



INTERNAL AUDIT DIVISION

REPORT 2017/122

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

There was a need to develop and implement
an information strategy for capturing,
maintaining and analyzing operational data
on persons of concern in a more systematic
and complete manner

22 November 2017
Assignment No. AR2017/151/01

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

EXECUTIVE SUMMARY

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the Office of the United Nations High Commissioner for Refugees (UNHCR) operations in Ecuador. The audit covered the period from 1 January 2015 to 31 March 2017 and included a review of: (i) planning and resource allocation; (ii) partnership management; (iii) livelihoods and self-reliance; (iv) cash-based interventions (CBI); (v) financial tracking and reporting; and (vi) enterprise risk management (ERM).

Controls over the livelihoods programme were effective. In addition, the Representation took prompt action to address shortcomings observed during the audit in the areas of emergency preparedness, partnership management, CBI, financial tracking and reporting, and ERM. However, the Representation needed to implement an information management strategy for capturing, maintaining and analyzing operational data on persons of concern in Ecuador in a systematic and complete manner.

OIOS made one recommendation. To address issues identified in the audit, the Representation needed to:

- Develop an information management strategy and tools and initiate an exercise to consolidate all relevant existing information on persons of concern, and assign relevant accountabilities, responsibilities and authorities for the implementation of the information management strategy and data management on an ongoing basis.

UNHCR accepted the recommendation and has initiated action to implement it.

CONTENTS

| | <i>Page</i> |
|--|-------------|
| I. BACKGROUND | 1 |
| II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY | 2 |
| III. OVERALL CONCLUSION | 2 |
| IV. AUDIT RESULTS | 2-9 |
| A. Planning and resource allocation | 2-4 |
| B. Partnership management | 5 |
| C. Livelihoods and self-reliance | 5-6 |
| D. Cash-based interventions | 6-7 |
| E. Financial tracking and reporting | 7-8 |
| F. Enterprise risk management | 8-9 |
| V. ACKNOWLEDGEMENT | 9 |
| ANNEX I Status of audit recommendations | |
| APPENDIX I Management response | |

Audit of the operations in Ecuador 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 Ecuador for the Office of the United Nations High Commissioner for Refugees (UNHCR).
2. The UNHCR Representation in Ecuador (hereinafter referred to as the Representation) is a country office headed by a D-1 accredited Representative reporting directly to the Director of the Bureau for the Americas. The Representation's Branch Office is located in the capital of the country, Quito. There were a further five Field Offices located in Quito (covering the provinces of Pichincha and Santo Domingo), Esmeraldas, Guayaquil, Ibarra (with a separate Field Unit in Tulcan), and Lago Agrio.
3. The Representation had developed a Comprehensive Solutions Initiative (2014-2017) and a Multi-Year Protection and Solutions Strategy (2016-2018), in coordination with the Government and other partners. The main objectives of the Representation outlined in these documents related to facilitating and consolidating access to asylum documentation and processes, supporting persons of concern in achieving self-reliance, and promoting durable solutions through local integration. In the medium term, the Representation was aiming to operationally disengage from direct assistance, with the Government and civil society assuming further responsibilities.
4. Ecuador is a party to the 1951 Refugee Convention and Protocol, and the 1961 Convention on the Reduction of Statelessness, as well as to all other major humanitarian and human rights instruments. The Representation considered that Ecuador's 2008 constitution safeguards the rights of migrants and refugees and provides for integration rights for refugees. However, the Representation assessed that there was a substantial gap between the constitution and the overall legal framework on migration and asylum.
5. In April 2016, an earthquake in the North-West of Ecuador killed 663 people and displaced approximately 80,000. The Representation responded by delivering two plane-loads of relief items and tents and deploying a number of response teams to the region. Activities related to the earthquake response did not continue into 2017. In its 2015 and 2017 Operations Plans, the Representation only had one population planning group, namely refugees and asylum seekers, which consisted of 190,000 persons. In 2016, an additional population group was included for persons affected by earthquake but this group was removed after the emergency response was concluded. According to the 2016 Annual Statistical Report, 99 per cent of the population of concern consisted of Colombian nationals. The refugee population was scattered across rural and urban areas in Ecuador, mainly in remote areas with limited access to basic services. There were no camps in Ecuador.
6. The Representation had overall expenditures of \$12.7 million in 2015 and \$14.3 million in 2016. For 2017, its budget was \$11.2 million. As of March 2017, there were 10 international posts (of which one was vacant but subsequently filled in May 2017). There were also four national officer posts and 44 national staff posts of which one was vacant. Since 2015, the Representation has worked with 22 different government and non-governmental partners. The most significant services provided to persons of concern, based on expenditures, related to livelihoods and self-reliance, services to persons with specific needs, and strengthening local integration. A significant cash-based interventions (CBI) programme contributed to the delivery of these objectives.
7. Comments provided by the Representation are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

8. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over UNHCR operations in Ecuador.

