



INTERNAL AUDIT DIVISION

REPORT 2016/126

Audit of the operations in Turkey for the Syrian situation for the Office of the United Nations High Commissioner for Refugees

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

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

28 October 2016

Assignment No. AR2016/131/03

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AUDIT REPORT

Audit of the operations in Turkey for the Syrian situation 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 Turkey for the Syrian situation 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 Turkey (hereinafter referred to as the “Representation”) was established in 1960 and is headed by a Representative at the D-2 level. The Representative reports to the Director and Regional Refugee Coordinator, UNHCR Bureau for the Middle East and North Africa with regards to the Syrian and Iraqi situations, i.e., UNHCR protection and assistance activities related to people displaced inside Syria and Iraq and in neighbouring countries due to the ongoing conflicts in Syria and Iraq. The Representation’s Country and Case Management offices are located in the capital, Ankara. The Representation also has a Sub-Office in Gaziantep, near the Syrian border, as well as Field Offices in Istanbul and Van and Field Units in Sanliurfa, Antakya and Izmir.
4. As of March 2016, there were 2.7 million registered Syrian refugees in Turkey, mostly located in host communities and with approximately 300,000 in camps. During 2014-2015, the most significant objectives for the UNHCR Syrian emergency operations in terms of resource allocation were: i) improving reception conditions (through the provision of psycho-social support and assistance to the persons of concern, and procurement of equipment to support Government registration activities); ii) providing sufficient basic and domestic items (through the provision of household and core relief items, sanitary materials, and cash grants); and iii) improving shelter and infrastructure (through the provision of tents, water, sanitation and hygiene containers, and prefabricated clinics).
5. The Representation spent \$79.8 million in 2014 and \$69.4 million in 2015 on the Syrian situation. In 2016, its operations budget for the Syrian situation was \$47.9 million. The Representation worked with a total of 9 partners in 2014 and 11 partners in 2015 through which it spent \$13.3 million and \$20.7 million respectively. In 2015, seven of the partners dealt exclusively with the Syrian caseload with a combined expenditure of \$10.3 million, while three dealt with both Syrian and non-Syrian operations and one was involved only with the non-Syrian caseload. The total budget of partners for 2016 for the Syrian situation was \$16.5 million. The Representation also spent \$62.2 million and \$43.2 million on the Syrian situation through direct implementation in 2014 and 2015 respectively.
6. Comments provided by UNHCR are incorporated in italics.

II. OBJECTIVE AND SCOPE

7. The audit was conducted to assess the adequacy and effectiveness of UNHCR governance, risk management and control processes in providing reasonable assurance regarding the **effective management of the operations in Turkey for the Syrian situation.**

8. The audit was included in the OIOS 2016 risk-based internal audit work plan for UNHCR due to the risks associated with management of the Syrian emergency operations in Turkey which is hosting the largest refugee population in the world as a result of the ongoing crisis in Syria.

9. 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 in the Syrian situation 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 for the Syrian situation.

(c) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the management of the operations in Turkey for the Syrian situation; (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 April to July 2016. The audit covered the period from 1 January 2014 to 31 March 2016 and focused only on UNHCR activities related to the Syrian situation. OIOS visited three offices covered by the Representation, in Ankara, Gaziantep and Sanliurfa. In addition, OIOS visited two refugee camps in the south of Turkey.

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

III. AUDIT RESULTS

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

14. The Representation had adequate control arrangements in place for: (a) emergency coordination; (b) cash-based interventions; and (c) procurement and vendor management. However, the Representation needed to: (i) further strengthen strategic planning and monitoring processes; (ii) ensure cost effectiveness of the logistics and warehousing operations and distribute surplus contingency stockpiles; (iii) strengthen

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.

controls over procurement undertaken by partners on UNHCR’s behalf; and (iv) strengthen controls over the implementation of the livelihoods programme.

15. The initial overall rating was based on the assessment of key controls presented in Table 1. The final overall rating is **partially satisfactory** as implementation of two important recommendations remains in progress.

