



INTERNAL AUDIT DIVISION

REPORT 2016/096

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

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

FINAL OVERALL RATING: PARTIALLY
SATISFACTORY

2 September 2016
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AUDIT REPORT

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

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the operations in Venezuela 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 Venezuela (hereinafter referred to as ‘the Representation’) started its operations in 1991. It cooperates with the Government of Venezuela, non-governmental organizations and other stakeholders to protect, assist and find durable solutions for refugees and other people of concern. The National Refugees Commission (CNR) of the Government is responsible for refugee status determination (RSD) in Venezuela. The national refugee law enables UNHCR, however, to also receive claims for refugee status.
4. The main objectives of the Representation’s protection strategy were to: (i) increase the quality of the asylum procedures to ensure access of persons in need of international protection to an effective, fair and institutionally robust asylum system managed by the Government; and (ii) find solutions complementary to the national asylum procedures for those persons of concern who have been in the country for a considerable amount of time without having accessed asylum. The main populations of concern assisted by the Representation included 6,694 refugees registered by CNR, 1,396 asylum-seekers, and 168,500 other persons of concern who had not yet obtained access to the asylum procedure.
5. The Representation consisted of four offices: a Country Office in Caracas and three Field Offices in Guasualito, San Cristobal and Maracaibo. It was headed by a Representative at the P-5 level and had 48 staff members, including 30 affiliate staff. The Representation had total expenditure of \$3.5 million in 2014 and \$3.4 million in 2015. To implement its projects, the Representation worked with four partners in 2014 and five in 2015.
6. Comments provided by UNHCR are incorporated in italics.

II. OBJECTIVE AND SCOPE

7. The audit was conducted to assess the adequacy and effectiveness of UNHCR governance, risk management and control processes in providing reasonable assurance regarding the **effective management of UNHCR operations in Venezuela**.
8. The audit was included in the OIOS 2016 risk-based internal audit work plan for UNHCR because of risks associated with the increase in complexity of the operations in Venezuela due to the border crisis between Venezuela and Colombia in 2015 and the hyperinflation and volatile exchange rates in the country.

9. 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 and in accordance with established planning procedures and guidelines.

(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 operations in Venezuela; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

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

11. OIOS conducted the audit from February to May 2016. The audit covered the period from 1 January 2014 to 31 December 2015. The audit team visited the Representation's Country Office in Caracas and the Field Office in Maracaibo.

12. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

13. The UNHCR governance, risk management and control processes examined were assessed as **partially satisfactory**¹ in providing reasonable assurance regarding the **effective management of UNHCR operations in Venezuela**. OIOS made five recommendations to address issues identified.

14. There was a need for the Representation to: (i) determine the appropriate balance in its workforce composition and maintain accurate and reliable data on its persons of concern; (ii) strengthen controls in ensuring effective and efficient asylum procedures; (iii) strengthen monitoring of partners' project activities; (iv) establish cash forecasting controls and coordinate with the United Nations Country Team to mitigate the risks arising from volatile exchange rates and hyperinflation; and (v) strengthen management supervision and oversight arrangements over procurement and vendor management activities.

15. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **partially satisfactory** 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 Venezuela	(a) Strategic planning	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Project management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(c) Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Strategic planning

The Representation needed to determine the appropriate balance in its workforce composition and maintain accurate and reliable data on its persons of concern

16. The UNHCR Programme Manual requires the Representation to ensure that comprehensive and accurate data is available on its persons of concern for planning purposes. In addition, the Representation, based on a comprehensive needs assessment done through a participatory age, gender and diversity approach, is required to prepare an annual operations plan, in alignment with UNHCR’s global strategic priorities, which identifies objectives for different population planning groups. The Representation should also prepare a protection strategy in consideration of the protection needs identified for the region, while separate standard operating procedures should be prepared to direct the implementation of activities in each priority sector. The operations plan needs to contain a human resources strategy that ensures there is an appropriate balance between regular staff and affiliate staff.