9. This audit was included in the 2017 risk-based work plan of OIOS due to the risks associated with delivering the largest CBI programme in the Americas region and a significant livelihoods programme in the context of challenges in collecting operational data on persons of concern.

10. OIOS conducted this audit from April to July 2017. The audit covered the period from 1 January 2015 to 31 March 2017. Based on an activity-level risk assessment, the audit covered higher risk areas pertaining to: (i) planning and resource allocation; (ii) partnership management; (iii) livelihoods and self-reliance; (iv) CBI; (v) financial tracking and reporting; and, (vi) enterprise risk management (ERM).

11. The audit methodology included: (a) interviews of key personnel; (b) review of relevant documentation; (c) analytical reviews of data, including financial data from Managing for Systems, Resources and People (MSRP), the UNHCR enterprise resource planning system, and performance data from Focus, the UNHCR results-based management system, through Global Focus Insight; (d) review of data extracted from proGres, the UNHCR enterprise registration tool; (e) testing of controls using random and stratified samples; (f) visits to three partners implementing UNHCR projects in five locations; and (g) visits to the UNHCR Field Offices in Lago Agrio, Esmeraldas and Ibarra, as well as a remote interview with the Field Office in Guayaquil.

III. OVERALL CONCLUSION

12. Controls over the livelihoods programme were effective. In addition, the Representation took prompt action to address shortcomings observed during the audit in the areas of emergency preparedness, partnership management, CBI, financial tracking and reporting, and ERM. However, there was a further need for the Representation to develop and implement an information strategy for capturing, maintaining and analyzing operational data on persons of concern in a more systematic and complete manner.

IV. AUDIT RESULTS

A. Planning and resource allocation

The Representation needed to develop and implement an information management strategy

13. To provide vital assistance to persons of concern it is essential that: a) the needs of the population of concern are comprehensively assessed; and b) accurate, complete and up-to-date operational data on the population of concern is collected, stored and analyzed appropriately. These requirements are also promulgated in UNHCR Programme Manual, with the aim to provide consistency in operations planning at the country level and to mitigate associated risks.

14. Until 2015, the Representation did not possess accurate records of the numbers of persons of concern in Ecuador as the Government stopped sharing its information in 2013. To mitigate for this, the Representation conducted an extensive baseline survey in 2014-15. This captured information on the socio-economic situation of persons of concern necessary to design strategies and plan interventions. The Inspector General's Office's Inspection Report, issued in December 2016, and a Multifunctional Technical

Assistance Mission, conducted in November 2016, both raised recommendations related to this. Therefore, OIOS did not raise a further recommendation on data sharing with the Government.

15. The Representation conducted needs assessments annually using participatory approaches and an age, gender and diversity perspective, as required, and reflected the results in its Operations Plans. The Multifunctional Technical Assistance Mission had raised a number of recommendations related to case management which the Representation was in the process of addressing. Independently of the government data, UNHCR maintained an instance of proGres version 3, installed in March 2016, which had approximately 190,000 records. In addition, its main partner maintained a separate database but there was no automatic link between this and proGres. The partner database did not record the proGres case number. From March 2016 onwards, Field Offices were required to upload all data on persons of concern into proGres, but the April 2016 earthquake resulted in this not being done systematically. The Representation issued renewed instructions on using proGres in early 2017.