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 Turkey for the Syrian situation	(a) Strategic planning and monitoring	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Project management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(c) Regulatory framework	Satisfactory	Satisfactory	Satisfactory	Satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Strategic planning and monitoring

There was a need to further strengthen strategic planning and monitoring processes

16. The Representation is required to: develop an annual plan for its operations by setting goals and objectives, designing protection and operational strategies, defining required outputs and activities, allocating budgets and establishing deliverables; and regularly monitor and report on its performance and impact. This strategic planning process should be aligned with the UNHCR global strategic priorities and be informed by timely and reliable data on the population of concern and both participatory and comprehensive needs assessments considering age, gender and diversity issues. The Representation is also required to develop country specific standard operating procedures (SOPs) and implementation plans to ensure that all identified protection priorities are implemented and monitored.

17. The Representation effectively coordinated its strategic planning process for the Syrian situation with all its offices and partners involved in the emergency for 2014, 2015 and 2016. The planning process was informed by a comprehensive needs assessment and participatory age, gender and diversity assessments, as well as collection of data during delivery of protection services and assistance to the refugees. Notwithstanding the national restrictions in place to the conduct of large-scale refugee assessments and surveys, the Representation undertook in 2015 participatory assessments in 26 locations, covering both Syrian and non-Syrian refugees. The Representation was rolling out progress version 4 (the UNHCR database for registration of the populations of concern) for the Syrian caseload and planned to upload the data relating to protection and assistance collected by partners during 2015 and 2016.

18. However, there was scope to further strengthen the strategic planning and monitoring framework in the following areas, so as to enhance the delivery of protection interventions:

- **Protection strategy and procedures:** Since 2015, the Representation prioritized protection support to urban Syrian refugees because 90 per cent of the refugees were living outside of camps. To increase its outreach to urban refugees, located in 81 provinces, the Representation reorganized its structure in 2016 to focus on community based protection and case management for refugees at risk. The Representation updated its urban refugee strategy and regularly followed up on its implementation across the country. It also developed procedures on sexual and gender-based violence for camp situations. However, the Representation still needed to finalize its strategies for key protection priorities, such as mental health and psychosocial support, and child protection. These strategies were still in draft. In addition, the Representation had not developed SOPs to ensure coordinated implementation by partners and United Nations agencies of activities related to its protection priorities.
- **Protection monitoring:** The Representation undertook protection monitoring through its presence in field locations and camps, field missions, operating and implementing partners, and outreach in urban areas. However, in addition to security concerns, it was faced with access restrictions by camp authorities in 9 of the 25 refugee camps. There was also lack of clarity within the Representation as to which office would provide the required geographic coverage of some provinces located in South-East of Turkey. As a result, staff in Sub-Office Gaziantep did not undertake protection monitoring in Diyarbakir and Batman provinces in South-East Turkey hosting about 20,000 refugees.
- **Performance reporting:** The Representation established 21 and 23 impact indicators and 38 and 37 output level indicators for the Syrian caseload in 2014 and 2015 respectively. It reported on all these indicators. Targets for 13 and 14 performance indicators and 30 and 22 output level indicators were achieved in 2014 and 2015 respectively. However, the impact indicators achieved at the end of 2015 were not set as baselines for 2016. As a result, targets set for 2016 were lower than the 2015 year-end results for five impact indicators related to health, education, cash assistance, shelter and registration.

19. The above resulted as the Representation focused its attention and resources on addressing risks and challenges associated with the emergency influxes in 2014 and 2015. The Representation attributed delays in the development and finalization of protection strategies and related SOPs to the need to consolidate them at an optimal time to take into account the changing operational environment in Turkey, including changes of Government, United Nations and Non-Governmental Organisation partners in the protection scene, and other external factors and shifting priorities. As a consequence, there was a risk that the Representation's protection priorities would not be implemented in line with standard procedures across the country.

(1) The UNHCR Representation in Turkey should: (a) develop and finalize the key protection strategies and related standard operating procedures for the Syrian caseload to ensure that the protection priorities are implemented and monitored in a coordinated manner across the country; and (b) review the 2016 baselines for impact indicators in line with the 2015 year-end results and set challenging but achievable targets for 2016.

