



INTERNAL AUDIT DIVISION

REPORT 2015/165

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

Overall results relating to effective management of the operations in Bangladesh were initially assessed as partially satisfactory. Implementation of two important recommendations remains in progress.

FINAL OVERALL RATING: PARTIALLY
SATISFACTORY

8 December 2015
Assignment No. AR2015/141/03

CONTENTS

	<i>Page</i>
I. BACKGROUND	1
II. OBJECTIVE AND SCOPE	1-2
III. AUDIT RESULTS	2-9
A. Strategic planning	3
B. Project management	3-7
C. Regulatory framework	7-9
IV. ACKNOWLEDGEMENT	9
ANNEX I Status of audit recommendations	
APPENDIX I Management response	

AUDIT REPORT

Audit of the operations in Bangladesh 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 Bangladesh 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 Bangladesh (hereinafter referred to as ‘the Representation’) started its operations in Dhaka, Cox’s Bazaar and two refugee camps in Ukhiya and Teknaf sub-districts of Cox’s Bazar District in 1992. In 2015, the Representation assisted about 233,000 persons of concern. They consisted of *de facto* stateless persons (Urdu speakers, children of Bangladeshi and refugee mixed marriages, and Bangladeshis residing in the Indian enclaves); refugees and asylum seekers in urban areas; registered refugees from Myanmar (Rohingyas) in the refugee camps at Kutupalong and Nayapara; and unregistered Rohingyas from Myanmar living outside the camps in Cox’s Bazaar and other districts of the country.
4. The Representation was headed by a Representative at the P-5 level and had 47 staff as at May 2015. It had total expenditure of \$8.0 million in 2013 and \$7.5 million in 2014. The programme expenditure was \$4.9 million in 2013 and \$5.1 million in 2014 of which 98 per cent was incurred in Cox’s Bazaar. The Representation worked with 10 partners in 2013 and 2014. These partners implemented approximately 74 per cent of the Representation’s programme related expenditures during 2013 and 2014.
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 Bangladesh**.
7. The audit was included in the OIOS 2015 risk based internal audit work plan for UNHCR due to risks related to the complexity of protection and programmatic activities in the two refugee camps and the urban areas in Bangladesh.
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 plans for its programme and protection activities are developed 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 UNHCR operations in Bangladesh; (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 April to August 2015. The audit covered the period from 1 January 2013 to 31 December 2014. The audit team visited the Representation's Branch Office in Dhaka, the Sub Office in Cox's Bazaar and the two refugee camps near Cox's Bazaar.

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 **partially satisfactory**¹ in providing reasonable assurance regarding the **effective management of UNHCR operations in Bangladesh**. OIOS made six recommendations to address issues identified in the audit.

13. The Representation had adequate controls in place over strategic planning. However, there was a need for the Representation to: (i) strengthen controls over selection and retention of partners and conclusion of project agreements; (ii) improve monitoring of project activities implemented through partners; (iii) strengthen arrangements for planning, execution, and monitoring of water, sanitation and hygiene activities in the camps; (iv) improve controls over planning, execution and monitoring of educational activities in the camps; (v) address identified control deficiencies in the delegation of authority in administrative and financial management, payment of operational advances, and petty cash management; and (vi) strengthen controls over procurement planning, vendor management and contract management.

14. 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 two important recommendations remains in progress.

¹ 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 UNHCR operations in Bangladesh	(a) Strategic planning	Satisfactory	Satisfactory	Satisfactory	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. Strategic planning

Controls over strategic planning were satisfactory

15. The UNHCR Global Management Accountability Framework requires the Representation to prepare and implement a clearly articulated country strategy that is coherent and consistent with UNHCR global strategic priorities and guides it in meeting its commitment to protect, assist and find solutions for all persons of concern. In this regard, based on a needs assessment, the Representation is required to develop a Country Operations Plan that identifies objectives for different planning population groups, budget allocations and targets.

16. In 2013 and 2014, the Representation conducted a comprehensive needs assessment through an Age, Gender, and Diversity Mainstreaming approach and identified gaps in the protection of its persons of concern. Subsequently, the Representation prepared its Country Operations Plans which were aligned with the global strategic priorities and the needs identified. The plans covered the different population planning groups and contained targets and budget allocations for implementing the plans. The Representation also established a protection strategy and developed relevant standard operating procedures to support the implementation of the protection strategy. OIOS concluded that the Representation had taken appropriate actions to ensure compliance with UNHCR requirements for strategic planning.

