



INTERNAL AUDIT DIVISION

REPORT 2017/097

Review of recurrent issues in the distribution of non-food items in field operations internal audit reports for the Office of the United Nations High Commissioner for Refugees

There was a need to strengthen management and accountability over non-food item distributions by clarifying roles and responsibilities at headquarters and in the field for the end-to-end process of distributions and by improving the management of associated risks

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Review of recurrent issues in the distribution of non-food items in field operations internal audit reports for the Office of the United Nations High Commissioner for Refugees

EXECUTIVE SUMMARY

The objectives of this review were: to provide a single, consolidated summary of control weaknesses related to the distribution of non-food items (NFIs) in internal audit reports issued on the field operations of the Office of the United Nations High Commissioner for Refugees (UNHCR); to identify and analyze root causes of these weaknesses; and to raise institution level recommendations to address them. The audit covered internal audit reports issued from 1 January 2014 to 31 December 2016.

Between 1 January 2014 and 31 December 2016, OIOS issued 67 audit reports on UNHCR field operations, and raised 28 recommendations related to the distribution of NFIs in 27 audit reports. OIOS analyzed these recommendations and identified four categories of recurrent control weaknesses related to NFI distributions. These were: weaknesses in planning for NFI distributions; inadequate or missing standard operating procedures and agreements with partners; lack of beneficiary confirmation and monitoring as distributions took place; and weak post distribution monitoring and reconciliation.

OIOS made three recommendations to address the underlying, institution level root causes for the four categories of recurrent control weaknesses. They included the need for UNHCR to:

- Develop an end-to-end process document for the planning, delivery, monitoring and post-distribution monitoring of standard NFI distributions that: a) specifies minimum activities for all distributions and additional steps that could be considered based on the operational context; b) can be used by field operations to assist in managing and allocating responsibilities for NFI distributions locally; and c) can be reflected in applicable Project Partnership Agreements by incorporating relevant, selected parts in the project description;
- Develop and circulate a catalogue of the critical and typical risks for each stage of the end-to-end process document and potential mitigations for these risks to assist field operations in effectively identifying and responding to risks to the distribution of NFIs; and,
- Assign clear accountabilities, responsibilities and authorities at headquarters for policy development, establishment of minimum criteria, sharing of good practices and tools, training, and monitoring and oversight in relation to NFI distributions.

UNHCR accepted the recommendations and stated it would implement them.

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Review of recurrent issues in the distribution of non-food items in field operations internal audit reports for the Office of the United Nations High Commissioner for Refugees

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted a review of recurrent issues in the distribution of non-food items (NFIs) in field operations internal audit reports for the Office of the United Nations High Commissioner for Refugees (UNHCR).

2. Distributing NFIs to allow persons of concern to meet their basic needs has been one of the primary forms of assistance provided by UNHCR since its establishment. It remains one of the most significant areas of operational expenditure for the organization and a key tool in delivering aspects of UNHCR's mandate. The methods and modalities of distributing NFIs have changed over time, particularly as more and more persons of concern reside in urban settings rather than camps. However, despite the importance of NFI distributions and the extensive experience of UNHCR in this area, OIOS raised many audit recommendations related to NFIs in the past three years.

3. For the purpose of this review, an NFI is defined as any inventory item excluding food. UNHCR considers inventory to be items intended to be distributed to beneficiaries, regardless of their value or funding source. As of December 2016, UNHCR held NFIs valued at \$215 million and during that year, distributed \$280 million of NFIs to beneficiaries globally. In 2015 and 2014, this figure was \$306 million and \$368 million respectively. The distribution of NFIs is managed by the individual field operations. The Regional Bureaux at headquarters are responsible for providing strategic direction, support and oversight to field operations in their activities, including the distribution of NFIs. Core Relief Items are a sub-set of NFIs. These are NFIs which address the primary needs of displaced populations including tents, plastic sheets, blankets, jerry cans, kitchen sets, mosquito nets, sleeping mats, buckets and solar lanterns. As these items are needed across multiple operations in significant volume, they are often ordered and managed centrally through the Global Stock Management stockpiles.

