid for fuel at different petrol stations in cash, without putting a system in place to monitor fuel consumption by the hired vehicles to ensure that the fuel used was line with the operational needs identified in the contract and for vehicles actually used for the service.
- For the transportation of refugees to Minawao camp during the emergency in 2014, the Representation, instead of entering into a new contract, opted to utilize a previous contract from 2013 but the same contractor charged double the price per trip at \$700 (instead of \$350) per day without the Representation taking any action in this regard.

30. The above shortcomings were partly due to staffing constraints in the Representation's Supply Section which consisted of only one general service staff at the G-6 level until June 2014 when one professional supply staff at the P-3 level joined the operation. However, the Representation had also not established adequate management supervision and oversight arrangements for its procurement and vendor management activities, including ensuring that the LCC members were sufficiently aware of their responsibilities. As a result, the Representation was exposed to risks associated with financial losses, inefficient operations, and not receiving best value for money from the acquisition of goods and services.

(4) The UNHCR Representation in Cameroon should implement management supervision arrangements to ensure that: (i) the Supply Section has sufficient capacity to discharge its duties; (ii) the Vendor Review Committee is constituted to oversee the clean-up of the vendor database; and (iii) the members of the Local Committee on Contracts are trained to provide appropriate oversight of procurement activities, especially in terms of ensuring that excessive use of waivers and post-facto approvals is avoided and the total cost of contracts is adequately controlled.

UNHCR accepted recommendation 4 and stated that: (i) the clean-up of the vendor database had started and would be completed by 31 March 2016; (ii) the LCC was trained by the Regional Supply Officer, and LCC chairs were now well versed with the issue to avoid excessive use of waivers and post-facto approvals; and (iii) the Representation would ensure that a vendor tracking system was

put in place to ensure that contractual ceilings were respected. Recommendation 4 remains open pending receipt of evidence that: (i) the clean-up of the vendor database has been completed; and (ii) the LCC provides systematic oversight over the use of waivers and post-facto cases, as well as the implementation of controls over total cost of contracts.

There was a need to strengthen controls over warehouse management and distribution of non-food items

31. UNHCR procedures on warehouse and inventory management require warehouse managers and the Representation to jointly perform monthly inventory reconciliations to ensure that stock cards and MSRP quantities match. It is also the duty and responsibility of the Representation's supply management function and the warehouse managers (regardless if they are UNHCR staff, partners or commercial companies) to ensure adequate and safe storing conditions, efficient warehouse operations, and accurate recording of all inventory movements. Monitoring of the distribution of NFIs is an important management responsibility and consists of the ongoing review by the Representation to ensure that the planned number of people of concern receive the specified quantities of NFIs issued from the warehouses.

32. The Representation had nine warehouses, eight of which were managed by partners. However, only two warehouses, one in Yaounde and one in Bertoua, were shown as operational in MSRP. During the audit fieldwork in May 2015, six additional warehouses were created in MSRP but were not yet operational pending uploading of the opening balances. OIOS reviewed the records of four warehouses and noted that, despite adjustments made in MSRP in January 2015 to reconcile quantities after the year-end stock count performed in December 2014, the MSRP data and actual stock in hand in the four warehouses had differences for all recorded items. The Representation explained that its supply staff did not have access rights to prepare material stock requisitions in MSRP from the seven warehouses in Bertoua. In addition, inter-warehouse transfers between Bertoua and Maroua were not yet captured in MSRP as the latter was not created in the system until May 2015. OIOS also observed inadequate segregation of duties in Bertoua, where the same partner both managed all seven warehouses and distributed the NFIs to beneficiaries. In addition, the Representation did not monitor the actual distributions and ensure that the signed distribution lists were matched with the release notes and waybills to account for stock items issued for distribution. The NFIs distributed in Cameroon in 2014 amounted to \$5.8 million.

33. The above shortcomings occurred because the Representation had not paid sufficient attention to the importance of putting adequate control arrangements in place for the management of warehouses and distribution of NFIs, such as through the issuance of local procedures for warehouse management and NFI distribution activities. Consequently, the quantity and value of inventory recorded in MSRP was misstated and there was a risk that losses could not be detected. In addition, there was a risk that not all NFI items had reached the intended beneficiaries.