16. There were three main paths through which a new person of concern would come to the attention of the Representation: a) approach a UNHCR office and be registered directly into proGres; or b) approach the Representation's main partner, be registered in the partner's database and then have their details sent to the Representation where they would be reviewed and, if approved, entered into proGres; or c) encounter UNHCR staff during a mission in which case they would have their details recorded off-line before the Representation would subsequently upload them to proGres at a later date. However, OIOS reviewed 193 cases where the Representation identified a person of concern during a mission conducted between January and March 2017 and could only confirm that 55 of these cases had been recorded in proGres. The forms and practices used to collect personal information differed from location to location, as did the approaches used by the Field Offices to access their populations of concern. The Representation informed OIOS that it conducted a one-off exercise to upload spreadsheet data from 2015 into proGres but no similar exercise had been conducted for 2016 data. The time consuming and complex nature of entering data into proGres was highlighted by many staff in Ecuador as one cause of this.

17. As a result, the Representation's operational data was out of date and incomplete. Further, existing processes for maintaining the data were error prone. This undermined the Representation's ability to fulfil its mandate to protect and support refugees, manage individual cases and to plan accurately. In the opinion of OIOS, the root cause for these weaknesses was early overreliance on government data and the lack of a clear information management strategy based on the information needed by the Representation to fulfil its mandate. Such a strategy should articulate the information needed and how it would be collected and maintained. It could consolidate and update the various standard operating procedures (SOPs) on case management, filing, registration and resettlement and outline the different modalities and outreach strategies in each Field Office. The Representation lacked the resources to develop such a strategy without additional support. It had requested proGres version 4 and Biometric Identity Management System assessment missions from headquarters. OIOS considered that if an Information Management Officer joined such missions, this could assist the Representation in developing an information management strategy.

(1) The UNHCR Representation in Ecuador should: a) request that an Information Management Officer join the anticipated proGres version 4 and Biometric Identity Management System assessment missions, and with their assistance, develop an information management strategy and tools; b) initiate an exercise to consolidate all relevant existing information on persons of concern collected outside of proGres; and c) assign relevant accountabilities, responsibilities and authorities for the implementation of the information management strategy and data management on an ongoing basis.

UNHCR accepted recommendation 1 and stated a support mission visited Ecuador from 4 to 7 September 2017. The mission assessed the feasibility of deploying proGres version 4, including inter-operability with other systems used by the Government and partners, to improve the Office's information management and tools. In line with the mission's recommendations, UNHCR would initiate in late 2017/early 2018 steps towards implementing proGres version 4 that would facilitate consolidation of the data currently recorded in the various systems into proGres. A fully detailed strategy would be developed once the final mission report is received. UNHCR Ecuador was evaluating additional staffing requirements for the above actions. Limitations in financial and human resources could affect the pace of implementation of these actions. Recommendation 1 remains open pending receipt of: a) the completed information management strategy showing how the Representation would collect and record operational data on persons of concern in each location; and b) evidence that the Representation has formally assigned relevant accountabilities, responsibilities and authorities for the implementation of the information management strategy and data management on an ongoing basis to specific posts.

Action was taken to complete minimum refugee and natural disaster emergency preparedness actions

18. To enable the Representation to effectively prepare for potential future emergencies, it is essential that minimum emergency preparedness actions for refugee emergencies are undertaken. In addition, inter-agency minimum preparedness actions for internal displacement situations and natural disasters should be completed in coordination with the Humanitarian Country Team. These requirements are also promulgated in the UNHCR preparedness package for refugee emergencies and the Inter-Agency Standing Committee Emergency Response Preparedness approach.

19. The Representation identified risks related to refugee and natural disaster emergencies in its risk register. It considered the likelihood of a refugee emergency as low and that of a natural disaster as medium. At the time of the audit, the Representation had not prepared the UNHCR Minimum Preparedness Action checklist for refugee emergencies. However, in response to the initial audit observations the Representation took immediate action to prepare the checklist and began completing the required actions which were not yet in place. As the Representation deemed the likelihood of a refugee emergency as low, the Advanced Preparedness Action checklist was not necessary.

20. With regards to emergencies arising from natural disasters, an inter-agency emergency plan was not in place at the time of the earthquake in April 2016. A draft preliminary response plan for the 2016 winter season had been elaborated in March 2016 and was used as a reference for the earthquake response. The inter-agency preparedness actions checklist was eventually completed after the earthquake. OIOS noted that the Representation had raised the need to finish the emergency response plan on multiple occasions before and after the earthquake. Following the response to the earthquake, the Representation participated in a two-day workshop organized by the Humanitarian Country Team to identify lessons learned. Further, in response to the audit, the Representation prepared a detailed note capturing the UNHCR specific lessons learned and good practices from the earthquake response.