4. At headquarters, there is no single division with overall responsibility for NFI distributions. However, there are three divisions whose work relates closely to the distribution of NFIs. The Division of Emergency, Security and Supply (DESS) is responsible for providing strategic direction, support and oversight to field operations in relation to, amongst other areas, supply chain management and managing global stockpiles of Core Relief Items. In particular, the Supply Management Logistics Service is responsible for providing advice, capacity building and operational support to field operations in delivering assistance to persons of concern. It is also the custodian of the UNHCR Global Stock Management stockpiles. Therefore, although DESS is not responsible for the actual delivery of NFIs to beneficiaries in the field, it often provides support to field operations in assessing their overall needs for NFIs.

5. The Division of Programme Support and Management (DPSM) leads efforts to strengthen programme quality, capacity and results-based management. It provides analysis to inform management decision-making on resource allocation, sets global strategies, policies and standards, develops practical guidance and tools, and promotes new operational approaches across a wide range of technical areas essential for the protection of persons of concern. This includes areas related to the distribution of NFIs.

6. As the majority of NFIs are distributed by partners on behalf of UNHCR, the Implementing Partnership Management Service (IPMS) at headquarters within the Division of Financial and Administrative Management (DFAM) also plays an important role in relation to NFI distributions. IPMS

is responsible for all matters related to the management of the framework for implementing with partners, including the setting of policies, designing of procedures, guidance, coordination, and implementation of strategies, as well as providing assurance over the use of financial resources spent through partnerships.

7. Comments provided by UNHCR are incorporated in italics.

II. OBJECTIVE, SCOPE AND METHODOLOGY

8. The primary objectives of this review were: to provide a single, consolidated view of control weaknesses related to the distribution of NFIs in internal audits of UNHCR field operations; to identify and analyze root causes of these weaknesses; and to raise institution level recommendations to address them. These institution level recommendations were intended to further improve the implementation of controls over the distribution of NFIs in field operations. Ultimately, such actions will enable UNHCR to improve the effectiveness and efficiency of its operations and to better meet the needs of persons of concern.

9. This review was included in the 2017 risk-based work plan of OIOS due to the risks associated with the high volume and value of NFIs distributed in many UNHCR operations, their importance in addressing the urgent needs of persons of concern, and the fact that OIOS field audits have raised many similar recommendations in this area. OIOS was also concerned that, although similar issues are raised in these audits, they may not be addressed in a holistic manner and that the underlying root causes of the control weaknesses may not yet have been fully identified. As a result, corrective measures and actions may be introduced on a case-by-case basis that differ from operation to operation.

10. OIOS conducted this review from January to June 2017. The review covered OIOS internal audit reports issued from 1 January 2014 to 31 December 2016.

11. The methodology for the review involved the following steps:

- a) Review of the 67 internal audit reports pertaining to UNHCR field operations issued between 1 January 2014 and 31 December 2016 to identify recurrent issues related to the distribution of NFIs;
- b) Identification of root causes of recurrent issues, including through a facilitated workshop with UNHCR staff from different divisions and field operations;
- c) Review of the status and adequacy of actions taken to implement the internal audit recommendations raised;
- d) Review of the current control framework for NFI distributions (policies, manuals, agreements, systems and tools, as well as training, monitoring and oversight mechanisms), its evolution over the period covered, and any ongoing measures taken to enhance it to assess its adequacy in addressing the root causes of recurrent issues; and
- e) Identification of additional improvements required at the institutional level.

12. As the focus of the review was on root causes of recurrent audit issues in the distribution of NFIs, the review only raises recommendations to further enhance institution level controls. As regards the recommendations contained in the audit reports issued during the period that still remain open, OIOS will close them only after appropriate corrective actions have been implemented by the respective UNHCR Representations to address them.

III. OVERALL CONCLUSION

13. To address the underlying, institution level root causes of recurrent control weaknesses in the distribution of NFIs, UNHCR needs to strengthen management and accountability over NFI distributions at headquarters and in the field by : a) developing a standard end-to-end process document for planning, delivery, monitoring and post-distribution monitoring of NFI distributions with clear minimum criteria; b) strengthening risk management over the distribution of NFIs by developing a catalogue of critical risks and potential mitigations; and c) assigning accountabilities, responsibilities and authorities at the headquarters level for NFI distributions.