17. In 2014, the Representation prepared an action plan for migrating its database on persons of concern, hitherto maintained in Excel sheets, to proGres Lite (hereinafter called ‘proGres’), an information technology application used globally for registering UNHCR’s persons of concern. It had also trained its staff in the use of proGres. At the time of the audit, the Representation had records for a total of 29,029 persons of concern, of which it maintained the records for 10,487 in proGres while the remaining 18,542 were still recorded in Excel. OIOS review of the controls in place for maintaining accurate and reliable data on the persons of concern indicated that the Representation: (i) had only 155 registered refugees in proGres against 6,694 registered by CNR; (ii) did not effectively review and address migration errors in proGres as, for example, the date of registration was recorded as ‘4 January 1951’ by default in all the cases; and (iii) did not maintain vulnerability information of its persons of concern in proGres. The reasons for these weaknesses were: (i) absence of a mechanism for sharing asylum information between CNR and the Representation on a regular basis; (ii) limited technical capacity in addressing technical problems in the use and maintenance of proGres; and (iii) inadequate follow up on the action plan for proGres implementation scheduled to be completed by April 2014. Consequently, the Representation could not fully rely on the information available in proGres for its planning purposes. Maintenance of records in Excel could also increase the risk of error and manipulation.

18. The Representation, based on its comprehensive needs assessment conducted through an age, gender and diversity exercise, identified gaps in the protection of its persons of concern and prepared operations plans for 2014 and 2015 aligned with the global strategic priorities. It also included in the operations plans the prioritized objectives for different population planning groups and established baselines, targets and performance indicators for its identified priorities. It further prepared a protection strategy for 2015-2018 in early 2015, in line with the regional protection needs, and developed relevant standard operating procedures to implement the strategy.

19. However, although the 2014 and 2015 operations plans contained a human resources strategy, the Representation did not undertake a comprehensive cost-benefit analysis of its deployment of 30 affiliate staff which constituted 62 per cent of the total workforce. These affiliate staff were involved in most of the core activities of the Representation, such as programme management, protection and durable solutions. The main reason for the lack of a cost-benefit analysis to support the deployment of affiliate staff was that the Representation did not give adequate attention to this requirement in anticipation of the high cost of regular staff over individual contractors. As a result, there was risk of lack of continuity and stability in some key areas of its operations.

(1) The UNHCR Representation in Venezuela should put in place procedures to: (i) regularly receive asylum information from the National Refugees Commission; (ii) implement, as a matter of priority, the plan of action for migrating its database of persons of concern to proGres, and address the existing migration errors in proGres; and (iii) determine annually, on the basis of a comprehensive cost-benefit analysis, the appropriate balance between regular and affiliate staff.

UNHCR accepted recommendation 1 and stated that the Representation signed a new agreement with CNR on 27 May 2016, according to which the latter shared the statistics on the number of asylum seekers and recognized refugees in the country. To address the migration issues in proGres, the Representation appointed an Information Management Assistant in April 2016 and arranged for a mission by the Regional Information Data Management Officer to assess data management needs of the operation. It also prepared a timetable to: migrate data on its persons of concern to proGres version 4; train its staff on using the new system; and ensure that the new database becomes fully operational. To address the issue of balance between regular and affiliate staff, the Representation made proposals for the creation of regular staff positions as of 1 January 2017 and they were reflected in the staffing component of its operations plan for 2017. Recommendation 1 remains open pending receipt of evidence that the Representation has completed the migration of its database of persons of concern to proGres version 4 and verified the migrated data for completeness and reliability.

There was a need to strengthen controls in ensuring effective and efficient asylum procedures

20. According to the UNHCR guidelines on Refugee Registration and Refugee Status Determination, in situations where the Government is responsible for RSD, the Representation is required to ensure that the quality of RSD procedures are improved through strengthening the knowledge and capacities of the asylum authorities and introduce efficient management concepts and procedures to ensure that RSD is conducted in a timely manner. According to its protection strategy, the Representation should conclude a collaboration agreement with the Migration Authority to identify a migratory solution outside the asylum system to facilitate access to documentation and eventual naturalization of refugees, among others.