21. OIOS concluded that the Representation, in coordination with the Humanitarian Country Team, was now proportionately prepared for future emergency responses, and did not raise a recommendation.

B. Partnership management

Action was taken to document the designation of procurement to partners

22. In order to achieve expected programme and project results through the use of partners, it is essential to: a) select or retain best fit partners through an objective, transparent and timely process; b) sign well developed agreements with partners and transfer installments to them in a timely manner; and c) monitor the project activities through a risk-based and multi-functional approach. In addition, procurement should only be designated to partners where it is beneficial to do so. These requirements are also promulgated in the UNHCR Enhanced Framework for Implementing with Partners, with the aim to support accountability over resources entrusted to partners and to mitigate associated risks.

23. The Representation conducted the partner selection and retention process in accordance with UNHCR requirements. It established an Implementing Partnership Management Committee and adopted a risk-based approach for the process. For example, the Representation significantly reduced the funding of one partner due to identified control weaknesses in the prior year. The Representation entered into well-developed agreements with partners in a timely manner. It duly applied the 2017 UNHCR Policy on Implementing Partner Personnel Costs. International partner overheads, where applicable, were also correctly calculated. OIOS therefore concluded that controls over partner selection and retention and preparation of project agreements were effective.

24. OIOS visited three partners at their premises in Quito, Santo Domingo, Esmeraldas, Lago Agrio and Ibarra with a total volume of expenditures of \$11.6 million in the period 1 January 2015 to 31 March 2017. OIOS also visited selected project locations and met 41 beneficiaries. The Representation had prepared risk-based monitoring plans that were agreed with partners and conducted monitoring and verification activities in line with these plans using a multifunctional approach. All monitoring and verification activities received input from the project control function. The Representation verified and reconciled financial and programmatic implementation in the required formats. Monitoring activities also included follow-up on issues identified in prior visits and external audit observations. OIOS therefore concluded that controls over project monitoring were effective.

25. The Representation designated procurement authority above \$100,000 to three partners who were not pre-qualified for a total of \$910,000 in 2015, to two non-pre-qualified partners for a total of \$478,000 in 2016, and to one pre-qualified partner for \$427,000 in 2017. The Representation, however, did not document an assessment of the partners' capacity to procure, and it also did not undertake an analysis to assess whether entrusting procurement to partners was cost-beneficial. In response to the initial audit results, the Representation produced a note for the file for the designation of procurement to the partner in 2017 and completed the required form. As OIOS did not identify any direct consequences from the failure to properly designate procurement, and as the current designation was now justified with relevant supporting documentation on file, OIOS did not raise a recommendation in this area. However, OIOS emphasizes that the Representation should ensure that any future designation of procurement to partners for 2018 and beyond is done in accordance with UNHCR requirements.

C. Livelihoods and self-reliance

The livelihoods programme was effectively implemented

26. In order to ensure the effective and efficient delivery of livelihoods activities, it is essential that operations: a) adequately plan and design the implementation of livelihoods activities; b) have access to the requisite livelihoods expertise; c) ensure that livelihoods partners have the relevant experience and skills to

implement livelihoods projects; d) monitor and report on the expenditures, performance and impact of livelihoods programmes; and e) establish an exit strategy to avoid perpetual dependence on humanitarian support. These broad requirements are promulgated in the UNHCR Operational Guidelines on the Minimum Criteria for Livelihoods Programming.

27. The Representation implemented the Graduation Model livelihoods approach. This involved identifying vulnerable persons of concern with the ability to be economically active and supporting them with conditional subsistence cash assistance for 12 months as well as training and purchase of items to enable them to start their own businesses or find employment. The Graduation Model involved regular monitoring visits for an 18-month period. It was piloted with 200 families in 2015 and was then expanded to additional 1,513 families in 2016. In 2017, the Representation planned to assist a further 600 families through the Graduation Model. After the pilot done in 2015, the Representation developed a livelihoods strategy with inputs from headquarters and key partners. The strategy built upon a baseline survey conducted during 2014 and 2015 in 13 locations. The strategy was augmented by two market assessments conducted in eight provinces in August 2015 and January 2016 by an external firm selected through a competitive procurement process. The Representation also developed a detailed Local Integration Index which assessed the extent to which persons of concern were locally integrated based on social, legal and economic factors. The Graduation Model was implemented by the Representation's livelihoods partner who identified beneficiaries, administered cash assistance and seed capital grants, and followed up with beneficiaries. The Representation had dedicated livelihoods posts to support and monitor the implementation of the Graduation Model.