UNHCR accepted recommendation 1 and stated that the Representation had initiated discussions and technical consultations on the protection strategies and related SOPs with a plan to finalize them by the end of November 2016. Recommendation 1 remains open pending receipt of the finalized protection strategies and related SOPs for the Syrian caseload.

The Representation had adequate coordination arrangements in place to support emergencies

20. The Representation is required, in both emergency and non-emergency asylum-seeker and refugee situations, to put in place procedures to coordinate with the inter-agency partners and non-governmental organizations in an open and participatory way, considering the capacities of other agencies on the ground. It should collectively develop a Joint Contingency Plan and Refugee Response Plan. The UNHCR Policy on Preparedness for Refugee Emergencies also requires the Representation to conduct an assessment of whether Advanced Preparedness Actions for emergencies are required.

21. For 2015, the United Nations agencies and their partners developed a joint Inter-Agency Refugee Contingency Plan and articulated the response to the Syrian situation in Turkey in the Regional Refugee and Resilience Plan (3RP). However, due to Government restrictions, non-governmental organizations were not allowed to participate in the 3RP directly; hence, their consolidated requirements were not included in the 3RP process. In line with the 3RP, sectoral working groups were established for six sectors, namely: protection; basic needs; food; health; education; and livelihoods, both in Ankara and Gaziantep. The Representation regularly participated in inter-agency coordination meetings. To improve communication and reporting amongst all humanitarian organizations, both within and outside of the scope of the 3RP, the agencies decided to use Activity Info, an online database tool, which was made operational in 2016. The Representation funded this tool and led its implementation. The Representation assisted four sectors with the setup of the data structures, and was working on the remaining two sectors.

22. The Representation documented Advanced Preparedness Actions for the Syrian emergency. In addition, the Representation was prepared, in coordination with the Government of Turkey, to respond to new emergencies with emergency stockpiles for 100,000 beneficiaries. Based on the above, OIOS concluded that the Representation had adequate controls in place to prepare for and support emergencies.

B. Project management

Controls over the e-voucher programme were effective

23. The UNHCR Guidance on Cash Based Interventions requires the Representation to prepare local SOPs which set out the vulnerability criteria for selecting beneficiaries for cash assistance. The Representation should also review each case of continuing cash assistance after a predetermined time and cease payment to those beneficiaries whose economic conditions have improved over time, and conduct post distribution monitoring to assess the impact of the programme. Effective controls also need to be in place to mitigate the risk of fraud in cash assistance programmes.

24. The Representation provided cash based interventions to the Syrian caseload in the form of an e-voucher scheme. In 2014 and 2015, it provided e-voucher assistance worth \$6.0 million to 31,766 households through four partners. Each partner had developed its own vulnerability assessment criteria in order to target the beneficiaries. OIOS visited three partners who provided e-vouchers to the Syrian caseload and noted that they conducted vulnerability assessments through house visits and at Multi Service Centres. The partners had separate teams to conduct the assessment, evaluation and distribution of e-vouchers. Data on households contacted was available in vulnerability assessment forms and in a web-based software tool. The partners conducted price analyses each month and/or monitored the participating shops for one to two days following the loading of the card to ensure that shopkeepers were not inflating prices. In order to avoid duplication of payments, the partners operated in different provinces. They also conducted post distribution monitoring and evaluated the impact of the cash assistance projects. The Representation adequately monitored these partner activities in the form of site

visits and reviews. In view of the above, OIOS assessed that the Representation had implemented adequate controls over the provision of cash based assistance to the Syrian caseload.

There was a need to ensure the cost effectiveness of logistics and warehousing operations

25. UNHCR procedures for warehouse management and distribution of commodities require the Representation to: develop a NFI strategy based on an assessment of the needs of the persons of concern; establish cost effective and safe logistics and warehouse operations; record all inventory movements; prepare detailed NFI distribution plans; conduct regular on-site distribution monitoring; undertake post distribution monitoring; and prepare reconciliation reports after completed distributions.