21. The Representation and its partners worked with CNR through joint work planning, financial support for joint outreach registration, advocacy and capacity building activities. For the purpose of monitoring progress in registering persons of concern, the Representation had selected the impact

indicator 'Per cent of persons of concern registered on an individual basis' and reported on the results in the FOCUS system, the UNHCR tool for results-based management. However, review of the controls in place for ensuring effective and efficient asylum procedures indicated the following weaknesses:

- Joint planning with CNR: The joint work plans did not contain measurable targets indicating the number of asylum seekers to be registered or a provision that asylum applications should be processed within a prescribed timeframe. Furthermore, in 2015, the Representation signed the joint work plan in May while CNR co-signed it only in August 2015. Consequently, with the declaration of a state of exception in the border areas in August, only one joint outreach mission could be conducted in 2015.
- Monitoring of the asylum system: In 2014 and 2015, the Representation's achievement against the impact indicator of persons of concern registered on an individual basis out of the total number of persons of concern was in the critically low range of 18 to 20 per cent, against the minimum of 79 per cent according to UNHCR's global strategic priorities.
- Migratory solution outside the asylum system: The Representation did not enter into a collaboration agreement with the Migration Authority, as envisaged in its protection strategy, to pave the way for documentation and naturalization of refugees.
- Capacity building of CNR staff: The Representation provided capacity building on asylum system and procedures to only 9 of the 18 CNR staff.

22. The Representation attributed the above weaknesses to lack of support from CNR to establish robust asylum procedures, and the prolonged absence of a Director of the Migration Authority to conclude an agreement for identifying a solution outside the asylum system. OIOS, however, noted that in 2015 that the Representation started to coordinate with the Ministry of Foreign Affairs, which was the apex body in asylum matters in the country. Consequently, the majority of persons of concern without a valid identification document continued to face obstacles in terms of protection from institutional violence and access to basic needs, which posed reputational risk to UNHCR. In addition, at the existing rate of registration and status determination, it would take several years to cover the remaining asylum seekers who warranted a solution outside the asylum system.

(2) The UNHCR Representation in Venezuela should put in place local procedures to: (i) conclude results-oriented work plans for joint outreach registration, advocacy and capacity building activities with the National Refugees Commission (CNR); (ii) undertake capacity building of all CNR staff; (iii) conclude an agreement with the Ministry of Foreign Affairs to foster a collaborative approach and establish a results-oriented asylum system and procedures for the status determination of refugees; and (iv) expedite the envisaged agreement with the Migration Authority to facilitate access to documentation and naturalization of refugees.

UNHCR accepted recommendation 2 and stated that the Representation concluded a results oriented work plan with CNR on 27 May 2016 that provided, among others, for accountability oriented joint outreach registration, advocacy and capacity building of the staff of CNR and partners. As of 20 July 2016, all activities of the work plan had been implemented as scheduled. The agreement signed by CNR embodied the cooperation framework between UNHCR and the Ministry of Foreign Affairs and other government counterparts such as the Migration Authority to improve access to documentation and other rights of the persons of concern. Also, the work plan foresaw joint efforts to conduct a survey in 2016 to establish the number and the profiles of unregistered persons in need of international protection, including persons at risk of statelessness and victims of

trafficking, with a view to promoting their regularization with adequate protection safeguards. Establishment of a high-level ministerial group to secure buy-in of migratory solutions for persons of concern was also planned for the second half of 2016. Based on the action taken and documentation provided by UNHCR, recommendation 2 has been closed.