28. OIOS reviewed a sample of 39 beneficiaries from five different locations and found that in all cases the beneficiaries met the criteria for assistance and were provided with cash, training and seed capital in accordance with the programme design. The partner kept extensive supporting documentation on file for all assistance and conducted regular monitoring of the progress of beneficiaries. After nine months of the programme, the Representation assessed overall progress and found that average integration scores had increased for beneficiaries in all measured dimensions.

29. The objective of the Graduation Model was that after 18 months, beneficiaries should be self-sufficient and no longer need assistance. Therefore, an exit strategy for individuals was an integral part of the approach. With regards to the overall exit strategy, the Representation had held initial discussions with the Government over expanding existing state benefits programmes to cover vulnerable persons of concern so that the UNHCR livelihoods support could be reduced over time. Given the above, OIOS concluded that controls over the livelihoods programme were effective.

D. Cash-based interventions

Action was taken to expand coverage of standard operating procedures and ensure correct use of account codes for cash-based interventions

30. In order to ensure effective delivery of CBI, it is essential to adequately plan and design the CBI programme including: a) undertaking a risk assessment and assessing the feasibility of such a programme; b) developing SOPs governing the selection criteria, value of transfers and operational modalities; c) correctly budgeting for CBI and tracking expenditures; d) developing financial and protection related controls; and e) monitoring the performance of CBI and evaluating their impact. These broad requirements are promulgated in the UNHCR Policy on CBI with the aim to provide consistency in institutionalising UNHCR's global CBI strategy and to manage the associated risks.

31. The Representation had CBI expenditure of \$635,000 in 2016 and a projected budget of \$982,000 for 2017. Of this, more than 90 per cent related to the Graduation Model. Other CBI activities mainly related to cash disbursements to facilitate transport for beneficiaries. These were administered through eight separate partners as well as directly by UNHCR. For the CBI distributed through the Graduation Model, the Representation developed an SOP with clear criteria for beneficiary selection and a post distribution monitoring approach that was part of the wider Graduation Model. The SOP also contained a risk assessment and proposed risk mitigations. OIOS review of CBI payments through the Graduation Model indicated that clear supporting documentation including signed receipts from beneficiaries was on file for all transactions.

32. However, the Representation had not conducted a feasibility study for the CBI programme. As a result, the SOP envisaged that cash would be distributed via bank transfer when this was not possible due to a variety of technical and legal issues. Further, the Representation lacked an SOP for the CBI transactions outside of the Graduation Model. In response to OIOS' initial audit observations, the Representation revised the SOP for the Graduation Model to reflect actual modalities and approved three new SOPs covering all other CBI activities. As noted in the previous section, controls over CBI disbursed through the Graduation Model were strong and the Representation undertook extensive monitoring of the impact of the payments and the intervention overall.

33. In 2016, the Representation recorded CBI transactions worth \$1,477,000. However, only \$635,000 referred to actual CBI. The remaining \$842,000 related to payments to providers of services which were wrongly recorded under CBI accounts. For 2017, the Representation initially budgeted \$1,080,000 under CBI accounts. However, only \$982,000 was related to actual CBI. The remaining \$98,000 related to payments of services to providers. As a result, CBI expenditures were overstated by \$842,000 in 2016. In addition, the external project auditor of one partner considered that the partner had overcharged for headquarters support costs, as CBI expenditures should be excluded from this calculation. The disputed amount arose entirely from non-CBI expenditures that had incorrectly been allocated to CBI account codes but in reality were eligible. The Representation took immediate action to correct the account codes for 2017. It was unable to correct the codes for 2016 as the accounts had been closed but escalated this issue to the Division of Financial and Administrative Management in headquarters. Therefore, OIOS did not raise a recommendation in this area.

E. Financial tracking and reporting

Action was taken to strengthen anti-fraud controls over financial management

34. In order to provide sound management of financial resources, it is essential to ensure that: a) cash and bank funds are safeguarded and accounted for; b) there is adequate segregation of duties; c) monthly review of accounts and adequate reporting to headquarters occurs; d) administrative budgets are justified and adhered to; and e) receivables are collected in a timely manner. These requirements are also promulgated in UNHCR Manual on Financial Management (Chapter 6), with the aim to ensure consistency in application of financial rules and procedures and to mitigate associated risks.