B. Project management

There was a need to strengthen controls over selection and retention of partners and conclusion of project agreements

17. According to UNHCR Implementing Partnership Management Guidance, the Representation is required to: (i) select or retain partners through an Implementing Partnership Management Committee to ensure that the process is carried out with adequate due diligence; (ii) seek a waiver, if necessary, from the UNHCR Implementing Partnership Management Service demonstrating the urgent nature and justification for not undertaking the selection process in the prescribed manner; and (iii) sign project agreements before commencement of the project year.

18. The Representation concluded project partnership agreements totaling \$4.0 million in 2013 and \$3.6 million in 2014. It constituted an Implementing Partnership Management Committee in December 2013. However, a review of the Representation's process for selecting and retaining partners in 2013 and 2014 indicated the following weaknesses:

- The Implementing Partnership Management Committee did not hold any meetings during the period under review. The Representation retained for 2014 most of the partners that it worked with in 2013. Seven of the retained partners had been working with the Representation for over four years. However, the Representation did not seek the required waivers for retaining the same partners. Consequently, the UNHCR Implementing Partnership Management Service did not get an opportunity to review whether the justifications for waiving the process were reasonable. For 2015 projects, the Representation sought the required waivers; however, this happened only after it had already signed the relevant project agreements.
- The Representation signed the project agreements between March and July 2013 and between January and March 2014, i.e. only after the commencement of the project year. Due to these delays, the Representation had to draw several operational advances from its administrative budget to meet its priority project needs.

19. The reason for the cited weaknesses was the lack of management enforcement of the requirements contained in the Implementing Partnership Management Guidance. As a result, the Representation was at a risk of not selecting the best-fit partners and not achieving its project objectives.

(1) The UNHCR Representation in Bangladesh should put in place management oversight arrangements to enforce the need to: (i) develop and implement an action plan for the selection and retention of partners for future projects; and (ii) conclude project agreements before commencement of the project year.

UNHCR accepted recommendation 1 and stated that: (i) the Representation had developed and implemented an action plan for the selection and retention of partners; and (ii) the project agreements for 2016 were scheduled to be signed by mid-December 2015. Based on the action taken and documentation provided by UNHCR, recommendation 1 has been closed.

Monitoring of project activities implemented through partners required improvement

20. According to UNHCR Implementing Partnership Management Guidance, the Representation is required to ensure that: (i) project activities implemented by partners are monitored through site visits and meetings with the partners on a risk prioritized basis; (ii) partners agree to the terms of project agreements, which include a requirement not to sub-contract the project to sub-contractors or other partners without the Representation's approval; (iii) partners' expenditures reported in their financial reports, as well as their procurement procedures, are regularly verified; and (iv) recommendations raised by external auditors in project audits are implemented by partners.

21. The Representation established a structured plan for monitoring the implementation of projects through partners. OIOS reviewed the Representation's controls in place for monitoring the partners' activities through a sample of 10 financial verification reports pertaining to three partners implementing \$4.9 million of the Representation's programme related expenditure. The review observed that the Representation's monitoring teams had conducted financial verifications of each project, as per the monitoring plan, at least once each year. However, the Representation did not adequately conduct financial and performance monitoring of the partners in the following instances:

- At two of the three partners, the Representation's monitoring teams had not followed up on the recommendations raised by the external auditors in 2013 pertaining to inventory management and records maintenance.
- One partner involved in sanitation, hygiene and nutrition activities in 2013 and 2014 incurred total project expenditure of \$2.5 million in the camps at Cox's Bazaar. The Representation's monitoring team at Branch Office Dhaka conducted the financial verification since the partner maintained its accounting records at Dhaka. The Branch Office's team obtained input from Sub Office Cox's Bazaar to ascertain that the partner had satisfactorily executed bio-gas and latrine construction projects involving \$199,000. However, there was no documentary evidence that the Representation had also physically monitored the other activities of the partner related to the sanitation, hygiene and nutrition projects.
- A partner implementing educational activities valued at \$1.0 million sub-contracted one of the projects valued at \$602,030 to one of its operational partners without the Representation's approval. The Representation's monitoring team did not review the relevant activities as the sub-contractor did not give the team physical access to its financial records. In 2014, the Representation's external auditor raised observations about control weaknesses with the sub-contractor's procurement procedures. The Representation had not taken action through its partner to address these issues.
- In September 2014, the Representation's Local Committee on Contracts (LCC) allowed one of the partners a waiver of competitive bidding for construction of latrines in the camps with a condition for the partner to use the rates obtained in April 2014 for similar works. However, the partner solicited new bids through open competition. The rates obtained through the bidding were higher than the April 2014 rates and led to an increase of over 25 per cent in seven of the 25 bills of quantities. Consequently, the overall cost of the project increased from \$172,973 to \$198,889 and the difference of \$25,196 was not subsequently reviewed by the LCC.