IV. ANALYSIS OF PREVIOUS AUDIT REPORTS

14. Between 1 January 2014 and 31 December 2016, OIOS issued 67 internal audit reports on UNHCR field operations. Of these 67 audits, 35 assessed residual risks related to the distribution of NFIs as high and included detailed testing of relevant controls in the audit plan. Of these 35 audits, 27 audits identified control weaknesses related to the distribution of NFIs at the final report stage.

15. In total, OIOS raised 28 recommendations related to the distribution of NFIs in 27 final audit reports. One audit contained two recommendations related to NFI distributions. Of these 28 recommendations, 22 were assessed as important and 6 were considered critical. As of May 2017, four of the recommendations remained open. For the 24 closed recommendations, UNHCR had taken satisfactory action to address the control weaknesses in the field operations in question. However, none of the audit recommendations, nor the corresponding management responses from UNHCR, addressed the weaknesses institution wide. Hence, similar deficiencies have continued to occur on a recurrent basis in multiple field locations.

16. From preliminary analysis of the relevant audit recommendations, OIOS identified a number of recurrent issues. The categories of recurrent issues are shown in Table 1. As some recommendations were related to multiple categories, the total number of recommendations per category (65) exceeds the number of recommendations raised (28). In addition, one recommendation related to the distribution of NFIs concerned a control weakness that OIOS did not identify in any other audits. OIOS therefore considered this issue to be non-recurrent and did not assess it as part of this engagement.

Table 1

Distribution of recommendations raised between 1 January 2014 and 31 December 2016 per recurrent issue

Recurrent issue category	Number of recommendations per recurrent issue category	Percentage of occurrence of recurrent recommendations
Weaknesses in planning for NFI distributions	13	20.0%
Inadequate or missing standard operating procedures and agreements with partners	14	21.5%
Lack of beneficiary confirmation and monitoring by UNHCR as distributions took place	14	21.5%
Weak post-distribution monitoring and reconciliation	24	37.0%
Total		100%

Weaknesses in planning for NFI distributions

17. To deliver NFIs effectively to persons of concern, it is essential that UNHCR field operations identify the numbers and locations of beneficiaries, as well as the timelines in which the items are needed. Where selection criteria are in place to target resources at the most vulnerable persons of concern, these need to be applied. The level and timing of this planning will vary based on the operational context. For example, in an emergency response to a large refugee influx, such planning figures may only be possible to complete hours prior to a distribution. However, regardless of the context, some form of assessment identifying expected numbers and locations of beneficiaries is essential if UNHCR is to be able to meet the needs of persons of concern for NFIs.

18. In 13 audits, OIOS identified weaknesses in the planning of NFI distributions. In three instances, operations had no plans, and in a further five audits, the operations concerned had not conducted the beneficiary selection and verification processes they had themselves deemed necessary in their planning prior to distributions. As a result, there was an increased risk that persons needing NFIs would not receive them. In three instances, poor planning had led to excessive levels of NFIs being held in stock resulting in inefficient and ineffective use of financial resources. In two instances, there was a lack of alignment between NFI distribution plans and procurement plans. In these cases, as there were delays in receipt of NFIs, procurement actions needed to be raised in an ad-hoc manner, resulting in paying higher prices than if items had been procured in bulk.

Inadequate or missing standard operating procedures and agreements with partners

19. To ensure that NFI distributions are conducted consistently and as intended, and that NFIs reach beneficiaries, Standard Operating Procedures (SOPs) should be in place, shared with, and understood by all concerned parties. In addition, where partners, government agencies or other parties are conducting NFI distributions on behalf of UNHCR, suitable agreements should be in place to clarify roles and responsibilities and ensure accountability. This also applies when partners sub-contract distribution activities to other parties.