26. The Representation acquired, stored and distributed NFIs to assist refugees in 2014, 2015 and 2016. It assessed the NFI needs in the camps jointly with AFAD (the emergency and disaster agency of the Turkish Government) and established an NFI strategy. In August 2015, it agreed with AFAD on revised NFI distribution, reporting and monitoring procedures in camps which addressed previous control weaknesses identified in these areas. For the 2015 winterization requirements, needs were identified for 56,000 households in August 2015, and a central procurement process was initiated. From September 2015 to March 2016, the Representation distributed NFIs valued at \$21.0 million in the camps in coordination with AFAD. AFAD introduced an electronic card system to plan, record and monitor these distributions. The Representation ensured that its field staff were present in camps for all deliveries, countersigned waybills as proof of their presence and monitored all bulk distributions in temporary accommodation centres. It also ensured that field staff monitored the regular distributions for camp residents during their visits to the camps. While the audit was ongoing, the Representation undertook a post distribution monitoring exercise covering 11 per cent of the Syrian households who received NFIs and winterization assistance in 2015-2016.

27. However, the distribution of NFIs to beneficiaries was delayed. For example, the Representation completed the winterization deliveries only in January 2016 and AFAD completed 80 per cent of the in-camp distributions in January and the rest in March 2016 when the winter was already over. These delays exposed UNHCR to reputational risks, in addition to exposing the refugees to harsh winter conditions without adequate stock of NFIs. This happened as the Representation received increased funding only towards the end of 2015 which delayed the relevant procurement actions. UNHCR had learned lessons from this at the corporate level and was planning to put in place mitigation strategies to avoid delays reoccurring.

28. The Representation ensured that its warehouses were equipped with fire extinguishers and cameras and were adequately insured. It regularly updated all warehouse transactions in its enterprise resource planning system, and physically verified and reconciled the stock records on a quarterly basis. However, the Representation held excess stocks valued at \$3.1 million. It had identified a need to establish NFI contingency stocks for 20,000 households and 10,000 households for kitchen sets, hot plates and mini-fridges. The procurement for the contingency stockpiles was completed by December 2015. As of 20 May 2016, the Representation still had a stock of 43,000 kitchen sets, 34,500 hot plates and 38,000 mini-fridges, well above the requirements identified. The Representation explained that the excess procurement was made in view of lower funding expectations for 2016 and to meet multiple emergency situations in 2016-2017.

29. The Representation contracted warehouse management and logistics services to a vendor and paid \$5.5 million for these services from January 2014 to February 2016. In May 2015, the Representation renegotiated the warehousing costs based on increased volume of warehouse space and revised the payment terms. However, the Representation had not undertaken a formal competitive procurement process to ascertain the competitiveness of the logistics and warehousing service costs.

30. As a result of the above weaknesses, the Representation was at risk of not managing its logistics and warehouse operations cost-efficiently and effectively.

(2) The UNHCR Representation in Turkey should: (a) undertake a competitive procurement process for the logistics and warehouse operations; and (b) develop and implement an action plan for distributing surplus contingency stockpiles.

UNHCR accepted recommendation 2 and stated that a competitive procurement process for warehouse services was completed, and for transportation services the case would be submitted to the Local Committee on Contracts for review. Also, a distribution plan for surplus stockpiles was prepared and its implementation was ongoing. Recommendation 2 remains open pending receipt of the updated stock report showing that the Representation's contingency stocks are in line with the established levels.

There was a need to strengthen procurement undertaken by partners on UNHCR's behalf

31. The Representation is required to select and retain the best-fit partners for its projects following an objective, timely and transparent selection process or obtain appropriate waivers. The Representation should establish and execute a plan for performance and financial monitoring to be conducted by a multi-functional team to verify project activities. The Representation is required to undertake and document a cost-benefit analysis to determine whether procurement by a partner would have a comparative advantage compared to direct procurement. The assessment of procurement capacity of each partner forms an essential component of the partner selection criteria. In addition, the Procurement Service at headquarters should be consulted in cases of partner procurement valued at above \$1 million.

32. The Representation had constituted a multi-functional Implementing Partnership Management Committee (IPMC) and for 2014, it received a waiver from the Implementing Partnership Management Service at UNHCR headquarters for the partnership selection process due to the emergency situation in Turkey. For selecting partners for 2015, IPMC discussed the weaknesses and strengths of each partner involved in the Syrian situation and recommended retention of the 2014 partners. For 2016, the Representation undertook a full-scale selection process which included a call for expression of interest and evaluation of concept notes received from interested parties. It then decided to retain all existing partners dealing with the Syrian caseload and selected one new partner.

