



INTERNAL AUDIT DIVISION

REPORT 2016/101

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

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

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

13 September 2016
Assignment No. AR2016/110/01

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AUDIT REPORT

Audit of the operations in Uganda 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 Uganda 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 Uganda (hereinafter referred to as ‘the Representation’) started its operations in 1965. As at 31 December 2015, the Representation was assisting 512,966 refugees and asylum seekers, which was up from 294,781 at the beginning of 2014. The increase in the number of persons of concern was due to the emergency situations in South Sudan, Burundi and the Democratic Republic of Congo. The Representation’s strategic priorities for 2015 were: (i) providing basic needs and essential services; (ii) providing community empowerment and self-reliance; and (iii) ensuring security from violence and exploitation. The Representation supported the Government of Uganda in responding to the ongoing emergencies while maintaining a favourable legal environment for refugees and asylum seekers.
4. The Representation had a Country Office and an Extension Office for resettlement activities in Kampala, one Sub-Office in Mbarara, two Field Offices in Adjumani and Hoima, and eight Field Units in Kisoro, Oruchinga, Kyaka II, Nakivale, Rwamwanja, Arua, Kiryandongo and Kyangwali. The Representation was headed by a Representative at the D-2 level, and it had 255 posts. It incurred expenditure of \$79.6 million in 2014 and \$62.6 million in 2015. The Representation worked with 23 partners in 2014 and 20 in 2015. These partners spent 71 and 75 per cent respectively of the Representation’s programme related expenditures in 2014 and 2015.
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 Uganda**.
7. The audit was included in the OIOS 2016 risk-based internal audit work plan for UNHCR due to risks related to the growth and complexity of the operations in Uganda caused by the existence of three concurrent emergency situations.
8. The key controls tested for the audit were: (a) strategic planning and monitoring; (b) project management; and (c) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Strategic planning and monitoring** - 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, and are effectively monitored.

(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 the operations in Uganda; (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 January to April 2016. The audit covered the period from 1 January 2014 to 31 December 2015. During the audit, OIOS visited seven UNHCR offices in Uganda, as well as six refugee settlement areas and two transit centers.

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, 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

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 the operations in Uganda**. OIOS made seven recommendations to address issues identified.

13. The Representation developed its annual operations plans and monitored and reported on their implementation in line with UNHCR requirements. The Representation also had adequate controls in place for the management of its health programme. However, there was a need for the Representation to: (i) regain access to complete and reliable refugee registration data; (ii) strengthen the management of the livelihoods programme; (iii) improve management controls over partner selection and monitoring; (iv) reassess staffing requirements vis-à-vis the emergency situations and strengthen controls over warehouse management and distribution of emergency non-food items (NFIs); (v) strengthen oversight over procurement and vendor management; (vi) strengthen controls over fleet and fuel management; and (vii) ensure compliance with the rules of the UNHCR Medical Insurance Plan (MIP).

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 seven 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 Uganda	(a) Strategic planning and monitoring	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 and monitoring

The Representation developed its annual operations plans and monitored and reported on their implementation in line with the requirements

15. According to UNHCR Programme Manual, the Representation is required to prepare an annual operations plan that is aligned with UNHCR’s global strategic priorities. For this purpose, it is required to conduct a needs assessment using an Age and Gender Diversity participatory approach to define its protection and operational strategies. The Representation is required to ensure that the operations plan is developed by linking objectives to project activities and the resources required. The Representation also needs to monitor and report on the implementation of the operations plan at mid-year and year-end.

16. The Representation conducted needs assessments using the Age and Gender Diversity participatory approach and used the results to define clearly articulated operations plans, coherent and consistent with the global strategic priorities for 2014 and 2015. It also developed objectives, outputs and activities for the implementation of the operations plans, and allocated the available budget accordingly for different planning population groups. In addition, the Representation mobilized the Government of Uganda and the United Nations system in Uganda to link humanitarian and development programming in a multi-year Protection and Durable Solutions Strategy for 2016-2020. The Representation prepared a Country Report for 2014 and conducted a Mid-Year Review of the implementation of the 2015 operations plan. OIOS therefore concluded that the Representation had adequate arrangements in place over the development, monitoring and reporting of annual operations plans.