B. Project management

There was a need to strengthen monitoring of partners' project activities

23. The UNHCR Enhanced Framework for Implementing with Partners requires the Representation to: (i) select and/or retain the best-fit partners to implement its projects following an objective and transparent selection process; (ii) put in place procedures to sign Project Partnership Agreements (PPAs) in a timely manner, by December of the year preceding the year of project implementation; and (iii) monitor project activities implemented by partners to ascertain that the projects are proceeding according to plan and targets, as per a risk-based financial and performance monitoring plan.

24. The Representation constituted an Implementing Partnership Management Committee in September 2013 which obtained expressions of interest of partners in October 2013 for project years 2014 and 2015. The Representation selected the partners in accordance with the UNHCR requirements and concluded PPAs with four partners in 2014 and five in 2015 totalling \$955,565. However, in 2014, the Representation concluded all PPAs between February and May 2014. Similarly, it concluded all project agreements for 2015 between February and July 2015. Consequently, none of the partners could utilize the allotted budgetary resources fully during these years. The main reason for the delay in signing the PPAs was delay in receiving the funds and the time taken in deciding the cost of the agreements in view of the new exchange rate system in Venezuela. Therefore, as these were reasons largely outside the Representation's control, OIOS did not make a recommendation in this regard.

25. In 2015, the Representation prepared a monitoring plan and ensured at least one monitoring visit to each partner. However, OIOS review of the adequacy of controls in place for monitoring the project activities indicated the following weaknesses:

- In 2014, the Representation did not: (i) prepare a risk-based monitoring plan; and (ii) undertake performance assessment of the partner activities on-site based on their year-end narrative reports.
- The Representation did not constitute a multi-functional team for performance monitoring of project activities either in 2014 or in 2015.
- The partners disbursed cash grants totalling \$100,000 during the period under review. However, the Representation did not prepare and share with its partners any procedures for disbursement of cash grants paid to persons of concern through the partners. In addition, the Representation did not ensure that its staff monitoring the partners' project activities reviewed and reconciled the operational cash advances drawn by the partners for this purpose.

26. The shortcomings in project monitoring were due to lack of a risk-based and multi-functional approach to monitoring the partners' activities. As a result, the Representation was exposed to the risk of inability to identify and address deficiencies in partners' progress in implementing project activities and weaknesses in partners' systems of internal control.

(3) The UNHCR Representation in Venezuela should develop and implement local procedures, through a risk-based and multi-functional approach, to strengthen monitoring of project activities implemented by partners.

UNHCR accepted recommendation 3 and stated that the Representation established a multi-functional monitoring team which was conducting risk-based monitoring visits to partners. Based on the action taken and documentation provided by UNHCR, recommendation 3 has been closed.

C. Regulatory framework

There was a need to establish cash forecasting controls and coordinate with the United Nations Country Team to mitigate risks from volatile exchange rates and hyperinflation

27. According to UNHCR Financial Rules, the Representation is required to ensure that funds are called forward as close as possible to the date of their utilization to avoid high bank balances over prolonged periods. This should be accomplished through the use of the Cash Flow View function in Managing for Systems, Resources and People (MSRP), the UNHCR enterprise resource planning system. According to UNHCR Emergency Handbook, in case of fluctuations in the United Nations exchange rates for more than three per cent between the actual market rate and the prevailing United Nations Official Rate of Exchange, the Representation is required: (i) in coordination with the United Nations Development Programme (UNDP) and other United Nations organizations locally, to send a request through the UNHCR Treasury to UNDP in New York, for a revision of the United Nations Official Rate of Exchange; and (ii) to remit any excess balances to the Treasury at the most favourable rate.