20. In 14 audits, OIOS identified one or more weaknesses in SOPs and agreements with partners. In four audits, government agencies or partners of UNHCR distributed NFIs without adequate requirements included in the agreement, such as the need to submit distribution reports, account for funds spent or provide evidence that the distribution took place. In one operation, a local Non-Governmental Organization distributed NFIs on behalf of UNHCR without an agreement in place. In nine operations, there were no local SOPs in place and in a further three operations SOPs existed but had either not been shared with those responsible for distributions, or contained significant gaps. As a result, in these 14 operations there was an unnecessarily high risk that NFIs did not reach the right beneficiaries as UNHCR lacked basic controls to obtain evidence that distributions had been conducted as intended.

Lack of beneficiary confirmation and monitoring as distributions took place

21. To ensure that distributions of NFIs are effective and proceed as planned, controls should be established to allow beneficiaries to confirm receipt of NFIs through a signature, thumbprint, or some other reliable verification measure. In addition, where feasible and proportionate based on the overall level of risk, UNHCR staff should be present at selected distributions. These controls reduce the risk of fraud and of items not reaching the intended beneficiaries.

22. In 14 audits, OIOS observed one or more weaknesses in the monitoring controls over distributions as they occurred. In seven operations where UNHCR would have been expected to be present at selected distributions, they were not. In one audit, the Representation claimed that it attended distributions but had

no evidence for this. In another operation, security constraints meant it was not possible for UNHCR to attend many distributions but no mitigating controls such as requesting partners to take photographs or to phone beneficiaries shortly after the distribution to confirm receipt had been put in place to compensate for this. In 10 of the 14 operations, signed distribution lists or other controls to enable beneficiaries to confirm that they received items were applied either sporadically or not at all. As a result, in these operations UNHCR could not obtain reasonable assurance that distributions had been conducted as intended and that beneficiaries received NFIs.

Weak post distribution monitoring and reconciliation

23. To ensure that NFI distributions completed were effective, UNHCR operations need to conduct some form of post distribution monitoring to confirm that the intended beneficiaries not only received the items but that they were also useful in addressing critical material needs. To account for NFIs and further verify whether distributions were conducted, UNHCR should request and receive reports from each distribution and reconcile these against records of NFIs issued from UNHCR warehouses.

24. In 24 audits, OIOS identified one or more weaknesses in post distribution controls. In 20 operations, OIOS found that records of distributions were not reconciled against records of items issued from the warehouse. Where OIOS attempted to reconcile a sample of NFI records, it consistently found significant numbers of items that could not be accounted for. In eight of these operations, distribution reports were either not complete or could not be provided. As a result, in these operations UNHCR could not account for significant portions of NFIs that had been issued from warehouses. In six operations, UNHCR did not conduct post distribution monitoring. As a result, in these operations it could not verify whether the items distributed actually met the needs of persons of concern and did not receive feedback from beneficiaries on the effectiveness of the assistance offered.

V. RESULTS OF THE ROOT CAUSE ANALYSIS

25. In the course of the review, a number of intermediate causes were identified at the institutional level for the four recurring categories of issues discussed above. Through further root cause analysis OIOS, in close cooperation with UNHCR, identified three underlying root causes for these intermediate causes. As each of the three underlying root causes in part explains recurring issues in all four categories, the root causes and their recommendations are addressed separately below rather than being covered under any one category of recurrent issues.

There was a need to develop a standard end-to-end process document for planning, delivery, monitoring and post-distribution monitoring of NFI distributions with clear minimum criteria

26. The first cross-cutting root cause identified by this review relates to the lack of a standard documented end-to-end process for NFI distributions with clear minimum criteria. This is an underlying root cause of a number of intermediate causes across all four categories of the recurring issues identified. These intermediate causes were: lack of adequate policies and guidance over NFI distributions; lack of priority given to NFI distributions by operational management in some instances; failure to consistently and clearly articulate NFI related requirements to partners; unclear ownership of NFI distributions at the field level; and lack of a strong monitoring and evaluation culture with regards to NFI distributions. In each of these cases, having a clearly articulated end-to-end process document that specifies which steps must always be completed and which steps may be optional depending on the operational context, is the first action needed towards addressing the issue.