B. Project management

There was a need to take prompt action to regain access to complete and reliable refugee registration data

17. According to the UNHCR Handbook for Registration, the Representation is required to maintain registration data by updating it as often as necessary to ensure that the refugee register reflects significant changes that affect protection activities and the provision of assistance.

18. Before March 2015, the Government of Uganda managed three modules of the UNHCR refugee registration application, Profile Global Registration System (proGres), namely: registration; status determination; and documentation. The Representation was managing the remaining six modules, which allowed for individual assistance and protection case management. In March 2015, in order to comply with the new Registration of Persons Act and national security requirements, the Government launched its own online refugee and asylum seekers registration application system, called the Refugee Information Management System (RIMS), and stopped entering data into proGres. After that, the Representation had to depend on the Government to obtain registration data and statistics. It could no longer access complete and up-to-date individual refugee information, previously available in proGres, which was needed for its protection and solutions activities, as the new system did not provide such information. At the request of the Representation, the UNHCR Regional Support Hub in Nairobi conducted a mission to Uganda in June 2015 to study RIMS and explore possible solutions. Following the mission, the Government made a proposal to change the structure of RIMS to mirror that of proGres within six months, which was agreed to by UNHCR. At the time of the audit in February 2016, the Representation still did not have access to complete data, although it was endeavoring to accelerate the process with the Government to upgrade RIMS. Pending full implementation of the process, it had unreliable figures on the population of concern. This also exposed it to the risk of producing misstated statistics in its donor reports and appeals.

19. This happened because the Representation was not adequately prepared to deal with the changes in local legislation and did not put in place necessary risk mitigation measures to ensure its ability to continue having access to reliable refugee registration data in a timely manner. It had also not developed an action plan committing the Government to specific timelines for completing the upgrade of RIMS, with the related monitoring mechanisms on the part of the Representation.

(1) The UNHCR Representation in Uganda should put in place an action plan, with clear deliverables, timelines, monitoring mechanisms and cost estimates, for the completion of the upgrade of the Refugee Information Management System, or develop alternative means to allow it to have prompt access to complete and reliable refugee data.

UNHCR accepted recommendation 1 and stated that, in consultation with the Government and headquarters, the Representation would develop and implement an action plan with clear deliverables, timelines, monitoring mechanisms and cost estimates for the completion of the upgrade of RIMS. Recommendation 1 remains open pending receipt of the action plan for obtaining access to complete and reliable refugee data.

Arrangements for managing the health programme were satisfactory

20. The UNHCR Programme Manual requires the Representation to ensure that its public health programmes are delivered within a public health and community development framework, with an emphasis on primary health care and support for secondary and occasionally tertiary hospital care to minimize mortality and morbidity and improve the quality of life of refugees.

21. The Representation spent a total of \$15.5 million in 2014 and 2015 to augment the existing health infrastructure of the Government of Uganda and to support the provision of 1,609,672 outpatient consultations. OIOS reviewed the Representation's arrangements for the delivery of health services provided in Nakivale, Oruchinga, Adjumani and Arua and found these to be in line with the requirements. In particular, the Representation had effective mechanisms in place to support the integration of refugee health services into the national system and the maintenance of a functioning monitoring system for secondary and tertiary health service delivery. OIOS concluded that the Representation had adequate arrangements in place for its health programme activities.

The Representation needed to strengthen the management of the livelihoods programme

22. The UNHCR Operational Guidelines on the Minimum Criteria for Livelihoods Programming require the Representation to adhere to the mandatory criteria for programming of livelihoods activities, which include conducting a baseline assessment, developing a multi-year livelihoods strategic plan with clear criteria to select refugees, contracting experienced partners and deploying a dedicated livelihoods expert, and monitoring and evaluating the impact of programme outputs and feeding it back into the programming process to ensure that livelihoods initiatives have practical impact on the targeted population.