28. The exchange rates controlled by the Government were characterized by the existence of three different conversion rates: (i) at Venezuelan Bolivars (VEF) 6,284 to 1 USD which was the United Nations Official Rate of Exchange; (ii) at VEF 12 to 1 USD; and (iii) at VEF 200 to 1 USD, known as SIMADI (a Spanish acronym) rate, which was a less restrictive mechanism to buy and sell foreign currency by individuals and entities. The United Nations Official Rate of Exchange remained in force until 15 March 2016 when the Government officially modified it and introduced two conversion rates: one at fixed rate of 10 VEF to 1 USD and the other at fluctuating rate of initially VEF 214 to 1 USD. In an attempt to mitigate the exchange risks, the Representation ensured that its partners opened their bank accounts with access to the SIMADI exchange rate. The Representation paid local staff in local currency, while staff had the possibility to save part of their salary in USD as per the terms of a corporate agreement between UNHCR and the United Nations Federal Credit Union. However, the Representation remained exposed to risks associated with volatile exchange rates and hyperinflation because it had generated a surplus of funds in VEF through fundraising operations which could not be converted to USD due to restrictions in the convertibility of the Venezuelan currency. At the time of the audit, the Representation had a total of VEF 24.1 million (\$2.4 million converted at the prevailing fixed rate of VEF 10 to 1 USD). Of this, VEF 14.5 million had been received in local contributions in 2015.

29. The Representation had extensively communicated with the UNHCR headquarters (Division of Financial and Administrative Management and Legal Advisory Services) and the United Nations Country Team to address the risks involved. Whilst the audit was ongoing, as per a request made by the Representation, the Division of Financial and Administrative Management permitted the Representation to utilize the surplus VEF locally for payment of: (a) instalments to partners; and (b) contributions to joint United Nations activities, to reduce VEF balances and subsequently reduce the risk of hyperinflation eroding the value of cash balances. However, OIOS review indicated the following weaknesses in the Representation's arrangements with regard to volatile exchange rates and hyperinflation:

- The Representation did not prepare monthly cash flow requirements for immediate disbursements using the Cash Flow View in the MSRP system. The Representation stated that it did not prepare them as the UNHCR Treasury had instructed it to use the VEF in its account to meet its needs.

- The United Nations Official Rate of Exchange rate of VEF 6.284 to 1 USD increased the expenses of the Representation by 50 per cent (the equivalent of \$210,152) in 2015. However, the Representation had not sent a request for a revision of this rate to UNDP as the United Nations Country Team and the Diplomatic Corps did not have a unified position in the matter.

30. As a result, the Representation was exposed to the risk that its VEF funds would decrease significantly in value. This situation did not receive sufficient oversight by the Representation's management with regards to cash requirement forecasting and coordination with the United Nations Country Team.

(4) The UNHCR Representation in Venezuela should: (i) put in place controls to ensure that monthly cash requirements are forecast to minimize the exposure to exchange rate losses; and (ii) coordinate with the local United Nations Country Team to adopt a collective approach to deal with the risks posed by volatile exchange rates and hyperinflation.

UNHCR accepted recommendation 4 and stated that the Representation established protocols to monitor monthly cash flows and forecast payments in local and foreign currency. Full implementation of the Cash Flow View function in MSRP had begun as of July 2016, and replenishment of cash was being done on a needs basis for a period not exceeding one month. The replenishment of the Representation's bank balance would be based on the actual cash needs of the office, which would be determined by the cash flow analysis. To date, there was no collective approach of the United Nations System in Venezuela to deal with the exchange rate fluctuation. Meanwhile, the risks posed by volatile exchange rates were being mitigated by a decision made in New York to allow payment of local salaries in US dollars. Based on the action taken and documentation provided by UNHCR, recommendation 4 has been closed.

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

31. The Representation is required to comply with the UNHCR procurement rules and procedures, which include: (a) establishing an effective vendor management system; (b) preparing an annual procurement plan according to the identified needs; (c) initiating timely procurement activities in accordance with the procurement plan to facilitate transparent and competitive procurement; and (d) ensuring adequate oversight over the procurement activities through the Local Contracts Committee.

