



## **INTERNAL AUDIT DIVISION**

### **REPORT 2018/110**

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#### **Audit of the operations in South Sudan for the Office of the United Nations High Commissioner for Refugees**

**There were control weaknesses in the arrangements for security from violence and exploitation, child protection and education, livelihoods and self-reliance, partnership management, procurement, and fleet and fuel management**

**16 November 2018  
Assignment No. AR2018/111/05**

# **Audit of the operations in South Sudan for the Office of the United Nations High Commissioner for Refugees**

## **EXECUTIVE SUMMARY**

The Office of Internal Oversight Services (OIOS) conducted an audit of the operations in South Sudan for the Office of the United Nations High Commissioner for Refugees (UNHCR). The objective of the audit was to assess whether the UNHCR Representation in South Sudan was managing the delivery of services to its persons of concern in a cost-effective manner and in compliance with UNHCR's policy requirements. The audit covered the period from 1 January 2017 to 31 March 2018 and included a review of: (a) partnership management; (b) procurement and vendor management; (c) fleet and fuel management; (d) security from violence and exploitation; (e) child protection and education; (f) public health; (g) warehouse management; and (h) livelihoods and self-reliance.

The Representation's controls over public health projects and warehouse management were adequate. However, there were weaknesses in the Representation's arrangements for security from violence and exploitation, child protection and education, livelihoods and self-reliance, partnership management, procurement, and fleet and fuel management which, if not addressed, could adversely affect its ability to meet its objectives, including in terms of the delivery of protection to refugees. The risks that were prioritized in the Representation's risk register generally reflected the key risks to the operation; however, OIOS was of the opinion that the Representation could further improve risk management by reviewing and implementing the identified risk mitigating actions in a timelier manner.

OIOS made five recommendations. To address the issues identified in the audit, the Representation needed to:

- Prioritize the updating of the sexual and gender-based violence (SGBV) strategy and standard operating procedures, strengthen monitoring of partners that are implementing SGBV, and implement a follow-up system on camp risk assessments undertaken by partners;
- Prioritize the revision of the child protection strategy considering the identified education related challenges and update the standard operating procedures to strengthen the response to child protection related risks, review the child protection case management process, and strengthen monitoring of partners involved in child protection activities;
- Conduct an impact assessment of the livelihoods interventions and update the livelihoods strategy accordingly;
- Put in place measures to better integrate financial and performance monitoring of projects implemented through partners, and follow up on long outstanding partner receivables; and
- Strengthen management oversight over procurement processes, ensure that up-to-date procurement plans are in place, and establish controls over contracts that require approvals from the respective committees on contracts.

UNHCR accepted the recommendations, took suitable action to implement two recommendations, and initiated action to implement the remaining three recommendations.

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# **Audit of the operations in South Sudan 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 South Sudan for the Office of the United Nations High Commissioner for Refugees (UNHCR).
2. The UNHCR Representation in South Sudan (hereinafter referred to as ‘the Representation’) was established in 2012 to provide refugees, asylum seekers and other persons of concern with international protection and humanitarian assistance. As of 31 May 2018, South Sudan hosted 295,933 refugees. The largest population (93 per cent) was from Sudan. The country saw a relatively small number of new arrivals from Sudan in 2017, with only 12,000 refugees arriving, while there were about 1,000 spontaneous departures back to Sudan. The majority (91 per cent) of the refugees were hosted in camps in the Upper Nile and Unity regions of South Sudan. The refugees continued to rely on UNHCR’s lifesaving humanitarian assistance because of the weak economy and rule of law, limited development activities, and lack of social services in refugee hosting areas.
3. By 2018, South Sudan’s conflict was in its fifth year, with civilians continuing to bear the brunt of a crisis characterised by displacement, hunger and disease. Nearly 4.5 million, i.e. one in three South Sudanese, had been displaced, with more than 1.7 million people internally displaced and around 2.5 million living in neighbouring countries. An estimated 700,000 people left South Sudan in 2017 only.
4. The Representation was headed by a Representative at the D-1 level and it had, as at 31 March 2018, 353 regular staff posts and 72 affiliate staff. It had a Country Office in Juba, two Sub Offices in Bunj and Jamjang (the latter covering a field unit in Yida), and six Field Offices in Yei, Yambio, Bor, Bentiu, Malakal and Wau. The Country Office in Juba provided oversight of the programme activities across the country operation and conducted procurement and logistics for the Sub and Field Offices. The two Sub Offices were responsible for providing protection assistance to Sudanese refugees. The Representation recorded total expenditures of \$131.9 million in 2017 and \$33.3 million in the three-month period up to 31 March 2018. It worked with 22 partners in 2017 and 25 in 2018. Despite the much higher number of internally displaced persons than refugees, 82 per cent of the programme was for refugee projects.
5. Comments provided by the Representation are incorporated in italics.