23. The Representation worked with eight partners in 2014 and 2015 to implement the livelihoods programme and recorded expenditure of \$1.9 million in 2014 and \$2.2 million in 2015. OIOS reviewed the livelihoods activities implemented by six partners and visited the sites for five income generating activities related to distribution of agricultural seeds to persons of concern implemented by a partner in 2015 with a budget of \$47,595. OIOS also visited 5 beneficiaries out of the 67 supported with cash grants involving \$11,000 in the Kiryandongo settlement. The review indicated that the Representation had strategic guidelines in place for the livelihoods programme that included criteria for selection of refugees. However, OIOS observed the following:

- The Representation had not recruited a livelihoods expert but rotated staff specialized in other areas to manage and monitor the programme;
- Out of the six livelihoods partners selected by the Representation, one did not possess the required experience and competencies and adequate structural capacity to implement the projects;
- The Representation had not conducted a country-wide baseline assessment;
- The Representation had not assessed the impact of the livelihoods interventions carried out; and
- The Representation did not have documentation to support the number of urban-based persons trained to engage in gainful employment (1,551 persons, as reported by a partner implementing this activity in its third quarter narrative report for 2015).

24. The above weaknesses occurred because the Representation had not sufficiently monitored the adequacy of its control arrangements, including in terms of staff and partner expertise required, to ensure effective implementation of the livelihoods programme. This could result in reduced opportunities to refugees for successful local integration and their continued dependence on humanitarian support.

(2) The UNHCR Representation in Uganda should: (i) undertake an assessment of the staff and partner expertise requirements for effectively implementing the livelihoods programme; and (ii) conduct a countrywide baseline assessment and impact assessment of the livelihoods activities.

UNHCR accepted recommendation 2 and stated that the Representation was committed to: (i) undertaking an assessment of the staff and partner expertise requirements for effective implementation of a livelihoods programme by the end of October 2016 and contracting a consultancy service to undertake a country-wide baseline assessment for which Terms of Reference had been developed; ii) in consultation with concerned project partners, developing a plan of action to conduct an impact assessment of the 2014 and 2015 livelihoods activities. The final report was expected by the end December 2016. Recommendation 2 remains open pending receipt of the completed countrywide baseline assessment and impact assessment of the livelihoods activities, and evidence of selection of competent partners to implement the livelihoods projects.

The Representation needed to enforce the required controls over management of partnerships

25. According to UNHCR Enhanced Framework for Implementing with Partners, the Representation is required to: (i) select or retain the best-fit partners for implementing its project activities using a transparent and competitive process; (ii) assess partners' procurement capacity and competitive advantage before entrusting them with procurement authority using UNHCR funds; and (iii) prepare an annual risk-based monitoring plan and establish a multi-functional monitoring team to conduct project performance and financial monitoring activities in a comprehensive and coordinated manner.

26. The Representation's partners spent \$44.7 million in 2014 and \$34.6 million in 2015 on UNHCR projects of which \$14.8 million for 2014 and \$12.4 million for 2015 on procurement activities. OIOS reviewed the controls that the Representation had in place over partnership management and visited six partners to assess the effectiveness of the implementation of such controls, and observed the following:

- The Representation retained and appointed new partners without a competitive process and without requesting a waiver from undertaking the process from the Implementing Partnership Management Service at UNHCR headquarters. It explained that the retention decisions for 2014 and 2015 were based on a selection process conducted in 2013. However, the Representation could not provide evidence that a competitive and transparent partner selection exercise had been conducted in 2013.
- Although the process for selection and retention of partners for 2016 was being conducted in line with the requirements, the Representation proceeded to sign 27 Project Partnership Agreements and disbursed initial installments to partners even before completion of the process.
- The Representation entrusted procurement to eight partners in 2014 and 2015, of which only three were pre-qualified, but without performing an assessment of the partners' procurement capacity and comparative advantage.
- Although the Representation did not have risk-based monitoring plans, it verified all financial submissions of every partner in 2014 and 2015. OIOS generally found them to have been performed and documented adequately, including regarding the follow up on recommendations generated by prior verifications and external audits. However, the Representation: (i) despite having established a multi-functional monitoring team, had not systematically compared the financial expenditures incurred by partners with the actual progress in project implementation; and (ii) had not identified and taken corrective action on two partners who were not adhering to UNHCR requirements regarding the minimum number of vendors in soliciting bids.

27. The cited weaknesses resulted because the Representation did not exercise adequate commitment to the control requirements for selection and retention of partners, designation of procurement authority to partners, and monitoring of the accuracy and completeness of project activities implemented and reported on by partners. The Representation was therefore exposed to the risk of not achieving the intended project objectives and not obtaining value for money from its partnerships.