32. The Representation issued 450 purchase orders valued at \$608,021 in 2014 and 301 purchase orders valued at \$791,979 in 2015. OIOS assessed the effectiveness of the Representation's controls over vendor management and procurement activities and reviewed 42 contracts for procurement of goods and services in 2014 and 2015 involving \$614,757 (representing 44 per cent of the total value of procurement during this period). The review indicated the following control weaknesses:

- Vendor management: The Representation constituted a Vendor Review Committee only in February 2016. The Representation did not maintain an up-to-date record of its 393 vendors. It also did not ensure that individual vendor files contained the relevant registration details and performance reports. In addition, the Representation had eight vendors with multiple records in its vendor database.
- Procurement planning: The Representation did not prepare a procurement plan for 2014. The procurement plan was prepared for 2015 but it was incomplete as it did not: (i) indicate the specific period during which the goods and services were required; (ii) include the goods and

services to be procured through contractual agreements; and (iii) identify the goods and services to be procured locally, as opposed to internationally through UNHCR headquarters, in particular to mitigate the risk of exchange losses arising from local procurement.

- Oversight over procurement activities: The Representation had a Local Contracts Committee that met seven times during 2014 and 2015 combined. However, the Committee did not exercise adequate oversight over the procurement activities. For example, it did not intervene when the Representation did not: (i) systematically obtain the required number of bids or provide sufficient time for the vendors to respond to the invitation in the case of 20 contracts; (ii) obtain the minimum required number of quotations in 16 contracts; (iii) ensure that purchase orders were issued only after receiving the invoices in 302 cases totalling \$980,289; and (iv) enter into a formal contract for security services involving \$41,000. In addition, the Representation awarded a sole source contract for a fundraising activity for \$200,000 to a vendor recommended by one of its own staff members on the grounds that such a practice was followed in another sister agency locally.

33. The cited deficiencies were partly due to staffing constraints in the Representation's Supply Unit. In the absence of an Admin/Finance Officer or other qualified staff, the Programme Officer managed this Unit. However, the Representation had also not established adequate management supervision and oversight arrangements over its vendor management and procurement activities. Consequently, the Representation was at risk of not getting best value from its procurement of goods and services.

(5) The UNHCR Representation in Venezuela should develop an action plan to ensure that it has sufficient capacity in its Supply Unit and implement adequate management supervision and oversight arrangements over its procurement and vendor management activities.

UNHCR accepted recommendation 5 and stated that: (i) the Representation initiated the recruitment of a dedicated Supply Assistant to be placed under the supervision of the Admin/Finance Officer; (ii) upon recruitment, the Representation would request the support of the Regional Office in Panama for a mission to provide orientation and training for the new staff (and other staff) on the UNHCR procurement rules and procedures; and (iii) all duplicate vendors in the vendor database in MSRP were inactivated in February 2016. Recommendation 5 remains open pending receipt of evidence that the proposed recruitment of a Supply Assistant is completed and the new incumbent is trained on UNHCR procurement rules and procedures.

IV. ACKNOWLEDGEMENT

34. 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) Eleanor T. Burns
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Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

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

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	The UNHCR Representation in Venezuela should put in place procedures to: (i) regularly receive asylum information from the National Refugees Commission; (ii) implement, as a matter of priority, the plan of action for migrating its database of persons of concern to proGres, and address the existing migration errors in proGres; and (iii) determine annually, on the basis of a comprehensive cost-benefit analysis, the appropriate balance between regular and affiliate staff.	Important	O	Submission to OIOS of evidence that the Representation has completed the migration of its database of persons of concern to proGres version 4 and verified the migrated data for completeness and reliability.	31 December 2016
2	The UNHCR Representation in Venezuela should put in place local procedures to: (i) conclude results-oriented work plans for joint outreach registration, advocacy and capacity building activities with the National Refugees Commission (CNR); (ii) undertake capacity building of all CNR staff; (iii) conclude an agreement with the Ministry of Foreign Affairs to foster a collaborative approach and establish a results-oriented asylum system and procedures for the status determination of refugees; and (iv) expedite the envisaged agreement with the Migration Authority to facilitate access to documentation and naturalization of refugees.	Important	C	Action completed	Implemented
3	The UNHCR Representation in Venezuela should develop and implement local procedures, through a	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 Venezuela 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
	risk-based and multi-functional approach, to strengthen monitoring of project activities implemented by partners.				
4	The UNHCR Representation in Venezuela should: (i) put in place controls to ensure that monthly cash requirements are forecast to minimize the exposure to exchange rate losses; and (ii) coordinate with the local United Nations Country Team to adopt a collective approach to deal with the risks posed by volatile exchange rates and hyperinflation.	Important	C	Action completed	Implemented
5	The UNHCR Representation in Venezuela should develop an action plan to ensure that it has sufficient capacity in its Supply Unit and implement adequate management supervision and oversight arrangements over its procurement and vendor management activities.	Important	O	Submission to OIOS of evidence that the proposed recruitment of a Supply Assistant is completed and the new incumbent is trained on UNHCR procurement rules and procedures	31 December 2016