(5) The UNHCR Representation in Cameroon should develop and implement local procedures to ensure that: (i) supply staff have the required levels of access to the warehouse module of the Managing for Systems, Resources and People (MSRP) system; (ii) monthly inventory reconciliations are performed to compare stock card quantities with MSRP balances; and (iii) non-food item distribution activities are systematically monitored and signed distribution lists are matched with release notes and waybills.

UNHCR accepted recommendation 5 and stated that pending the nomination of a staff member against the post, temporary assistance had been hired for three months. It was anticipated that the temporary staff would arrive in December 2015. The Representation therefore expected the full implementation of the monthly inventory reconciliations and the proper monitoring and matching of distribution processes to be completed by mid-April. The Representation would also ensure that

proper mechanisms were put in place allowing systematic monitoring of the distribution of NFIs as well as a timely matching of warehouse inventories, MSRP stocks and waybills. The office was currently in the process of ensuring that all warehouse stock reports were up to date in MSRP. Once that was finalised, proper procedures would be put in place within the office and with partners in charge of NFI distribution and warehouse management to ensure that procedures were respected. Recommendation 5 remains open pending receipt of evidence that: i) monthly inventory reconciliations are systematically performed; and ii) NFI distributions are systematically monitored and reconciled.

There was a need to ensure that property, plant and equipment and serially tracked items are physically verified, asset records are updated, and missing items are accounted for

34. The UNHCR Manual and related instructions on asset management require the Representation to establish a Local Asset Management Board (LAMB) to provide oversight of asset management issues. The Representation is also required to perform physical verifications of property, plant and equipment (PPE) assets and serially tracked items (STIs) at least annually; account for any differences, update asset records, and verify assets held by partners through right-of-use agreements.

35. The Representation had 206 PPE items with an acquisition value of \$5.6 million and 948 STIs with an acquisition value of \$1.4 million. A review of controls over physical verification and recording of PPEs and STIs, as well as effectiveness of the oversight role played by the LAMB, indicated the following control deficiencies:

- Out of a sample of 13 PPE items (mainly generators) recorded in MSRP, OIOS could locate only one. Similarly, out of a sample of 108 STIs recorded in MSRP, data in the system was not correct for 12 items.
- Out of 15 STIs recorded under partners' custody, eight were recorded under the wrong partner, four had been sold although they were still shown in MSRP, and three could not be located.
- The required form (called GS45) was not available for STIs sold, disposed of or transferred. The Representation was only able to provide a list of 218 items sold and the sale certificates for those items.
- In the period January 2013 through May 2015, the LAMB met only once on 30 October 2013. More than 200 PPE and STIs were disposed of in 2015 without any LAMB decisions.

36. The above weaknesses were caused by the lack of clarity in the roles and responsibilities for asset supervision and oversight. As a result, some of the asset records of the Representation were not accurate and could not be relied on. In addition, there was a risk that losses and pilferages of PPEs and STIs could have gone undetected.

(6) The UNHCR Representation in Cameroon should: (i) designate clear responsibilities for the management of property, plant and equipment, as well as serially tracked items; and (ii) put in place procedures with milestones for undertaking a comprehensive verification and reconciliation of all assets.

UNHCR accepted recommendation 6 and stated that full implementation of the asset verification was expected to be completed by mid-April 2016. Recommendation 6 remains open pending receipt of evidence that procedures with clear milestones for undertaking a comprehensive verification, reconciliation and recording of all assets have been put in place.

The Representation needed to designate a qualified transport manager to ensure effective management of the vehicle fleet

37. The UNHCR Policy on Implementation of Global Fleet Management requires the Representation to designate a Transport Manager for administering all vehicles in the operation and act as counterpart with the Asset and Fleet Management Section at UNHCR headquarters that is responsible for the Global Fleet Management project. The Transport Manager should adequately plan for transport needs and ensure correct use and control of all vehicles in compliance with the fleet policy and related operating procedures.

38. The Representation had a fleet of 109 vehicles. It had not appointed a Transport Manager with fleet management skills and expertise to oversee fleet management activities, to coordinate with staff from logistics and administrative units, and to provide them with adequate guidance and training. Review of the Representation's fleet management activities indicated shortcomings in recording movements of vehicles between field offices, disposal and utilization of vehicles, monitoring and verification of fuel consumption, and compliance with UNHCR vehicle safety requirements in terms of installation of global positioning systems and first aid kits in all vehicles.