35. A 2014 investigation by the Inspector General's Office established that a previous staff member had committed fraud. In response, the Representation introduced a number of additional anti-fraud controls and was in the process of recovering the remaining diverted funds. The Representation identified petty cash and non-purchase order procurements with four vendors where staff members had not declared potential conflicts of interest or where the supporting documentation was suspicious. OIOS reviewed the processes related to these procurements in consultation with the Representation and made four suggestions to further strengthen anti-fraud controls which the Representation immediately implemented. These were:

maintaining a list of vendors involved in questionable transactions; segregating the roles of non-purchase order voucher preparer and goods receiver for the same transaction; communicating to all staff the need to declare potential conflicts of interest; and organizing training sessions for field based staff. OIOS also reviewed a sample of 78 vouchers with a value of \$727,000 as well as the general financial controls and processes in place. Petty cash was physically safeguarded and used for appropriate purposes within agreed ceilings. All vouchers reviewed had adequate approvals and supporting documents on file. Operational advances were used sparingly and were well documented. The administrative budget was justified and expenditures were tracked on an ongoing basis.

36. The Representation had \$310,000 worth of open items related to recoveries of value added tax. These claims had been submitted to and agreed by the Government. However, due to financial constraints, the Government had not refunded taxes to any United Nations organizations since 2015. The Representation wrote to the Government with regards to this and also raised the matter at the United Nations Operations Management Team. The United Nations Development Programme was pursuing the issue on behalf of all United Nations organizations. Therefore, OIOS did not raise a recommendation as there were no further actions the Representation was able to independently take in this regard.

37. While the Representation prepared and sent month-end packages to headquarters as required, these were consistently late. On average, month-end packages for 2016 and the first quarter of 2017 were sent 31 days late. This was partly because the Representation's bank regularly sent statements after the deadline for the month-end package had already passed. The Representation also noted that the level of the bank's services was poor, the costs were high, and that the bank did not provide any services to UNHCR persons of concern. The Representation had written to the bank requesting improved services. The Representation was required to use this bank as part of its agreement with the United Nations Development Programme linked to its rental of office space in the United Nations House in Quito. However, as the Representation planned to move to a different office location in the latter part of the year, it would no longer be bound by this requirement. It informed OIOS that it intended to initiate a tender for banking services as soon as the move was completed. Therefore, OIOS did not raise a recommendation in this area.

F. Enterprise risk management

Action was taken to prioritize risks for active management

38. In order to effectively manage risks to its operational objectives it is essential for the Representation to: a) understand its operational context; b) identify its key risks; c) analyze and evaluate these risks; and d) develop and implement a plan to treat these risks. The Representation also needs to monitor and report on its risk management processes and ensure that these processes are communicated and that relevant key staff are effectively trained and consulted. This should be done in accordance with the UNHCR Enterprise Risk Management Framework to ensure consistency across the organization.

39. The Representation completed an initial risk assessment in 2015 and identified over 60 risks. In the November 2016 review, the Representation combined and consolidated these into 17 risks. Risks and their mitigating treatments were further updated in April 2017. The operational context and challenges highlighted in the Representation's Operations Plans and mid-year and year-end reviews were reflected in the risk register. Risks were analyzed and evaluated in a logical manner in accordance with the ERM Framework. The risk register was discussed with the Heads of Units and Field Offices. Risks were also discussed with partners. The Representation maintained an off-line version of the risk register to which it had assigned responsible units regarding specific risk treatment actions. Both risk management focal points had undertaken the ERM e-learning course as well as a two-day training session in Budapest.

40. At the time of the audit, the Representation had not prioritized risks for active management as required by the ERM Framework. The Representation explained that it had not marked any risks as priority as it considered all 17 risks to be important and hence did not subscribe to the formal requirement to mark selected risks as ‘priority’. However, in response to the initial audit results the Representation took action to prioritize selected key risks and set target completion dates for all outstanding mitigations for these risks. The Representation also included a standing agenda item on risk monitoring in the meetings of Heads of Offices and Units held every two months. OIOS therefore concluded that risks were effectively identified, analyzed, communicated and monitored in accordance with the UNHCR ERM Framework.