(3) The UNHCR Representation in Uganda should put in place a framework of management control to ensure compliance with the requirements for selection and retention of partners, designation of procurement authority to partners, and financial and performance monitoring of project activities implemented and reported on by partners.

UNHCR accepted recommendation 3 and stated that the Representation: (i) conducted the partner selection and retention process. The results of the assessment of designation of procurement authority would be shared with partners by the end of August; and (ii) developed, in consultation with partners, project monitoring plans for each Project Partnership Agreement. A systematic

conduct of financial and performance monitoring by multi-functional teams in accordance with the risk-based monitoring plan would be conducted from August 2016. Recommendation 3 remains open pending receipt of evidence of: (i) designation of procurement authority to all partners in line with UNHCR requirements; and (ii) systematic conduct of financial and performance monitoring by multi-functional teams in accordance with the risk-based monitoring plan.

There was a need to reassess staffing requirements for emergencies and strengthen controls over warehouse management and distribution of NFIs

28. UNHCR guidance on dealing with emergencies requires the Representation to develop appropriate mechanisms to reinforce a quick, agile and flexible emergency response capacity, including in terms of staffing. In addition, the Representation is required to have an effective local supply chain strategy that enables it to meet the needs of persons of concern, including during emergencies. UNHCR policy on commodity distribution requires the Representation to establish an effective NFI distribution system, which includes: developing distribution plans; regular on-site distribution monitoring; updating the actual quantities distributed in an electronic system; and preparing reconciliation reports.

29. During 2014 and 2015, Uganda faced three refugee emergencies related to the situations in South Sudan, the Democratic Republic of the Congo and Burundi. OIOS reviewed the arrangements for deployment of staff to these concurrent emergencies. The review indicated that the Representation had a disproportionately high number of administrative posts, 118 against 137 programme posts, which did not represent an optimal staffing structure for emergency situations.

30. Between January 2014 and December 2015, the Representation reported having issued emergency NFIs amounting to \$5.9 million from its two warehouses registered in Managing for Systems, Resources and People (MSRP), the UNHCR enterprise resource planning system, located in Kampala and Nakivale, both managed by a partner. The two warehouses were supported by nine extended distribution points, not registered in MSRP, to bring the stocks closer to the distribution points. OIOS review of warehousing and distribution activities indicated that the Representation did not centrally maintain control over the distribution of NFIs in order to be able to reconcile the items distributed with the quantities issued from the two warehouses. Instead, distribution was managed at the sub-office level where undefined stocks were maintained in the nine unregistered extended distribution points. There was also no evidence that signed distribution lists were matched with the release notes and waybills to account for stock items issued for distribution.

31. The above shortcomings occurred because the Representation had not reassessed its staffing requirements vis-à-vis the changing operating environment in Uganda. In addition, despite the existence of standard operating procedures on warehousing, the Representation did not have adequate control arrangements in place for the management of stocks and distribution of NFIs. Consequently, there was a risk that the Representation would not be able to address the concurrent emergency situations in a planned and sustained manner and that the NFIs would not reach the intended beneficiaries. Furthermore, the NFI inventory was understated in MSRP because NFI stocks that were recorded as issued in MSRP were still being held in the extended distribution points, awaiting distribution.

(4) The UNHCR Representation in Uganda should: (i) arrange for a staffing review in view of the changed operating environment; (ii) re-assess the need for holding stocks near the points of distribution and register all offline warehouses in Managing for Systems, Resources and People; and (iii) strengthen controls over NFI distributions to be able to account for all items distributed.

UNHCR accepted recommendation 4 and stated that: (i) the UNHCR Organizational Development

and Management Service-led country-wide office structure and staffing review was now scheduled for December 2016; (ii) due to the unpredictable nature and scale of ongoing and projected emergency influxes on three fronts simultaneously, the Representation accepted to regularly review and re-assess the necessity and cost-effectiveness of pre-positioning NFIs near distribution points. The Representation would also consult with headquarters on the possibility of registering all offline warehouses in MSRP; and (iii) in collaboration with headquarters, the Representation was working to strengthen controls and timely accountability for NFI distributions. Recommendation 4 remains open pending receipt of evidence that: (i) the staffing review has been finalized; (ii) all offline warehouses have been registered; and (iii) an assessment of NFI distribution needs has been conducted and necessary controls over NFI distributions have been put in place.