39. These weaknesses occurred because of lack of experienced and qualified staff to manage the vehicle fleet in accordance with the Policy on Implementation of Global Fleet Management. As a result, the Representation was exposed to a risk of inefficient utilization of its vehicles.

(7) The UNHCR Representation in Cameroon should designate a Transport Manager to coordinate the management of the vehicle fleet and to supervise the implementation of an action plan for: (i) reconciling asset records with existing fleet; (ii) regularly verifying fuel consumption rates; and (iii) equipping all vehicles with global positioning systems and first aid kits.

UNHCR accepted recommendation 7 and stated that the Representation would not create a Fleet Manager position as initially informed but was instead creating an International United Nations volunteer position. The recruitment for this position was at its final stage. It was hoped that the selected person would be deployed before the end of December 2015. The incumbent would need three months to implement the recommendation, as well as other related tasks. Recommendation 7 remains open pending receipt of evidence that: (i) the Fleet Manager has been recruited; (ii) all vehicles are recorded in MSRP under the correct location; (iii) a system has been put in place for regularly verifying fuel consumption rates of vehicles; and iv) all vehicles have been equipped with global positioning systems and first aid kits.

IV. ACKNOWLEDGEMENT

40. 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, Acting Head
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of the operations in Cameroon 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 Representation in Cameroon should prepare an implementation plan, with clear milestones and assignment of roles and responsibilities, for the selection and retention of partners in accordance with UNHCR requirements. | Important | O | Submission to OIOS of evidence that the selection and retention of partners for 2016 has been completed in accordance with UNHCR requirements and in a timely manner. | 31 December 2015 |
| 2 | The UNHCR Representation in Cameroon should enforce the requirement to: (i) establish a multi-functional monitoring team; and (ii) develop a detailed risk-based plan for monitoring the accuracy and completeness of project activities reported on by partners, the related expenditures, and the adequacy of the partners' financial systems and procedures. | Critical | O | Submission to OIOS of a risk-based plan for financial and performance monitoring of projects implemented by partners, as well as documentary evidence of its systematic implementation. | 1 March 2016 |
| 3 | The UNHCR Representation in Cameroon should: (i) implement appropriate management supervision arrangements to ensure compliance with the policy and procedures on procurement undertaken by partners with UNHCR funds; (ii) assess the partners' pre-qualification status, as well as their capacity to undertake procurement effectively and provide value for money to UNHCR, before entrusting procurement to them; and (iii) ensure that the Implementing Partnership Management Committee reviews all requests for entrusting procurement to partners before the Representative's approval. | Critical | O | Submission to OIOS of evidence that for the 2016 projects: (i) appropriate management supervision arrangements have been put in place for all activities related to procurement by partners using UNHCR funds; (ii) the partners' capacity to undertake procurement effectively and to provide value for money to UNHCR, and their pre-qualification status, have been assessed before entrusting procurement to them; and (iii) the IPMC has reviewed all requests for entrusting procurement to partners and the Representative has approved them. | 31 March 2016 |

² Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

³ Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

⁴ C = closed, O = open

⁵ Date provided by UNHCR in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the operations in Cameroon 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 |
|------------|---|---|----------------------|---|----------------------------------|
| 4 | The UNHCR Representation in Cameroon should implement management supervision arrangements to ensure that: (i) the Supply Section has sufficient capacity to discharge its duties; (ii) the Vendor Review Committee is constituted to oversee the clean-up of the vendor database; and (iii) the members of the Local Committee on Contracts are trained to provide appropriate oversight of procurement activities, especially in terms of ensuring that excessive use of waivers and post-facto approvals is avoided and the total cost of contracts is adequately controlled. | Critical | O | Submission to OIOS of evidence that: (i) the clean-up of the vendor database has been completed; and (ii) the Local Committee on Contracts provides systematic oversight over the use of waivers and post-facto cases as well as the implementation of controls over total cost of contracts. | 31 March 2016 |
| 5 | The UNHCR Representation in Cameroon should develop and implement local procedures to ensure that: (i) supply staff have the required levels of access to the warehouse module of the Managing for Systems, Resources and People (MSRP) system; (ii) monthly inventory reconciliations are performed to compare stock card quantities with MSRP balances; and (iii) non-food item distribution activities are systematically monitored and signed distribution lists are matched with release notes and waybills. | Critical | O | Submission to OIOS of evidence that: i) monthly inventory reconciliations are systematically performed; and ii) NFI distributions are systematically monitored and reconciled. | 15 April 2016 |
| 6 | The UNHCR Representation in Cameroon should: (i) designate clear responsibilities for the management of property, plant and equipment, as well as serially tracked items; and (ii) put in place procedures with milestones for undertaking a comprehensive verification and reconciliation of all assets. | Important | O | Submission to OIOS of evidence that procedures with clear milestones for undertaking a comprehensive verification, reconciliation and recording of all assets have been put in place. | 15 April 2016 |
| 7 | The UNHCR Representation in Cameroon should designate a Transport Manager to coordinate the management of the vehicle fleet and to supervise the implementation of an action plan for: (i) | Important | O | Submission to OIOS of evidence that: (i) the Fleet Manager has been recruited; (ii) all vehicles are recorded in MSRP under the correct location; (iii) a system has been put in place for | 31 March 2016 |

STATUS OF AUDIT RECOMMENDATIONS

Audit of the operations in Cameroon 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 |
|------------|--|---|----------------------|---|----------------------------------|
| | reconciling asset records with existing fleet; (ii) regularly verifying fuel consumption rates; and (iii) equipping all vehicles with global positioning systems and first aid kits. | | | regularly verifying fuel consumption rates of vehicles; and iv) all vehicles have been equipped with global positioning systems and first aid kits. | |

APPENDIX I

Management Response

Management Response

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

| Rec. no. | Recommendation | Critical ¹ / Important ² | Accepted? (Yes/No) | Title of responsible individual | Implementation date | Client comments |
|----------|--|---|-----------------------|---------------------------------------|------------------------|---|
| 1 | The UNHCR Representation in Cameroon should prepare an implementation plan, with clear milestones and assignment of roles and responsibilities, for the selection and retention of partners in accordance with UNHCR requirements. | Important | Yes | Assistant Representative (Operations) | 31 December 2015 | <p>The Representation has now received the proposal for partnerships for 2016. The sub-committees for pre-selection in Yaoundé, Bertoua and Maroua will review and grade the proposals and make recommendations to the Implementing Partnership Management Committee (IPMC) by the end of November.</p> <p>The operation will provide relevant evidence regarding the selection and retention of partners for 2016 once the process has been finalized.</p> |
| 2 | The UNHCR Representation in Cameroon should enforce the requirement to: (i) establish a multi-functional team; and (ii) develop a detailed risk-based plan for monitoring the accuracy and completeness of project activities reported on by partners, the related expenditures, and the adequacy of the partners' financial systems and procedures. | Critical | Yes | Assistant Representative (Operations) | 1 March 2016 | <p>The multi-functional team (MFT) was established and an interim chairperson amongst the existing members has been appointed pending the recruitment of the project control officer who will be the Chairperson.</p> <p>The newly nominated MFT will meet and establish a risk-based plan. It is also foreseen that the first MFT visit will take place in January 2016. The MFT missions in January will allow the monitoring of</p> |