V. 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 Ecuador 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 Representation in Ecuador should: a) request that an Information Management Officer join the anticipated proGres version 4 and Biometric Identity Management System assessment missions, and with their assistance, develop an information management strategy and tools; b) initiate an exercise to consolidate all relevant existing information on persons of concern collected outside of proGres; and c) assign relevant accountabilities, responsibilities and authorities for the implementation of the information management strategy and data management on an ongoing basis. | Important | O | Submission to OIOS of: a) the completed information management strategy showing how the Representation would collect and record operational data on persons of concern in each location; and b) evidence that the Representation has formally assigned relevant accountabilities, responsibilities and authorities for the implementation of the information management strategy and data management on an ongoing basis to specific posts. | 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.

APPENDIX I

Management Response

Management Response

Audit of the operations in Ecuador 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 Ecuador should: a) request that an Information Management Officer join the anticipated proGres version 4 and Biometric Identity Management System assessment missions, and with their assistance, develop an information management strategy and tools; b) initiate an exercise to consolidate all relevant existing information on persons of concern collected outside of proGres; and c) assign relevant accountabilities, responsibilities and authorities for the implementation of the information management strategy and data management on an ongoing basis. | Important | Yes | Representative Deputy Representative Protection Officer | Oct 2017 – Dec 2018 | <p>A support mission of the Senior Registration Officer (proGres v4 Deployment) and the Regional Registration Officer for the Americas (Regional Legal Unit) visited Ecuador from 4 to 7 September 2017. The mission assessed the feasibility of deploying proGres v4, including interoperability with other systems used by the Government and partners, as a strategic action to improve the Office's information management and tools. For the purposes of the mission, all relevant data and registration tools applied in the country and the quality of the information were reviewed, and the possibility and convenience of consolidating and interconnecting these tools were assessed.</p> <p>In line with the mission's recommendations, UNHCR will initiate in late 2017/early 2018 steps towards implementation of proGres version 4 that will facilitate consolidation of the data currently recorded in the various systems in the</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 Ecuador 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 |
|----------|----------------|---|-----------------------|---------------------------------------|------------------------|---|
| | | | | | | <p>country into proGres and therefore be more efficiently used by UNHCR and its partners for planning and case management.</p> <p>The path towards implementation of proGres v4 and the consolidation and interconnection of the data and recording tools applied in Ecuador entail multiple actions that will be implemented by the Office in the course of the next 18 months. Pending a fully detailed strategy which will be developed once the final mission report is received, please find below a brief description of the main actions envisaged to improve information management in the operation:</p> <ul style="list-style-type: none"> ▪ Support the Government use of its current database: UNHCR provides proGres v2 immediate support, focusing on data quality, process and qualitative data entry. Clean up of the Government database is being concluded and discussions are being held with the Government on the resulting numbers. ▪ UNHCR has agreed with the Government on the implementation of the Quality Assurance initiative (QAI). In the framework of QAI, UNHCR will |

Management Response

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|----------|----------------|---|-----------------------|---------------------------------------|------------------------|--|
| | | | | | | <p>support (technically and financially) the Government in the development of a new registration system.</p> <ul style="list-style-type: none"> ▪ For the roll out of proGres v4 in the operation, the information recorded across the different databases (mainly UNHCR proGres v3, Government proGres v2, partner data system as well as several excel sheets used by the different field offices and units) is being analyzed and consolidated in order to be migrated into proGres v4. ▪ In line with the mission's recommendation, UNHCR will ensure that proGres v4 is inter-operable with the partner system. In addition, UNHCR has already initiated discussion with the Government on a possible data sharing agreement allowing UNHCR access to government data in proGres v2 or in the new government database. ▪ UNHCR Ecuador is evaluating additional staffing requirements for the above actions, especially in the context of the data consolidation process, support to |

Management Response

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

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| | | | | | | <p>the government and, possibly, software development, as well as the planned case management processes. We have included an Information Management Officer in our 2018 budget. We are also seeking clarification as to the kind of support we can expect from the regional and HQ registration and information management staff, so that we can assess our own resources. At the moment, the Protection Officer, supported by the Assistant Protection Officer, is in charge of the substantive (content) aspects of information management, whereas the IT officer is in charge of the technical aspects and providing technical support to the IT Directorate at the Ministry of Foreign Affairs on how to operate proGres and on cleaning up the database. It is worth noting that limitations in financial and human resources could affect the pace of implementation of these actions.</p> |