33. Although in 2014 and 2015 the Representation did not prepare annual monitoring plans due to other priority emergency requirements, in 2016 it prepared a detailed monitoring plan, jointly with each partner involved in the Syrian situation, and made it a part of each project agreement. In June 2015, it conducted mid-year review meetings with partners in which implementation challenges and concerns were discussed and suggestions for improvement were agreed. In February 2016, the Representation undertook comprehensive financial verification missions of all partners. The Representation also put in place procedures to regularly follow up on audit recommendations raised by the partners' external auditors. The Representation had also developed draft templates to standardise the documentation of performance monitoring to be undertaken by multifunctional teams and field monitoring missions. It regularly received monthly indicator reports and quarterly work plan reports from partners. However, OIOS noted the following remaining weaknesses:

- The Representation did not document a cost-benefit analysis to determine the comparative advantage of procurement to be undertaken by each partner, and also did not include the requirement for procurement specifications in the call for expression of interest as it considered that the detailed procurement activities were to be confirmed at a later stage.

- One partner procured 24,000 e-voucher cards to be distributed to 11,525 refugee households in 13 cities at a value of \$2.4 million. Although the partner launched an open tender for the procurement and documented the efforts to increase competition through advertising, it only received one bid and awarded the contract to the single bidder. The procurement was done in consultation with the Representation; however, no consultation was done with the UNHCR Procurement Service, given the cost involved.
- The same partner procured transport services and entered into a contract for a value of \$95,875 for 2015 for hiring seven vehicles. However, actual payments made during 2015 amounted to \$232,000 as the partner hired additional vehicles. For 2016, the partner requested a waiver from its own contracts committee for extending the same contract for hiring 29 vehicles at a value of \$40,000 per month. At the time of this audit, the partner had hired 52 vehicles under the same contract. This required the conduct a new bidding exercise, in consultation with UNHCR.
- Another partner who undertook procurement of e-vouchers in 2014 and 2015 worth \$2.1 million did not go through an open tendering process and instead conducted a closed competitive bidding asking only four e-voucher companies to submit their bid. The bids were not competitive, and there was poor documentation of the procurement process and little evidence of coordination and oversight from the Representation.

34. The reason for the above deficiencies was the emergency situation at the end of 2014 which did not allow the Representation to assess partner procurement capacity at the time of the partner selection and retention process for 2015. The Representation was implementing mitigating measures to address this shortcoming and, for the 2016 programme cycle, it completed a tender for e-vouchers, in order to standardize the service delivery. Since mid-2015, the Representation had also started actively providing support to its partners to improve their procurement procedures by reviewing and advising on tender documents, observing bid opening and evaluation processes, advising on procurement guidelines and conducting monthly meetings with partners with high procurement values. The Representation also shared its action plan to strengthen partner procurement capacity through training.

(3) The UNHCR Representation in Turkey should document a cost-benefit analysis to determine the comparative advantage of designating procurement to be undertaken by partners and assess the procurement capacity of partners as part of partner selection and retention criteria.

UNHCR accepted recommendation 3 and stated that the Representation took remedial action to document the cost-benefit analysis of designating procurement to partners for 2016 and 2017. Based on the action taken and documentation provided by UNHCR, recommendation 3 has been closed.

There was a need to strengthen controls over the implementation of the livelihoods programme

35. For livelihoods programming, the Representation is required to: conduct a socio-economic baseline assessment and a market assessment; use the assessment information to target beneficiaries; develop a context-specific livelihoods strategic plan; and use appropriate indicators to monitor and report on the performance and impact of the livelihoods programme.