22. The cited weaknesses happened due to inadequate supervision of the work of the Representation's financial and performance monitoring teams. As a result, the Representation could not ensure the reliability of the reported financial and performance information.

(2) The UNHCR Representation in Bangladesh should develop and implement local procedures for the monitoring of partners' project performance and compliance with the terms of project agreements, including in terms of the responsibilities for the supervision of the work of the monitoring teams.

UNHCR accepted recommendation 2 and stated that the Representation established multi-functional teams for monitoring and trained them on the updated monitoring formats, to ensure the verification of operational activities through a risk based approach. The Project Monitoring Plan was adopted, involving multi-functional team members and the partners. Based on the action taken and documentation provided by UNHCR, recommendation 2 has been closed.

Arrangements for planning, execution and monitoring of water, sanitation and hygiene activities in the camps needed to be strengthened

23. The UNHCR Guidance on Water, Sanitation and Hygiene (WASH) Services requires the Representation to: (i) establish appropriate arrangements to plan and monitor WASH activities and infrastructure to provide sufficient amount and quality of potable water to persons of concern and to maintain sanitation and hygiene in the camps in accordance with UNHCR standards; (ii) constitute water, sanitation and hygiene committees in the camps to monitor the management of water and sanitation infrastructure; (iii) submit monitoring reports on WASH activities to headquarters every two years; and (iv) provide safe and well lit latrines in the camps segregated by gender.

24. In 2013 and 2014, the Representation implemented WASH activities in the camps through two partners for \$775,000. Review of the Representation's arrangements over its planning, execution, and monitoring of WASH activities indicated the following weaknesses:

- The Representation did not establish the mandatory WASH committees in either of the camps and did not send the required monitoring reports to headquarters.
- One of the camps had a per capita water consumption of 15.38 litres against the UNHCR standard of 20.00 litres. In order to identify an alternate source of water supply in this camp, the Representation planned in its Country Operations Plan 2014 to conduct a hydro-geological study. However, it did not undertake this activity as planned.
- In the same camp, the partner did not install water meters and faucets at taps in the water distribution network, as expected, to improve leakage control. In addition, 25 per cent of water taps in one block of the camp remained non-functional throughout the year due to low pressure, but the partner did not arrange to repair them. Because of a lack of a fence to a water reservoir in this camp, the refugee children used the reservoir for swimming and the refugees could draw untreated water through individual containers. The partner also did not provide latrines in the camp with appropriate lighting and segregated by gender. The Representation did not request the partner to address these shortcomings.

25. The above control weaknesses arose due to inadequate monitoring and review of the activities of the partners responsible for WASH activities in the camps. This could have an adverse impact on availability of potable water and adequacy of sanitation and hygiene services in the camps, and expose the Representation to reputational risks.

(3) The UNHCR Representation in Bangladesh should strengthen its monitoring and review of water, sanitation, and hygiene activities in the camps to ensure that: (i) alternative water sources or supply systems in the camps are identified; (ii) defective water infrastructures are repaired; (iii) water, sanitation and hygiene committees are established; and (iv) water, sanitation and hygiene activities are reported to headquarters.