27. Such a process document could form the basis of any future policy or guidance on NFI distributions that UNHCR may choose to issue. It would also help to focus operational management on the various minimum components involved in successfully distributing NFIs and would facilitate UNHCR articulating its requirements to partners. The process document would also make it easier for operations to allocate responsibility and ownership for specific process steps to specific units and posts, and address the need for monitoring and post-distribution monitoring to be factored into the process and planned for already at the planning stage.

28. OIOS noted gaps in the current control framework and guidance for NFI distributions. The Commodity Distribution Handbook is detailed but was issued in 1997 and had not been updated to reflect changes that have taken place both internally in terms of processes and information technology, and externally in terms of the reduced proportion of beneficiaries in camps. The other source of guidance is the Emergency Handbook, for which the information was more up to date, but it is not as detailed as the Commodity Distribution Handbook and contains some gaps. For example, it does not mention the need for conducting reconciliations between NFIs issued from warehouses and those issued to beneficiaries. Neither source document is clear on which activities and steps are essential for all NFI distributions, and which other activities and steps could be optional depending on the operational context.

(1) The UNHCR Division of Programme Support and Management, in consultation with relevant stakeholders, should develop an end-to-end process document for the planning, delivery, monitoring and post-distribution monitoring of standard non-food item (NFI) distributions that: a) specifies minimum activities for all distributions and additional steps required in specific operational contexts; b) can be used by field operations in managing and allocating responsibilities for NFI distributions; and c) can be reflected in applicable Project Partnership Agreements by incorporating relevant, selected parts in the project description.

UNHCR accepted recommendation 1 and stated that UNHCR would review existing documentation, guidance and practices relating to Core Relief Item (CRI) management. In addition, UNHCR would identify three to five operations which, in spite of challenges in applying the existing policies/guidance, developed country specific models for the management of CRIs. UNHCR would review what worked well in the operations and areas that require further improvement. On the basis of the review, UNHCR would update and further develop an end-to-end process and related documentation which would guide and support operations in the management of CRIs. Recommendation 1 remains open pending receipt of: i) an end-to-end process document for the planning, delivery, monitoring and post-distribution monitoring of NFI distributions, specifying minimum criteria; and ii) evidence that this process document has been promulgated to the field operations for implementation.

There was a need to strengthen risk management over the distribution of NFIs

29. The second cross-cutting root cause identified by this review related to the lack of a consistently strong risk-based approach to the end-to-end process of distributing NFIs. This is an underlying root cause of a number of intermediate causes of all four categories of recurring issues identified. These intermediate root causes were: insufficient UNHCR presence where persons of concern are located to facilitate effective planning and monitoring of NFI distributions; incomplete baseline data to allow for effective monitoring; weak monitoring and evaluation, and a failure to manage risks associated with distributing NFIs through partners.

30. More mature risk management processes over NFI distributions would enable field operations to better identify the unique risks related to specific distributions and to put in place mitigating measures to

address them. There needs to be a consistent appreciation that different distributions have different overall levels of risk and different specific risks and therefore, the controls put in place for one distribution should not automatically be the same for another distribution. For example, where UNHCR is unable to have staff present at distributions they should require more extensive reporting, post distribution monitoring, remote monitoring techniques, and other controls to gain assurance that these distributions were adequately conducted. Conversely, where UNHCR staff are present some of these controls may not be needed and others could be conducted on a smaller scale because the residual risk is correspondingly lower.

31. UNHCR has a policy on Enterprise Risk Management that all field operations are now applying, and IPMS has also introduced various risk management tools related to partnership management such as the Risk Based Performance Monitoring and Control Toolkit. However, with the management of risks related to NFI distributions, a centrally developed catalogue of typical key risks and potential mitigating measures would be beneficial to assist field operations in identifying and managing risks to NFI distributions more effectively. Such a risk catalogue should ideally be developed in conjunction with and following the structure of the end-to-end process document discussed in recommendation 1.

(2) The UNHCR Division of Programme Support and Management, in consultation with relevant stakeholders, should develop and circulate a catalogue of the critical and typical risks for each stage of the end-to-end process and potential mitigating measures to assist field operations in effectively identifying and responding to risks to the distribution of non-food items.