C. Regulatory framework

Procurement and vendor management activities needed strengthening

32. The Representation is required to comply with UNHCR procurement rules and procedures, which include: establishing an effective vendor management system; preparing an annual purchasing plan; implementing competitive and transparent bidding procedures through tendering; and, through the Local Committee on Contracts (LCC) and/or the Regional Committee on Contracts (RCC), ensuring adequate oversight over procurement activities and management of contracts.

33. OIOS reviewed the vendor management and procurement procedures put in place by the Representation and tested on a sample basis 23 purchase orders worth \$3.7 million to assess compliance with procurement rules and procedures. The Representation prepared procurement plans for 2014 and 2015, established a Vendor Review Committee (VRC) to maintain its vendor roster and an LCC to review contracts valued at \$20,000 and above. However, OIOS observed the following shortcomings:

- The VRC met only once in the period from January 2014 to December 2015. As a result, it did not exercise adequate scrutiny over the vendor registration process. The Representation registered vendors only upon their selection for procurement on a case by case basis instead of conducting a formal evaluation of expression of interest for inclusion in the roster. This resulted in an inaccurate and unreliable vendor roster with 222 duplicate identification numbers among the 2007 registered vendors.
- In 11 of the 23 cases reviewed, the Representation did not invite the required number of vendors for bidding. The Representation also did not seek approval from the LCC for the procurement of two motor vehicles valued at \$54,712. In addition, it did not seek approval from the RCC for the purchase of transport services worth \$271,492, which was above the authority of the LCC.

34. The reason for these shortcomings was that the Representation had not established adequate management supervision and oversight arrangements over procurement and vendor management activities, especially in terms of ensuring that the LCC and VRC members were aware of their responsibilities. As a result, the Representation was exposed to an increased risk of financial loss and not receiving best value for money from the acquisition of goods and services.

(5) The UNHCR Representation in Uganda should establish appropriate management supervision arrangements over procurement and vendor management activities, and develop a training plan for the members of the Vendor Review Committee and the Local Committee on Contracts to enhance awareness of their respective responsibilities in providing oversight over procurement and vendor management.

UNHCR accepted recommendation 5 and stated that the Representation had established a new LCC and a new VRC. Documentation on roles and responsibility was duly shared with members. The Representation would collaborate with headquarters to develop a suitable training plan and facilitate a training workshop for LCC and VRC members. Recommendation 5 remains open pending receipt of evidence that: (i) an appropriate management control framework has been put in place for procurement and vendor management; and (ii) VRC and LCC members have been trained to perform their duties in line with UNHCR requirements.

There was a need to ensure effective and efficient allocation and utilization of vehicles and fuel among partners and UNHCR offices

35. According to UNHCR Operational Guidelines for the Management and Use of UNHCR Vehicles, the Representation is required to designate at least one Fleet Manager for administering the vehicles in the operation and act as counterpart to the Asset and Fleet Management Section at UNHCR headquarters which is responsible for the UNHCR Global Fleet Management project. The Representation is required to adequately plan for its transport needs and ensure correct use and control of all vehicles. It should also put in place procedures to monitor fuel consumption, and control fuel related expenditures.

36. The UNHCR Representation in Uganda had a fleet of 306 vehicles with an acquisition value of \$8.7 million and a net book value of \$5.2 million as of 31 December 2015. Out of these, 211 vehicles were with implementing partners under Right of Use agreements and 20 were still in transit. The Representation had a Local Asset Management Board in place and had appointed a Fleet Manager and fleet focal points in different offices to supervise its fleet. However, OIOS observed the following control deficiencies in fleet and fuel management:

- The Representation still had 60 vehicles that were fully depreciated and deregistered from the asset database, although the Local Asset Management Board had approved their donation to partners in 2013.
- The Representation had not updated the Right of Use agreements for assets, including vehicles, held with all partners.
- The Representation did not base its acquisition plans for new vehicles for 2014 and 2015 on a documented needs assessment to justify having 75 vehicles under the administrative function which appeared excessive.
- Despite the existence of a vehicle requisitioning system, the Representation did not approve vehicle movements on a regular basis. Similarly, the drivers did not consistently fill vehicle usage and maintenance details in vehicle logbooks, and the logbooks and fuel consumption records were not reviewed.
- The Representation had decentralized the function of vehicle maintenance and fuel usage for all programme vehicles to partners under Project Partnership Agreements (PPAs). In 2014 and 2015, the total partner expenditure on vehicle maintenance was \$3.5 million. The Representation did not have documentary evidence to demonstrate that it had reviewed the partners' activities related to this expenditure. Similarly there was no mechanism in place to monitor partners' consumption of fuel or to establish their fuel needs vis-à-vis the operational requirements identified in the respective PPAs.