## **II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY**

6. The objective of the audit was to assess whether the UNHCR Representation in South Sudan was managing the delivery of services to its persons of concern in a cost-effective manner and in compliance with UNHCR’s policy requirements.
7. This audit was included in the 2018 risk-based work plan of OIOS due to the increasingly challenging operating environment in South Sudan and the protracted refugee situation, and because two critical recommendations were raised in the previous OIOS audit (report 2016/049).
8. OIOS conducted this audit from May to August 2018. The audit covered the period from 1 January 2017 to 31 March 2018. Based on an activity-level risk assessment, the audit covered higher and medium risk areas pertaining to the operations in South Sudan, which included: (a) partnership management; (b) procurement and vendor management; (c) fleet and fuel management; (d) security from violence and

exploitation; (e) child protection and education; (f) public health; (g) warehouse management; and (h) livelihoods and self-reliance.

9. 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, performance data from Focus, the UNHCR results-based management systems, and registration data from proGres, the UNHCR registration and case management system; (d) sample testing of controls using both systematic and random sampling methods; (e) visits to the Representation's Country Office in Juba, Sub Offices in Jamjang and Bunj, and the offices of five partners implementing UNHCR projects; and (f) observation of programme activities implemented in six refugee camps (Gorom, Ajuong Thok, Pamir, Kaya, Gendrassa, and Yusuf Batil) and one settlement (Yida).

10. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

### **III. AUDIT RESULTS**

#### **A. Security from violence and exploitation**

##### There was a need for the Representation to strengthen its management oversight over partners' provision of support and assistance to sexual and gender-based violence survivors

11. One of the Representation's six strategic objectives was to implement core protection activities to prevent and respond to sexual and gender-based violence (SGBV) and provide child protection. In order to ensure that SGBV cases are prevented, appropriately responded to and monitored, the Representation is required to: (i) have a strategy and standard operating procedures (SOPs) in place to guide related activities; (ii) implement effective actions for promoting the prevention of sexual abuse and exploitation; (iii) appropriately coordinate among various clusters, sectors, agencies and partners; (iv) ensure requisite capacity, e.g. funds and human resources, to implement SGBV activities; (v) establish a monitoring, evaluation and reporting mechanism on grave violations of rights; and (vi) institute effective response mechanisms covering health, legal and psychosocial aspects.

12. The above-mentioned strategic objective was appropriately reflected in the Representation's multi-year protection and solutions strategy (2018-2020) and its 2018 country operation plan. The Representation's actual expenditure and budget for SGBV activities in 2017 and 2018 was \$3,247,658 and \$4,478,985 respectively. These strategy documents highlighted assistance to SGBV survivors in accessing legal services as a core priority. The Representation also had a separate strategy for the prevention and response to SGBV for 2015-2017. At the time of the audit, the Representation initiated steps to update the outdated strategy and the associated SOPs on the prevention, mitigation and response of SGBV in South Sudan.

13. South Sudan's formal justice structures were in their infancy, particularly in the rural parts of the country (including those hosting refugees) where there were no formal statutory courts. This affected SGBV survivors' and victims' access to formal justice. Civil matters, such as family disputes, divorce cases and compensation claims, were mostly resolved through community mechanisms; however, customary law courts did not have jurisdiction over criminal offences such as forced marriage, rape, etc. In this regard, the Representation was advocating for the re-establishment of statutory courts in refugee hosting areas and the creation of mobile courts where deemed feasible.