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

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

Management Response

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

| Rec. no. | Recommendation | Critical ¹ / Important ² | Accepted? (Yes/No) | Title of responsible individual | Implementation date | Client comments |
|----------|---|---|-----------------------|---|------------------------|--|
| | | | | | | <p>implementation based on the interim final Implementing Partner Financial Reporting (IPFR) submitted by partners by mid-December 2016.</p> <p>The risk-based plan and evidence of MFT monitoring will be provided in due course.</p> |
| 3 | The UNHCR Representation in Cameroon should: (i) implement appropriate management supervision arrangements to ensure compliance with the policy and procedures on procurement undertaken by partners with UNHCR funds; (ii) assess the partners' capacity to undertake procurement effectively and to provide value for money to UNHCR, as well as their pre-qualification status, before entrusting procurement to them; and (iii) ensure that the Implementing Partnership Management Committee reviews all requests for entrusting procurement to partners before the Representative's approval. | Critical | Yes | Assistant Representative (Operations) | 31 March 2016 | <p>The Representation will undertake the analysis of the pre-qualification after the selection of partners.</p> <p>Relevant evidence will be provided upon finalization of the process.</p> |
| 4 | The UNHCR Representation in Cameroon should implement management supervision arrangements to ensure that: (i) the Supply Section has sufficient capacity to discharge its duties; (ii) the Vendor Review Committee is constituted to oversee the clean-up of the vendor database; and (iii) the members of the | Critical | Yes | (i) Senior Programme Officer (ii) The LCC Chairs | 31 March 2016 | <p>(i) The clean-up of the vendor database has started and will be completed by 31 March 2016. Relevant evidence will be provided thereafter.</p> <p>(ii) The LCC was trained by the Regional Supply Officer, and LCC</p> |

Management Response

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

| Rec. no. | Recommendation | Critical ¹ / Important ² | Accepted? (Yes/No) | Title of responsible individual | Implementation date | Client comments |
|----------|--|---|-----------------------|---------------------------------------|------------------------|---|
| | Local Committee on Contracts are trained to provide appropriate oversight over procurement activities, especially in terms of ensuring that excessive use of waivers and post-facto approvals is avoided and the total cost of contracts is adequately controlled. | | | | | chairs are well versed with this issue to avoid excessive use of waivers and post-facto approvals. (iii) The Representation (Finance Unit) will ensure a vendor tracking system is put in place in order to ensure respect of contractual ceilings. |
| 5 | The UNHCR Representation in Cameroon should develop and implement local procedures to ensure that: i) supply staff have the required levels of access to the warehouse module of the Managing for Systems, Resources and People (MSRP) system; ii) monthly inventory reconciliations are performed to compare stock card quantities with MSRP balances; and iii) non-food item distribution activities are systematically monitored and signed distribution lists are matched with release notes and waybills. | Critical | Yes | Newly posted Senior Supply Officer | 15 April 2016 | (i) Pending the nomination of a staff against the post, Temporary Assistance (TA) has been hired for 3 months. It is anticipated that the TA will arrive in December 2015. UNHCR Cameroon therefore expects the full implementation of the monthly inventory reconciliations and the proper monitoring and matching of distribution processes to be completed by mid-April. Relevant evidence will be provided upon completion of the finalization of the process. (ii) The Representation will ensure that proper mechanisms are put in place allowing a systematic monitoring of the distribution of NFIs as well as a timely matching of warehouse inventories, MSRP stocks and waybills. The office is currently |

Management Response

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

| Rec. no. | Recommendation | Critical ¹ / Important ² | Accepted? (Yes/No) | Title of responsible individual | Implementation date | Client comments |
|----------|--|---|-----------------------|---------------------------------------|------------------------|---|
| | | | | | | in the process of ensuring that all warehouse stock reports are up to date in MSRP. Once that is finalised, proper procedures will be put in place within the office and with partners in charge of NFI distribution and warehouse management to ensure that procedures are respected. |
| 6 | The UNHCR Representation in Cameroon should: (i) designate clear responsibilities for the management of property, plant and equipment, as well as serially tracked items; and (ii) put in place procedures with milestones for undertaking a comprehensive verification and reconciliation of all assets. | Important | Yes | Newly posted Senior Supply Officer | 15 April 2016 | Please refer to the comments in response to recommendation 5 above. |
| 7 | The UNHCR Representation in Cameroon should designate a Transport Manager to coordinate the management of the vehicle fleet and to supervise the implementation of an action plan for: i) reconciling asset records with existing fleet; (ii) regularly verifying fuel consumption rates; and (iii) equipping all vehicles with global positioning systems and first aid kits. | Important | Yes | Fleet Manager | 31 March 2016 | <p>The Representation will not create a P3 Fleet Manager position as initially informed but is creating an IUNV position, (at an equivalent level of a P3).</p> <p>The recruitment of an IUNV Fleet Manager is now at its final stage. It is hoped that the selected person will be deployed by the UNV in Germany before the end of December.</p> <p>The incumbent will need 3 months to implement the recommendation, as well as other related tasks.</p> |