37. These control deficiencies resulted because the Representation did not exercise adequate management supervision over fleet and fuel management. Specifically, the role of the Fleet Manager in Country Office Kampala had been diluted by the decentralization process. As a consequence of the delegation of responsibilities to other fleet managers in Field Offices, the Representation could not ensure systematic data collection and analysis to serve as a basis for determining transportation needs and make

informed decisions on fleet and fuel allocation among partners and UNHCR offices vis-à-vis the approved programme of work.

(6) The UNHCR Representation in Uganda should develop and implement an action plan, including in terms of strengthened management supervision arrangements, to ensure effective and efficient allocation and utilization of vehicles and fuel among partners and UNHCR offices.

UNHCR accepted recommendation 6 and stated that the Representation and headquarters had jointly organized a fleet management workshop, due to take place in October 2016. The Representation was also planning to review the Fleet Manager's Terms of Reference to enhance management oversight over UNHCR and partner fleets. Recommendation 6 remains open pending receipt of documentation on the establishment of a control framework for ensuring effective and efficient allocation and utilization of vehicles and fuel among partners and UNHCR offices.

The Representation needed to ensure compliance with the MIP rules

38. The UNHCR MIP Statutes and Internal Rules require the Representation to enroll subscribers and their eligible family members in a timely manner and to have controls in place to screen and process their claims and collect their contributions. The rules require the Representation to keep appropriate MIP records for consultation or auditing purposes.

39. As of February 2016, the Representation had 187 eligible subscribers and 544 dependents covered under the MIP. The Representation had two MIP administrators at the Country Office to oversee MIP enrolment and termination of subscribers and dependents and to respond to their inquiries. OIOS reviewed a stratified sample of 32 claims amounting to \$40,818, representing 30 per cent of the total of \$127,303 in benefit payments for 2014 and 2015 combined. The review indicated lack of compliance with MIP rules in the following instances: (i) the Representation requested the subscribers to complete the MIP enrollment form before their appointment in each of the 32 cases reviewed; (ii) the Representation did not enroll newborn dependents of active participants within 30 days of birth in 4 of the 32 cases; and (iii) the Representation did not ensure that medical advances of \$137,749 paid in 2014 and 2015 were for exceptional circumstances. In addition, the Representation did not collect invoices from the United Nations Clinic in Kampala in a timely manner to enable staff to submit their claims within the required timeframe.

40. The main reason for the above control deficiencies was that the Representation did not establish an adequate monitoring framework and tools for ensuring smooth implementation of MIP. As a result, the Representation was exposed to inefficiencies in the administration of MIP, as well as risk of financial loss including through fraudulent activities.

(7) The UNHCR Representation in Uganda should: (i) strengthen controls to ensure compliance with the Medical Insurance Plan rules on enrolment of participating staff and their dependents; (ii) define clear criteria for the use of medical advances in exceptional circumstances; and (iii) enter into discussions with the United Nations Clinic about the need to provide medical invoices for services in a timely manner.

UNHCR accepted recommendation 7 and stated that the Representation would implement this recommendation as follows: (i) newly recruited staff would receive enrolment forms in advance for completion and submission to Kampala after signing of contract; (ii) the Representation would collaborate with headquarters to jointly define and develop clear criteria for the use and accounting of medical advances in exceptional operational contexts; and (iii) the Representation had initiated

two separate meetings with the United Nations Clinic and the United Nations Development Programme on, inter alia, timely invoicing solutions. Recommendation 7 remains open pending receipt of documentary evidence that: (i) controls have been implemented to ensure systematic compliance with MIP rules regarding enrolment of staff members and their dependents; and (ii) criteria have been defined for medical advances in exceptional circumstances.