14. A UNHCR partner in Jamjang provided services to survivors of SGBV as well as community outreach services. In April 2018, case management and psycho-social counselling services were offered by this partner to 39 survivors in the three refugee sites in Unity. The partner also prepared monthly camp risk assessments indicating SGBV risks and challenges within the camps. However, OIOS noted that recommendations of these assessments were not followed up on, and neither were action plans developed to address issues raised. This increased the risk of recurring SGBV incidents and reduced the effectiveness of prevention and response mechanisms to SGBV survivors.

15. This partner also provided case management for SGBV survivors which involved creating a case file within 48 hours of the incident, designed to respond to the specific needs and support required. OIOS review of 30 SGBV survivor case files in Ajuong Thok and Pamir camps however showed that the files lacked documentation of recommended follow-up actions aimed at supporting survivors, such as medical counselling, psycho-social counselling, access to legal remedies/justice, provision of safety and security measures, material assistance, etc. OIOS also noted that the nine files of SGBV child survivors that were referred to the partner in Jamjang lacked the required information on recommended actions. This raised questions on whether survivors received the assistance and support they needed, and also meant that there was no basis against which monitoring of assistance and support would be undertaken.

16. The Representation selected a new local partner in 2018 to implement SGBV and child protection activities in the Gorom refugee settlement near Juba. However, at the time of audit, the Representation had not finalized the Project Partnership Agreement (PPA) for this partner due to the partner's limited technical and financial capacity. While the Representation reported that progress had been made regarding strengthening the partner's financial management, it was yet to implement the developed capacity building plan to address known capacity gaps in protection and programme management. In the meantime, UNHCR staff directly implemented SGBV and child protection work in Gorom.

17. The Representation had an SGBV information management system in place for the collection and analysis of data from Jamjang and Bunj. However, the issues identified above regarding case management highlighted that monitoring in Jamjang was too data centric (quantitative) and did not sufficiently focus on addressing the qualitative aspects of services offered to SGBV survivors. This brought into question the adequacy and effectiveness of the Representation's monitoring activities over SGBV. The Representation led/co-led various coordination platforms, both at country and field level and among multi-sectorial partners. However, the Child Protection/SGBV working group that comprised the Government, United Nations agencies, and Non-Governmental Organizations did not follow up on the risks raised in the camp risk assessments. Also, while the working group in Bunj held monthly meetings, the Jamjang Child Protection/SGBV working group met infrequently.

18. The root causes of the issues cited above related to gaps in the Representation's management oversight as evidenced by the lack of an updated SGBV strategy and SOPs to guide the effective delivery of services to affected refugees, and weaknesses in monitoring and capacity building of partners. If unaddressed, these weaknesses will continue to raise the risk that SGBV survivors will not get the necessary support and assistance they require.

**(1) The UNHCR Representation in South Sudan should: (i) prioritize the updating of a sexual and gender-based violence (SGBV) strategy together with up-to-date standard operating procedures to provide requisite support and assistance to affected persons of concern; (ii) strengthen its monitoring of partners that are implementing SGBV activities to ensure that they provide quality services to affected refugees; and (iii) implement a follow-up system on camp risk assessments undertaken by partners.**

*UNHCR accepted recommendation 1 and stated that the Representation had: (i) finalized the SGBV strategy and related SOPs; (ii) developed and disseminated to field offices tools to strengthen their capacity to improve delivery of SGBV prevention and response related services and monitor the quality of services offered by partners; (iii) finalized and shared with field offices templates for the Safety Audit Tool and Safety Audit Observation Reporting Tool aimed at systematizing the collection of information during camp risk assessments; (iv) established a working group on SGBV, Child Protection and Education that was now holding meetings monthly. In addition, the Jamjang Sub Office had re-activated monthly Child Protection/SGBV working group meetings since June 2018. Based on the documentary evidence and assurances provided by the Representation, recommendation 1 has been recorded as implemented.*