UNHCR accepted recommendation 3 and stated that the Representation: (i) consulted the Water, Sanitation and Hygiene Unit at headquarters regarding a feasibility study to identify alternate water sources, particularly for ground water in a camp (saline region); (ii) repaired the water distribution network and tube-well, fenced off the open reservoir, installed a flow meter in a camp, and installed additional tube wells in another camp; (iii) established camp water, sanitation and hygiene committees in August 2015 and conducted structured orientation sessions during the first week of November 2015; and (iv) consulted the Water, Sanitation and Hygiene Unit regarding reporting on WASH activities. Recommendation 3 remains open pending receipt of: (a) confirmation that solutions for alternative water sources in the camps have been identified; and (b) copies of monitoring reports sent to headquarters on water, sanitation and hygiene activities in the camps.

Controls over planning, execution, and monitoring of educational activities in the camps needed improvement

26. The UNHCR 2012-16 Education Strategy identified Bangladesh as one of the 25 priority operations for implementing the strategy. This strategy required the Representation to: (i) develop a country level education strategy in camp settings in alignment with the global strategy; (ii) develop a strong working partnership with the Ministry of Education and other partners to integrate refugee education with the national systems through appropriate advocacy; and (iii) maintain accurate data and robust information management systems for monitoring achievements.

27. The Representation, through an international partner, maintained 2 secondary and 21 primary schools in the two camps and incurred combined expenditure of \$1.1 million for 2013 and 2014. The Representation also participated in a workshop conducted by UNHCR headquarters in Kuala Lumpur in October 2013 to assist field offices in preparing local education strategies in alignment with the global strategy. A review of the arrangements in place for implementing the 2012-16 Education Strategy and the education programme in the camps indicated that the Representation did not: (i) finalize its education strategy, which was still at a draft stage; (ii) arrange for integration of the curriculum followed in the camp schools with the local curriculum through appropriate advocacy; and (iii) verify the partner's performance results against the indicators in the project agreement. Consequently, certain indicators in FOCUS, the UNHCR tool for results-based management, did not agree with those reported in the project performance report. For example, against the indicator "the number of children aged 3-5 enrolled in early childhood education", the partner indicated the outcome in its performance report as 1,827, whereas the Representation indicated it as 3,498 in FOCUS.

28. The cited weaknesses happened because of inadequate planning of the Representation's educational activities in alignment with the UNHCR Education Strategy and lack of procedures to verify the accuracy of the partner's performance data. This exposed the Representation to a risk of not being able to provide adequate education in the camps.

(4) The UNHCR Representation in Bangladesh should: (i) prepare a local education strategy; (ii) through advocacy efforts with the local government, arrange to integrate the school curriculum in the camps with the national curriculum; and (iii) establish procedures for regular review of results reported in the partner's performance reports.

UNHCR accepted recommendation 4 and stated that the Representation: (i) developed its own local education strategy in line with the UNHCR Education Strategy; (ii) used the Bangladesh national curriculum in the refugee camp schools, received books for all grades, and arranged for teaching the Myanmar language; and (iii) reviewed the results reported by the partner with the help of the Representation's multi-functional monitoring team before inputting them into FOCUS. Based on the action taken and documentation provided by UNHCR, recommendation 4 has been closed.

C. Regulatory framework

There were control deficiencies in delegation of authority in administrative and financial management, payment of operational advances and petty cash management

29. The UNHCR Financial Internal Control Framework and Delegation of Authority Plan require the Representation to: (i) delegate administrative and financial powers to field staff according to their responsibilities, while restricting delegation that would allow staff to approve payments beyond the stipulated financial limits per position or enable them to approve payments to themselves; (ii) not pay additional operational advances to the same staff member and for the same purpose until the first advance is liquidated; and (iii) maintain a petty cash book/journal, periodically carry out a physical check of cash available, and maintain duplicate keys for the cash safe in all offices.

30. A review of controls over the Representation's delegation of authority in administrative and financial management, management of operational advances and petty cash management indicated the following weaknesses:

- The Representation allowed four staff (three in Dhaka and one in Cox’s Bazaar) to approve all payments without any limit, which represented a violation of the limits set in the UNHCR rules for their respective grades. They approved 22 instalment payments to partners totaling \$3,191,000. In addition, five staff members had both the Spending Approver (non-Purchase Order) and Purchase Approver (non-Purchase Order) roles in the Representation’s Delegation of Authority Plan. Consequently, they approved 30 payments to themselves totalling \$67,800. Although these payments were made for justified purposes only, the practice exposed the Representation to risks of financial irregularities and fraud.
- Out of the total of operational advances of \$43,897, the Representation gave 11 operational advances totalling \$29,700 to the same staff member for the same purpose (medical referral for refugees) without liquidating the previous advances. In another 11 cases, it did not follow up with the staff member concerned for submission of the details of expenses related to advances drawn from 47 to 87 days involving \$28,400.
- The Representation did not maintain a petty cash book/journal at Branch Office Dhaka, conduct surprise cash counts or maintain duplicate keys for the cash safe at Sub Office Cox’s Bazaar.