IV. ACKNOWLEDGEMENT

41. 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
Director, Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of the operations in Uganda 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 Uganda should put in place an action plan, with clear deliverables, timelines, monitoring mechanisms and cost estimates, for the completion of the upgrade of the Refugee Information Management System, or develop alternative means to allow it to have prompt access to complete and reliable refugee data.	Important	O	Submission to OIOS of the action plan for obtaining access to complete and reliable refugee data.	30 September 2016
2	The UNHCR Representation in Uganda should: (i) undertake an assessment of the staff and partner expertise requirements for effectively implementing the livelihoods programme; and (ii) conduct a countrywide baseline assessment and impact assessment of the livelihoods activities.	Important	O	Submission to OIOS of the completed countrywide baseline assessment and impact assessment of the livelihoods activities, and evidence of selection of competent partners to implement the livelihoods projects.	31 January 2017
3	The UNHCR Representation in Uganda should put in place a framework of management control to ensure compliance with the requirements for selection and retention of partners, designation of procurement authority to partners, and financial and performance monitoring of project activities implemented and reported on by partners.	Important	O	Submission to OIOS of evidence of: (i) designation of procurement authority to all partners in line with UNHCR requirements; and (ii) systematic conduct of financial and performance monitoring by multi-functional teams in accordance with the risk-based monitoring plan.	30 September 2016
4	The UNHCR Representation in Uganda should: (i) arrange for a staffing review in view of the changed operating environment; (ii) re-assess the need for holding stocks near the points of distribution and register all offline warehouses in Managing for Systems, Resources and People; and (iii) strengthen	Important	O	Submission to OIOS of evidence that: (i) the staffing review has been finalized; (ii) all offline warehouses have been registered; and (iii) an assessment of NFI distribution needs has been conducted and necessary controls over NFI distributions have been put in place.	31 December 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 Uganda 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
	controls over NFI distributions to be able to account for all items distributed.				
5	The UNHCR Representation in Uganda should establish appropriate management supervision arrangements over procurement and vendor management activities, and develop a training plan for the members of the Vendor Review Committee and the Local Committee on Contracts to enhance awareness of their respective responsibilities in providing oversight over procurement and vendor management.	Important	O	Submission to OIOS of evidence that: (i) an appropriate management control framework has been put in place for procurement and vendor management; and (ii) VRC and LCC members have been trained to perform their duties in line with UNHCR requirements.	31 December 2016
6	The UNHCR Representation in Uganda should develop and implement an action plan, including in terms of strengthened management supervision arrangements, to ensure effective and efficient allocation and utilization of vehicles and fuel among partners and UNHCR offices.	Important	O	Submission to OIOS of documentation on the establishment of a control framework for ensuring effective and efficient allocation and utilization of vehicles and fuel among partners and UNHCR offices.	31 October 2016
7	The UNHCR Representation in Uganda should: (i) strengthen controls to ensure compliance with the Medical Insurance Plan rules on enrolment of participating staff and their dependents; (ii) define clear criteria for the use of medical advances in exceptional circumstances; and (iii) enter into discussions with the United Nations Clinic about the need to provide medical invoices for services in a timely manner.	Important	O	Submission to OIOS of documentary evidence that: (i) controls have been implemented to ensure systematic compliance with MIP rules regarding enrolment of staff members and their dependents; and (ii) criteria have been defined for medical advances in exceptional circumstances.	31 October 2016