36. The Representation conducted a market assessment study between January and June 2016 which indicated the best livelihoods opportunities for Syrian refugees in Turkey. Subsequently, the Representation developed a draft livelihoods strategy for 2016-2017 and an action plan for implementing the draft livelihoods strategy. The Representation was compliant with the minimum UNHCR criteria for

undertaking livelihoods programming with a score of 88 per cent in 2016. A baseline assessment was not possible in Turkey due to government restrictions, but the Representation was able to collect some fragmented data in this regard. However, OIOS identified the following deficiencies in the Representation's controls over the livelihoods programme:

- In 2015, one partner conducted Turkish language courses and helped the successful children gain entry into Turkish schools. It also conducted four courses on hair dressing and sewing. However, the partner did not have supporting documents for these trainings as evidence that they had been delivered.
- The Representation in 2015 reported on one impact indicator related to livelihoods, namely "Extent persons of concern have formal access to work opportunities in host country". The same impact indicator was planned for 2016. This sole indicator limited, in the opinion of OIOS, the ability of the Representation to obtain an accurate measure of the success of its livelihoods programme. For example, the Representation had not adopted any of the UNHCR global strategic priority indicators for livelihoods activities or appropriate proxy indicators to measure context-specific impact.

37. The reason for the above was that the Representation's livelihoods programme was in an early stage and the draft livelihoods strategy still needed to be updated in light of new projects. OIOS assessed, however, that although management was aware of the importance of the livelihoods programme and had devoted additional resources to it since mid-2015, the lack of appropriate impact monitoring indicators and tools increases the risk of the Representation not being able to assess the real impact of its livelihood interventions.

(4) The UNHCR Representation in Turkey should revise the performance indicators for the livelihoods programme to include and report on relevant UNHCR global strategic priority indicators and other appropriate context-specific indicators.

UNHCR accepted recommendation 4 and stated that the Representation reviewed and adopted four performance indicators under livelihoods in line with the global strategic priorities and started collecting data and reporting on them. Based on the action taken and documentation provided by UNHCR, recommendation 4 has been closed.

C. Regulatory framework

Controls over procurement and vendor management were operating satisfactorily

38. The Representation is required to comply with UNHCR procurement rules and procedures, which include: (a) preparing annual procurement plans; (b) establishing an effective vendor management system; and (c) submitting to the Local Committee on Contracts (LCC) for review and approval all cases where the aggregate procurement from a single vendor exceeds \$20,000 during a year.

39. The Representation prepared procurement plans for 2014, 2015 and 2016 and shared them with the Procurement Service at UNHCR headquarters. In addition, the Representation revised the composition of its Vendor Review Committee in March 2016. At the time of the audit, the Committee was in the process of reviewing the vendor database for the classification of vendors as inactive versus active and cleaning up duplicate entries from the database.

40. The Representation issued 433 purchase orders valued at \$59.0 million in 2014 and 558 purchase orders valued at \$39.6 million in 2015. OIOS review of 37 purchase orders and frame agreements valued at \$16.5 million indicated that the Representation generally followed the procurement rules and procedures, including in terms of: (a) solicitation documents; (b) conducting technical and financial evaluations of bids; (c) executing contracts; (d) issuing purchase orders; and (e) maintaining necessary documents such as requisitions and contracts. It also submitted all cases above \$20,000 to LCC. OIOS noted that in seven instances the submission of documents was made on the same date as the LCC meeting and, as a result, the Committee members did not have sufficient time to go through the submissions. However, the Representation started taking mitigating measures, and in recent LCC meetings it ensured that submissions were made at least 24 hours before the meeting.

41. In view of the above, OIOS concluded that the Representation had adequate controls in place over procurement and vendor management.

IV. ACKNOWLEDGEMENT

42. 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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STATUS OF AUDIT RECOMMENDATIONS

Audit of the operations in Turkey for the Syrian situation for the Office of the United Nations High Commissioner for Refugees