UNHCR accepted recommendation 2 and stated that during the review process and the development of updated guidance, UNHCR would identify and highlight the key risks at the relevant stages of the end-to-end process and suggest mitigation measures. The outcome of the risk assessment would also inform the development of the updated guidance on CRI management. Recommendation 2 remains open pending receipt of: i) a catalogue of the critical and typical risks for each stage of the end-to-end process showing the risks and potential mitigations; and ii) evidence that this catalogue of risks has been promulgated to the field with a message explaining its use as a reference tool to assist them in better managing the risks associated with NFI distributions.

There was a need to assign accountabilities, responsibilities and authorities at the headquarters level for NFI distributions

32. The third cross-cutting root cause identified by this review related to the lack of clear ownership of NFI distributions at headquarters. This is an underlying root cause of a number of intermediate causes of all four categories of recurring issues identified, specifically: unclear ownership of NFI distribution at the field level; inadequate policies and guidance; lack of training and development programmes for NFI distributions; and failure to promulgate good practices and tools consistently.

33. If a new or existing unit, group or division had clear accountabilities, responsibilities and authorities over NFI distributions at the headquarters level, it could serve as a 'home' for this activity. This 'home' would be able to drive the development of new guidance, policies and training (if deemed necessary) and promulgate good practices and tools through an intranet page or some other knowledge management process. Also, having a clear 'home' in headquarters for NFI distributions, in conjunction with the end-to-end process document discussed in recommendation 1, could better assist field operations as to who has ownership of the different functions in the NFI distribution process.

34. As noted in the background section, three divisions and the Regional Bureaux at headquarters all have some role in relation to NFI distributions without one having overall leadership. In comparison, Cash

Based Interventions (CBI) has a dedicated section under DPSM with a mandate to design and adapt policies and procedures, develop guidelines and approaches, and improve tools and systems to strengthen UNHCR's technical capacity to implement CBI. OIOS also notes that there has been a major investment and management focus on policy and guidance development and training related to CBI, which is in contrast to NFI distributions.

35. OIOS does not consider that UNHCR should necessarily replicate the management of CBI for NFI distributions by introducing a dedicated section, new operational guidelines, administrative instructions and policies and various templates, as increasing CBI as an implementation modality is a strategic priority for UNHCR, and the level of NFIs has dropped considerably from \$368 million in 2014 to \$280 million in 2016. Nonetheless, UNHCR's investment in NFIs remains high, and is likely to remain an important assistance mechanism for persons of concern for the foreseeable future. Therefore, there is a need for responsibility for NFI distributions at headquarters to be more clearly allocated. This allocation could be to existing roles, functions or groups and would not necessarily require the creation of additional posts or a dedicated section.

(3) UNHCR should assign clear accountabilities, responsibilities and authorities at headquarters for policy development, establishment of minimum criteria, sharing of good practices and tools, training, and monitoring and oversight in relation to non-food item distributions.

UNHCR accepted recommendation 3 and stated that DPSM, DESS, and DFAM/IPMS, while engaging with the Bureaux, would jointly be involved in updating a common guidance document and ensure that the respective divisions have joint ownership of launching the guidance once it is finalized. Once the review exercise and the guidance are completed, UNHCR would identify the best fit modality for ensuring the relevant support throughout the end-to-end process at headquarters level in regards to CRI management. Recommendation 3 remains open pending receipt of evidence that accountabilities, responsibilities and authorities at headquarters for policy development, establishment of minimum criteria, sharing of good practices and tools, training, and monitoring and oversight in relation to non-food item distributions have been clearly allocated and put into force.