APPENDIX I

Management Response

Management Response

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

Rec. no.	Recommendation	Critical ⁶ / Important ⁷	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Representation in Venezuela should put in place procedures to: (i) regularly receive asylum information from the National Refugees Commission; (ii) implement, as a matter of priority, the plan of action for migrating its database of persons of concern to proGres, and address the existing migration errors in proGres; and (iii) determine annually, on the basis of a comprehensive cost-benefit analysis, the appropriate balance between regular and affiliate staff.	Important	Yes	Protection Officer	i. Implemented (27 May 2016) ii. 31 August 2016 iii. On-going	i). A new agreement was signed between UNHCR and the National Refugee Commission (CNR) on 27 May. It incorporates a specific provision whereby CNR commits to share statistics on the number of asylum seekers and recognized refugees in the country biannually. It also commits to share lists with names of asylum claims received, decided and notified periodically. All data should be disaggregated by status, sex, age and nationality. Also, the CNR commits to facilitate information regarding specific cases whenever required by UNHCR. The agreement also foresees financial and technical support for the CNR to establish a functional data management system, which is currently in progress. ii).The Representation prepared a

⁶ 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.

⁷ 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 Venezuela for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ⁶ / Important ⁷	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>plan of action to finalize outstanding issues in the migration of data to proGres. In April an Information Management Assistant was appointed. In May the Regional Information Data Management Officer (RIMO) based in Bogota conducted a mission in Caracas to assess data management needs of the operation, to train the new IM Assistant, to discuss the profiling exercise and to support the implementation of proGres. Subsequently, all the records that were not migrated have been purged and organized according to a format suitable to conduct a single migration to proGres. In June an assessment was conducted jointly with the Americas Bureau and FICSS, and it was decided to migrate all data to the latest version of proGres (version 4 instead of version Lite), which will address both the existing errors in the migrated data and the need to add the missing records. A timetable has been established, whereby all records</p>

Management Response

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

Rec. no.	Recommendation	Critical ⁶ / Important ⁷	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						will be migrated and verified, staff will be trained and the new database will be fully operational by 31 August 2016. iii).The Representation has made proposals for the creation of regular staff positions as of 01 January 2017.
2	The UNHCR Representation in Venezuela should put in place local procedures to: (i) conclude results-oriented work plans for joint outreach registration, advocacy and capacity building activities with the National Refugees Commission (CNR); (ii) undertake capacity building of all CNR staff; (iii) conclude an agreement with the Ministry of Foreign Affairs to foster a collaborative approach and establish a result-oriented asylum system and procedures for the status determination of refugees; and (iv) expedite the envisaged agreement with the Migration Authority to facilitate access to documentation and naturalization of refugees.	Important	Yes	Protection Officer	Implemented (27 May 2017)	i).The Representation signed an agreement with the CNR on 27 May, which follows a new results-oriented work plan focused on improving the quality of asylum and promoting solutions for persons of concern in the frame of the Brazil Plan of Action and the National Human Rights Plan. The agreement is divided in Thematic Areas with specific objectives, expected outcomes and activities. The work plan includes joint registration brigades with clear benchmarks in targeted communities as well as prioritized training and advocacy activities in the frame of UNHCR's protection