31. The main reason for the shortcomings in the Delegation of Authority Plan was that the Representation did not review the delegation in place and establish appropriate compensating monitoring controls over the payment approval process. The control weaknesses in the management of operational advances and petty cash resulted from inadequate management review of these activities. These weaknesses posed potential financial risks for the Representation.

(5) The UNHCR Representation in Bangladesh should: (i) review its Delegation of Authority Plan to ensure that it is established in accordance with UNHCR rules; and (ii) put in place appropriate management review mechanisms over operational advances and petty cash management.

UNHCR accepted recommendation 5 and stated that: the Delegation of Authority Plan had been updated; medical referrals were now funded through the partnership agreement, thus negating the need for operational advances to UNHCR staff; petty cash journals and processes had been updated, duplicate keys were maintained, and ad hoc physical checks of cash were undertaken and documented. Based on the action taken and documentation provided by UNHCR, recommendation 5 has been closed.

Procurement planning, vendor management and contract management needed strengthening

32. The Representation is required to comply with UNHCR procurement rules and procedures, which include: (i) preparing a needs-based annual procurement plan; (ii) establishing an effective vendor management system through a Vendor Review Committee; (iii) ensuring adequate oversight of procurement activities and submitting all contracts with a value above \$20,000 to the LCC for review; and (iv) managing the performance of contractors as per conditions of contracts.

33. In 2013 and 2014, the Representation procured goods and services totaling \$3.1 million and involving 378 purchase orders. OIOS reviewed the Representation’s arrangements for procurement planning, vendor management and contract management in general. In addition, 13 of the 16 procurement cases submitted to the LCC for review and approval, for a total amount of \$1.2 million, were selected for detailed examination. The review indicated the following control weaknesses:

- The Representation did not have an annual needs-based procurement plan. Consequently, purchase orders totaling \$244,053 remained outstanding for which goods and services were not

delivered by the end of the year. Out of these, goods and services were not delivered for purchase order vouchers valued at \$63,671 for six months.

- The Representation did not establish a Vendor Review Committee and did not regularly assess the performance of its vendors. Furthermore, the vendor database contained 22 duplicate vendor records, and 10 of them had the same bank account number.
- The Representation issued purchase orders only after having received the goods and services in 12 cases totaling \$28,769.
- The Representation paid two vendors beyond \$20,000 in one calendar year totalling \$49,184, but did not submit these cases to the LCC as required.
- The Representation submitted two contracts (for security services and office rental) totaling \$101,694 to the LCC for approval only after the contracts had already been signed.
- The Representation did not follow a point scoring system as prescribed in the UNHCR rules for evaluation of bids for any of the 30 construction contracts executed in 2013 and 2014. This practice exposed the Representation to a risk of disqualifying bidders with the highest technical score and the lowest financial offer.
- The Representation: (i) did not maintain weekly site monitoring reports related to construction contracts; (ii) extended the contract period at the request of a contractor without relevant change orders in four of the nine projects valued at \$182,819 assigned to this contractor; and (iii) paid an additional contingency amount of five per cent in three cases involving \$7,500 although there was no provision to pay such contingencies in the respective contracts.

34. The main reasons for the above control weaknesses were the lack of a needs-based procurement planning in advance of the start of project activities, absence of an effective vendor management system, as well as skills gaps among staff responsible for evaluation of bids and contract monitoring. As a result, the Representation was exposed to a risk of not getting value for the money spent on its procurement of goods and services.

(6) The UNHCR Representation in Bangladesh should: (i) prepare an annual procurement plan; (ii) establish a Vendor Review Committee to oversee the completion of the review of the vendor database; and (iii) undertake capacity building of staff responsible for bid evaluations and contract monitoring.