V. ACKNOWLEDGEMENT

36. 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

Review of recurrent issues in the distribution of non-food items in field operations internal audit reports for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	The UNHCR Division of Programme Support and Management, in consultation with relevant stakeholders, should develop an end-to-end process document for the planning, delivery, monitoring and post-distribution monitoring of standard non-food item (NFI) distributions that: a) specifies minimum activities for all distributions and additional steps required in specific operational contexts; b) can be used by field operations in managing and allocating responsibilities for NFI distributions; and c) can be reflected in applicable Project Partnership Agreements by incorporating relevant, selected parts in the project description.	Important	O	Submission to OIOS of: i) an end-to-end process document for the planning, delivery, monitoring and post-distribution monitoring of NFI distributions, specifying minimum criteria; and ii) evidence that this process document has been promulgated to the field operations for implementation.	31 December 2018
2	The UNHCR Division of Programme Support and Management, in consultation with relevant stakeholders, should develop and circulate a catalogue of the critical and typical risks for each stage of the end-to-end process and potential mitigating measures to assist field operations in effectively identifying and responding to risks to the distribution of non-food items.	Important	O	Submission to OIOS of: i) a catalogue of the critical and typical risks for each stage of the end-to-end process showing the risks and potential mitigations; and ii) evidence that this catalogue of risks has been promulgated to the field with a message explaining its use as a reference tool to assist them in better managing the risks associated with NFI distributions.	31 December 2018
3	UNHCR should assign clear accountabilities, responsibilities and authorities at headquarters for policy development, establishment of minimum criteria, sharing of good practices and tools, training,	Important	O	Submission to OIOS of evidence that accountabilities, responsibilities and authorities at headquarters for policy development, establishment of minimum criteria, sharing of good practices and tools, training, and monitoring	31 December 2018

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.

STATUS OF AUDIT RECOMMENDATIONS

Review of recurrent issues in the distribution of non-food items in field operations internal audit reports for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical¹/ Important²	C/ O³	Actions needed to close recommendation	Implementation date⁴
	and monitoring and oversight in relation to non-food item distributions.			and oversight in relation to non-food item distributions have been clearly allocated and put into force.	

APPENDIX I

Management Response

Management Response

Review of recurrent issues in the distribution of non-food items in field operations internal audit reports 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 Division of Programme Support and Management, in consultation with relevant stakeholders, should develop an end-to-end process document for the planning, delivery, monitoring and post-distribution monitoring of standard non-food item (NFI) distributions that: a) specifies minimum activities for all distributions and additional steps required in specific operational contexts; b) can be used by field operations in managing and allocating responsibilities for NFI distributions; and c) can be reflected in applicable Project Partnership Agreements by incorporating relevant, selected parts in the project description.	Important	Yes	DPSM DESS IPMS	December 2018	<p>UNHCR will review existing documentation, guidance and practices relating to CRI management.</p> <p>In addition, UNHCR will identify 3 to 5 operations which, in spite of challenges in applying the existing policies/guidance, developed country specific models for the management of CRIs. UNHCR will review what worked well in the operations and areas that require further improvement.</p> <p>On the basis of the review, UNHCR will update and further develop an end to end process and related documentation which will guide and support operations in the management of CRIs.</p>
2	The UNHCR Division of Programme Support and Management, in consultation with relevant stakeholders, should develop and circulate a catalogue of the critical and typical risks for each stage of the end-to-end process and potential	Important	Yes	DPSM DESS IPMS	December 2018	During the review process and the development of updated guidance, UNHCR will identify and highlight the key risks at the relevant stages of the end to end process and suggest

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

Review of recurrent issues in the distribution of non-food items in field operations internal audit reports for the Office of the United Nations High Commissioner for Refugees

	mitigating measures to assist field operations in effectively identifying and responding to risks to the distribution of non-food items.					mitigation measures. The outcome of the risk assessment will also inform the development of the updated guidance on CRI management.
3	UNHCR should assign clear accountabilities, responsibilities and authorities at headquarters for policy development, establishment of minimum criteria, sharing of good practices and tools, training, and monitoring and oversight in relation to non-food item distributions.	Important	Yes	DPSM DESS IPMS	December 2018	DPSM, DESS, DFAM/IPMS, while engaging with the Bureaus, will jointly be involved in updating a common guidance document and will ensure that the respective divisions have joint ownership of launching the guidance once it is finalized. Once the review exercise and the guidance are completed, UNHCR will identify the best fit modality for ensuring the relevant support throughout the end to end process at HQ level in regards to CRI management.