APPENDIX I

Management Response

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1	The UNHCR Representation in Uganda should put in place an action plan, with clear deliverables, timelines, monitoring mechanisms and cost estimates, for the completion of the upgrade of the Refugee Information Management System, or develop alternative means to allow it to have prompt access to complete and reliable refugee data.	Important	Yes	Representative/ Assistant Representative (Protection)	September 30, 2016	In consultation with the government and Headquarters, the Representation will develop and implement an action plan with clear deliverables, timelines, monitoring mechanisms and cost estimates, for the completion of the upgrade of the Refugee Information Management System.
2	The UNHCR Representation in Uganda should: (i) undertake an assessment of the staff and partner expertise requirements for effectively implementing the livelihoods programme; and (ii) conduct a countrywide baseline assessment and impact assessment of the livelihoods activities.	Important	Yes	Livelihood Consultant	January 31, 2017	(i) The Representation commits to: - undertaking an assessment of the staff and partner expertise requirements for effective implementation of a livelihoods programme by end October; and - contract a consultancy service to undertake a country-wide baseline assessment. Terms of Reference (ToR) for the consultancy have been developed. ii) In consultation with concerned project partners, the Representation shall develop a plan of action to conduct an impact assessment of the 2014 and 2015 livelihood activities. The final report is expected by end December 2016.
3	The UNHCR Representation in Uganda should put in place a framework of management control to ensure compliance with the requirements for selection and retention of partners, designation of procurement authority to partners, and financial and performance monitoring of	Important	Yes	Deputy Representative	September 30, 2016	i) The Representation has conducted the the Partner Selection and Retention process. It is now at the final stage of consultation with the Government and feedback to applicant agencies.

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	project activities implemented and reported on by partners.					<p>The results of the assessment of designation of procurement authority will be shared with partners by end August.</p> <p>ii) The Representation, in consultation with partners, has developed Project Monitoring Plans for each Project Partnership Agreement. A systematic conduct of financial and performance monitoring by multi-functional teams in accordance with the risk-based monitoring plan will be conducted from August 2016.</p>
4	The UNHCR Representation in Uganda should: (i) arrange for a staffing review in view of the changed operating environment; (ii) re-assess the need for holding stocks near the points of distribution and register all offline warehouses in Managing for Systems, Resources and People; and (iii) strengthen controls over NFI distributions to be able to account for all items distributed.	Important	Yes	Deputy Representative	Revised date: December 31, 2016	<p>(i) The ODMS-led country-wide office structure and staffing review is now scheduled for December 2016.</p> <p>(ii) Due to the unpredictable nature and scale of ongoing and projected emergency influxes on three fronts simultaneously (South Sudan, DRC and Burundi), the Representation accepts to regularly review and re-assess the necessity and cost-effectiveness of pre-positioning core relief items (CRI) near distribution points. The Representation will also consult with Headquarters on the possibility of registering all offline warehouses in Managing for Systems, Resources and People (MSRP).</p> <p>(iii) In collaboration with Headquarters, the Representation is</p>

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						working to strengthen controls and timely accountability of CRI distributions.
5	The UNHCR Representation in Uganda should establish appropriate management supervision arrangements over procurement and vendor management activities, and develop a training plan for the members of the Vendor Review Committee and the Local Committee on Contracts to enhance awareness of their respective responsibilities in providing oversight over procurement and vendor management.	Important	Yes	Supply Officer	Revised date: December 31, 2016	The Representation has established a new Local Committee on Contracts (LCC) and Vendor Review Committee (VRC). Documentation on roles and responsibility were duly shared with the members. The Representation will collaborate with Headquarters to develop a suitable training plan and facilitate a training workshop for LCC and VRC members.
6	The UNHCR Representation in Uganda should develop and implement an action plan, including in terms of strengthened management supervision arrangements, to ensure effective and efficient allocation and utilization of vehicles and fuel among partners and UNHCR offices.	Important	Yes	Supply Officer	October 31, 2016	The Representation and Headquarters have jointly organized a Fleet Management Workshop due to take place in October 2016. The Representation is also planning to review the Fleet Manager's Terms of Reference (ToR) to enhance management oversight over UNHCR and partner fleets.
7	The UNHCR Representation in Uganda should: (i) strengthen controls to ensure compliance with the Medical Insurance Plan rules on enrolment of participating staff and their dependents; (ii) define clear criteria for the use of medical advances in exceptional circumstances; and (iii) enter into discussions with the United Nations Clinic about the need to provide medical invoices for services in a timely manner.	Important	Yes	Sr. Admin/Fin Officer	Revised date: October 31, 2016	The Representation will implement this recommendation: (i) Newly recruited staff will receive enrolment forms in advance for completion and submission to Kampala after signing of contract. (ii) The Representation will collaborate with Headquarters to jointly define and develop clear criteria for the use and accounting of medical advances in exceptional

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						operational contexts; and (iii) The Representation has initiated two separate meetings with the UN Clinic and UNDP on, <i>inter alia</i> , timely invoicing solutions.
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