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						<p>and solutions strategy. The agreement also includes coordination mechanisms to monitor its implementation by both parties along the way, as well as an improvement of the data management system and sharing of statistics as explained above. As of 20 July, all activities have been implemented as scheduled.</p> <p>ii).The new agreement with the CNR outlines specific capacity building activities for and by all the staff of the CNR, UNHCR and NGO partners in all locations as a means to enhance coordination and asylum procedures. While regional thematic trainings are scheduled throughout the second half of 2016, general all-staff training is scheduled for 16-18 November 2016.</p> <p>iii).As the competent body within the MFA to manage the asylum system in Venezuela, the recent agreement signed by the CNR embodies the cooperation framework</p>

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						<p>between UNHCR and the MFA. In addition, as part of Venezuela's protection and solutions strategy, the Representation will continue prioritizing advocacy efforts to ensure a greater involvement of the MFA in oversight and support of CNR activities, as well as in the implementation of the Brazil Plan of Action.</p> <p>iv).The Representation will continue promoting an agreement with the Migration Authority (SAIME). In the meantime, the work plan with the CNR includes the involvement of other government counterparts such as SAIME to improve access to documentation and other rights. Also the work plan foresees joint efforts to conduct a survey in 2016 to establish the number and the profiles of unregistered persons in need of international protection, including persons at risk of statelessness and victims of trafficking, with a view to promoting their regularization with adequate protection</p>

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						safeguards. Establishment of a high-level ministerial group to secure buy-in of migratory solutions for PoC is also planned for the second half of 2016.
3	The UNHCR Representation in Venezuela should develop and implement local procedures, through a risk based and multi-functional approach, to strengthen monitoring of project activities implemented by partners.	Important	Yes	Programme Officer	Implemented (23 April 2016)	The Representation has implemented this recommendation. In addition to signing Monitoring Plans as of 2015, the Office has already set-up a Multifunctional Monitoring Team which is conducting risk-based monitoring visits to partners.
4	The UNHCR Representation in Venezuela should: (i) put in place controls to ensure monthly cash requirements are forecast to minimize the exposure to exchange rate losses; and (ii) coordinate with the local United Nations Country Team to adopt a collective approach to deal with the risks posed by volatile exchange rates and hyperinflation.	Important	Yes	Admin/Finance Officer	(i) Implemented (July 2016) (ii) On-going	i). The Representation has already established protocols to monitor monthly cash flows and forecast payments in local and foreign currency. Full implementation of the Cash Flow View function in MSRP has begun; given that the long outstanding balance on the VEF account that was losing value as a result of the hyperinflation has been used. As of July 2016, replenishment of cash is done on a need basis for a period not

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						<p>exceeding one month.</p> <p>ii) To date, there is no collective approach of the UN System in Venezuela to deal with the exchange rate fluctuation, particularly after the liberation of the DICOM. The replenishment of the Representation's bank balance will be based on the actual cash needs of the office, which will be determined by the Cash Flow analysis.</p>
5	The UNHCR Representation in Venezuela should develop an action plan to ensure that it has sufficient capacity in its Supply Unit and implement adequate management supervision and oversight arrangements over its procurement and vendor management activities.	Important	Yes	Admin/Finance Officer	31 August 2016	i). Recognizing the need to ensure that procurement guidelines are adequately followed, the Representation initiated the recruitment of a dedicated Supply Assistant under a UNOPS contract equivalent to a G5 to be placed under the supervision of the Admin/Finance Officer. Upon recruitment, the Representation will request the support of the Regional Office in Panama for a mission to provide orientation and training for the new staff (and other staff) on the Procurements procedures of UNHCR.

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						ii). All duplicated vendors in the vendor database in MSRP were inactivated in February 2016.