UNHCR accepted recommendation 6 and stated that the Representation:(i) finalised a comprehensive annual procurement plan for 2015 and a plan for 2016 would be prepared; (ii) initiated action to establish a Vendor Review Committee to review and update the vendor database by 31 January 2016; and (iii) reviewed the processes for bidding and evaluation, arranged for building capacities of the staff involved in these activities; and initiated action for preparing a format for monitoring the contracts approved by the LCC by January 2016 Recommendation 6 remains open pending receipt of minutes of the Vendor Review Committee meetings demonstrating action taken to complete the review of the vendor database.

IV. ACKNOWLEDGEMENT

35. 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 Bangladesh 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 Bangladesh should put in place management oversight arrangements to enforce the need to: (i) develop and implement an action plan for the selection and retention of partners for future projects; and (ii) conclude project agreements before commencement of the project year.	Important	C	Action completed	Implemented
2	The UNHCR Representation in Bangladesh should develop and implement local procedures for the monitoring of partners' project performance and compliance with the terms of project agreements, including in terms of the responsibilities for the supervision of the work of the monitoring teams.	Important	C	Action completed	Implemented
3	The UNHCR Representation in Bangladesh should strengthen its monitoring and review of water, sanitation, and hygiene activities in the camps to ensure that: (i) alternative water sources or supply systems in the camps are identified; (ii) defective water infrastructures are repaired; (iii) water, sanitation and hygiene committees are established; and (iv) water, sanitation and hygiene activities are reported to headquarters.	Important	O	Submission to OIOS of: a) confirmation that solutions for alternative water sources in the camps have been identified; and b) copies of monitoring reports sent to headquarters on water, sanitation and hygiene activities in the camps.	31 March 2016
4	The UNHCR Representation in Bangladesh should: (i) prepare a local education strategy; (ii) through advocacy efforts with the local government, arrange to integrate the school curriculum in the camps with the national curriculum; and (iii)	Important	C	Action completed	Implemented

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 Bangladesh 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
	establish procedures for regular review of results reported in the partner's performance reports.				
5	The UNHCR Representation in Bangladesh should: (i) review its Delegation of Authority Plan to ensure that it is established in accordance with UNHCR rules; and (ii) put in place appropriate management review mechanisms over operational advances and petty cash management.	Important	C	Action completed	Implemented
6	The UNHCR Representation in Bangladesh should: (i) prepare an annual procurement plan; (ii) establish a Vendor Review Committee to oversee the completion of the review of the vendor database; and (iii) undertake capacity building of staff responsible for bid evaluations and contract monitoring.	Important	O	Submission to OIOS of minutes of the Vendor Review Committee meetings demonstrating action taken to complete the review of the vendor database.	31 January 2016

APPENDIX I

Management Response

Management Response

Audit of the operations in Bangladesh 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 Bangladesh should put in place management oversight arrangements to enforce the need to: (i) develop and implement an action plan for the selection and retention of partners for future projects; and (ii) conclude project agreements before commencement of the project year.	Important	Yes	Programme Officer (along with full Programme Unit)	30 November 2015	i) The UNHCR Representation in Bangladesh has developed and implemented an action plan for the selection and retention of partners. ii) The project agreements for 2016 are scheduled to be signed by mid-December, prior to commencement of the project year.
2	The UNHCR Representation in Bangladesh should develop and implement local procedures, which should allocate clear responsibilities for supervising the work of its monitoring teams in reviewing project performance and compliance of partners with the terms of project agreements.	Important	Yes	Programme Officer & Protection Officer (along with Multi- Functional Team)	July 2015	The Representation in Bangladesh has implemented this recommendation. In July 2015, Multi-Functional Teams (MFT) were established. Simultaneously, MFT members were trained on the updated monitoring formats, to ensure the verification of operational activities through a risk based approach. The Project Monitoring Plan has been adopted, involving MFT members, and cooperation with partners has taken place.

¹ 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.