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	The UNHCR Representation in Turkey should: (a) develop and finalize the key protection strategies and related standard operating procedures for the Syrian caseload to ensure that the protection priorities are implemented and monitored in a coordinated manner across the country; and (b) review the 2016 baselines for impact indicators in line with the 2015 year-end results and set challenging but achievable targets for 2016.	Important	O	Submission to OIOS of the finalized protection strategies and related SOPs for the Syrian caseload.	30 November 2016
2	The UNHCR Representation in Turkey should: (a) undertake a competitive procurement process for the logistics and warehouse operations; and (b) develop and implement an action plan for distributing surplus contingency stockpiles.	Important	O	Submission to OIOS of the updated stock report showing that the Representation's contingency stocks are in line with the established levels	30 November 2016
3	The UNHCR Representation in Turkey should document a cost-benefit analysis to determine the comparative advantage of designating procurement to be undertaken by partners and assess the procurement capacity of partners as part of partner selection and retention criteria.	Important	C	Action completed	Implemented
4	The UNHCR Representation in Turkey should revise the performance indicators for the livelihoods programme to include and report on relevant UNHCR global strategic priority indicators and other appropriate context-specific indicators.	Important	C	Action completed	Implemented

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

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

³ C = closed, O = open

⁴ Date provided by UNHCR in response to recommendations.

APPENDIX I

Management Response

Management Response

**Audit of the operations in Turkey for the Syrian situation for the Office of the
United Nations High Commissioner for Refugees**

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Representation in Turkey should: (a) develop and finalize the key protection strategies and related standard operating procedures for the Syrian caseload to ensure that the protection priorities are implemented and monitored in a coordinated manner across the country; and (b) review the 2016 baselines for impact indicators in line with the 2015 year-end results and set challenging but achievable targets for 2016.	Important	Yes	Deputy Representative Protection Senior Protection Officer	30 November 2016	<p>The Child Protection strategy has been completed and will be finalized before the end of October.</p> <p>Child Protection (CP) interagency SOPs are being elaborated in consultation with UNICEF. A survey was circulated among NGO partners and a technical inter-agency workshop will be held before the end of October on CP case management to agree on common standards and principles.</p> <p>Consultations with a technical expert on Mental Health Psycho-Social Support at UNHCR HQ have been initiated. A draft strategy will be prepared by the end of October.</p> <p>Draft inter-agency SGBV SOPs are ready and under discussion within the SGBV Working and Sub-Working Group.</p> <p>SGBV strategy is being prepared in</p>

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

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

Management Response

**Audit of the operations in Turkey for the Syrian situation for the Office of the
United Nations High Commissioner for Refugees**

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						in consultation with MENA Bureau.
2	The UNHCR Representation in Turkey should: (a) undertake a competitive procurement process for the logistics and warehouse operations; and (b) develop and implement an action plan for distributing surplus contingency stockpiles.	Important	Yes	a) Senior Supply Officer b) Senior Programme Officer and Senior Supply Officer	30/11/2016	a) <u>Warehouse services</u> : A competitive procurement process on warehouse services is completed. <u>Transport services</u> : Following the tender and evaluation of transport services the case will be submitted to the next Local Contract Committee meeting. b) Distribution plan was prepared and was already shared with auditors. Implementation is ongoing.
3	The UNHCR Representation in Turkey should document a cost-benefit analysis to determine the comparative advantage of designating procurement to be undertaken by partners and assess the procurement capacity of partners as part of partner selection and retention criteria.	Important	Yes	Assistant Representative Program/Supply	Process completed on 11 October 2016	Remedial action for 2016 has been taken and cost-benefit analysis for a total of nine (9) partners was conducted. Three (3) forms were already submitted to the auditors and attached the pending six (6). As of now during the Detailed Planning Process for the forthcoming year and as part of the selection and retention of partners; before entering into a partner agreement with the selected/retained partners the cost-benefit analysis will be carried out.

Management Response

**Audit of the operations in Turkey for the Syrian situation for the Office of the
United Nations High Commissioner for Refugees**

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
4	The UNHCR Representation in Turkey should revise the performance indicators for the livelihoods programme to include and report on relevant UNHCR global strategic priority indicators and other appropriate context-specific indicators.	Important	Yes	Livelihood Officer	Implemented	<p>UNHCR Turkey has reviewed the performance indicators under livelihoods and has adopted them in line with the global strategic priorities. UNHCR is collecting data regarding the following performance indicators:</p> <ul style="list-style-type: none"> • # of Persons of Concern (PoC) provided with legal advice for accessing work opportunities. • # of PoC provided with entrepreneurship / business training. • # of PoC receiving life-skills training for livelihood purposes • Market survey / labour sector survey conducted or available (yes/no)