² 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 in Bangladesh 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
3	The UNHCR Representation in Bangladesh should strengthen its monitoring and review of water, sanitation, and hygiene activities in the camps to ensure that: (i) alternative water sources or supply systems in the camps are identified; (ii) defective water infrastructures are repaired; (iii) water, sanitation and hygiene committees are established; and (iv) water, sanitation and hygiene activities are reported to headquarters.	Important	Yes	Associate WASH Officer (along with WASH Team)	i - In-progress ii and iii August 2015	<p><u>i) Study on Alternate Water Sources</u></p> <p>The Headquarters WASH Unit has been consulted regarding a feasibility study to identify alternate water sources, particularly for ground water at the Nayapara Camp (saline region).</p> <p><u>ii) Repair to Defected Water Infrastructure</u></p> <p>Repair of the water distribution network and tube-well has been implemented. Fencing of the reservoir, installation of flow meter in Nayapara camp, and installation of additional tube wells in Kutupalong camp has been completed.</p> <p><u>iii) Camp Wash Committees established</u></p> <p>Camp WASH Committees were established in August 2015. Structured orientation sessions were completed during the first week of November 2015.</p> <p><u>iv) Headquarters Reporting on WASH Activities</u></p> <p>The Representation has been advised not to proceed with any formal report at this stage given that the WASH guidance Note is currently being reviewing. The Note will include reporting from field locations.</p>

Management Response

Audit of the operations in Bangladesh 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
4	The UNHCR Representation in Bangladesh should: (i) prepare a local education strategy; (ii) through advocacy efforts with the local government, arrange to integrate the school curriculum in the camps with the national curriculum; and (iii) establish procedures for regular review of results reported in the partner's performance reports.	Important	Yes	Protection Officer (along with Protection Team)	January 2016	<p><u>i) Local Education Strategy Plan</u></p> <p>The Education Strategy has been developed and updated as of July 2015 in line with the guidelines.</p> <p><u>ii) Advocacy to Integrate Camp School Curriculum with National Curriculum</u></p> <p>The Bangladesh national curriculum is used in the refugee camp schools. In collaboration with the Government Education Offices at the local level, the project receives National Curriculum and Textbook Board (NCTB) books for all grades every year. Furthermore, Myanmar language is learned as well.</p> <p><u>iii) Establish System to Review Results and Enter into FOCUS</u></p> <p>With the establishment of the Multi-Functional Team (MFT) in monitoring, there is a systematic review of partner results before finalizing input into Focus. The MFT monitoring tools are being implemented.</p>

Management Response

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5	The UNHCR Representation in Bangladesh should: (i) review its Delegation of Authority Plan to ensure that it is established in accordance with UNHCR rules; and (ii) put in place appropriate management review mechanisms over operational advances and petty cash management.	Important	Yes		Implemented	<p><u>i) DOAP</u> The DOAP has been established and updated with the recent change of staffing.</p> <p><u>ii) System for Operational Advances</u> Operational advances follow UNHCR norms. Operational advances for medical cases to a staff member was a temporary measure while shifting from the Civil Surgeon to the Minister of Disaster Management and Relief. During this interim period, there were advances to the s/m for ongoing treatments for different patients, which were liquidated when the treatments were completed. Confirmation is made that this was a temporary and interim system, and referrals are now funded through the Partnership Agreement, thus negating the need for operational advances to UNHCR staff.</p> <p><u>iii) Petty Cash Journal, duplicate Keys, and Physical Check</u> Petty Cash journals and processes have been renewed with all Petty Cash Custodians, journals are updated, duplicate keys are maintained, and documented ad hoc physical check of cash is undertaken.</p>

Management Response

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6	The UNHCR Representation in Bangladesh should: (i) prepare an annual procurement plan; (ii) establish a Vendor Review Committee to oversee the completion of the review of the vendor database; and (iii) undertake capacity building of staff responsible for bid evaluations and contract monitoring.	Important	Yes	Snr. Admin/Finance Officer & Programme Officer (along with Admin/Finance/Programme/Supply)	January 2016	<p><u>i) Annual Procurement Plan</u></p> <p>A comprehensive Annual 2015 Procurement Plan has been finalized. A procurement plan will be prepared for 2016.</p> <p><u>ii) Vendor Review Committee</u></p> <p>A Vendor Review Committee is being established to review and update the vendor database by 31 January 2016.</p> <p><u>iii) Capacity Building of Staff for Bid Evaluation</u></p> <p>a) The processes for bidding and evaluation have been reviewed. The responsibility and capacity of staff are equally being reviewed.</p> <p>The Regional Symposium for Admin/Finance was held in November 2015 included training in supply and procurement. Key staff attended the workshop.</p> <p>b) A format is being prepared for monitoring LCC approved contracts. Action will be completed by January 2016.</p>