## **B. Child protection and education**

There was a need for the Representation to update its child protection strategy and related standard operating procedures to strengthen its response to child protection related risks

19. Women and children together represented 82 per cent of the total refugee population in South Sudan. UNHCR guidance on the protection of refugee children requires the Representation to design and develop activities aimed at preventing, responding to, and monitoring the protection risks the refugee children face, through a coordinated approach. The Representation is also required to assess the needs and barriers to education among persons of concern and develop and implement with relevant parties an education strategy to address these. The UNHCR Field Handbook for the Implementation of Best Interest Determination (BID) Guidelines states that individual casework on children at risk, such as unaccompanied and separated children, must be based on an assessment of protection needs with recommendations for interventions and referrals, for which UNHCR uses a protection tool called Best Interest Assessment (BIA). BIA should be standard in child protection work, and should be conducted as soon as a child has been identified as being at risk. To ensure transparency and efficiency of the BIA and BID processes, UNHCR and its partners should develop standard operating procedures for BID reflecting the national context and operational realities.

20. The Representation developed an education strategy for the years 2017-2020. This strategy identified the strengths and weaknesses of the education programme with objectives and targets for each of the years covered. The key identified weaknesses were: overcrowded classrooms, non-availability of learning resources, high drop-out rate and non-attendance, lack of sufficiently qualified teachers, and limited access to secondary and tertiary education. The Representation defined detailed objectives to increase access to education, improve the quality of education, implement education monitoring systems and use technology in education. It also defined responsibilities of other stakeholders (like Ministry of Education, and other United Nations agencies), defined coordination mechanisms and implemented monitoring procedures.

21. Given the strong linkages between insufficient/inadequate education opportunities and child protection risks, OIOS reviewed the number of children attending school and noted that there was a high number of school-aged children not attending school. In Pamir camp, the enrolment rate of children at primary school age was only 63 per cent. At Ajuong Thok, the enrolment rate was 86 per cent of children at primary school age. In Gorom camp, although the enrolment rate was 100 per cent, the school attendance rate was 88 against a target of 100 per cent. There was no evidence that the low enrolment and attendance rates were addressed with concrete actions by the partner involved in child protection activities and community-based mechanisms.

22. The Representation's child protection strategy for 2015-2017 was under revision at the time of the audit. The Representation had several standalone SOPs in place for BID/BIA of unaccompanied and separated children, i.e. for Juba-Gorom, Jamjang, Maban and Yei separately. The budget for child protection was \$3,468,595 and the Representation anticipated that it would undertake BIAs for 65 per cent of the unaccompanied and separated children in South Sudan during 2017. However, by the end of 2017, BIAs had been undertaken only on 10.8 per cent of unaccompanied and separated children.

23. The root causes of the issues cited above related to gaps in monitoring the child protection activities undertaken by partners, as evidenced by limitations in the capacity of these partners to undertake the required protection actions. These shortcomings adversely impacted the effectiveness of the Representation's response to child protection matters which in turn put children of concern at heightened risk of child marriage and recruitment by armed groups.

**(2) The UNHCR Representation in South Sudan should review the child protection case management process, with a specific focus on the prioritization of high risk cases, and put in place an action plan to strengthen monitoring of partners involved in child protection.**

*UNHCR accepted recommendation 2 and stated that the Representation undertook a field mission, during which a desk review was conducted with a UNHCR partner implementing education activities. In this review exercise, potential causes of high school dropout were identified, on the basis of which an action plan was developed with clear connection to the roles and responsibilities of UNHCR partners engaged in education and child protection to minimize high school dropout and increase pupils' enrolment. Additionally, the Representation established and trained a community structure (School Management Committee and Parent Teachers Association) to ensure sustained community sensitization and "back-to-school" campaigns to enhance re-enrolment of dropout children in schools. Finally, the Representation also developed data collection tools to monitor the re-enrolment and retention of dropout school children. Based on the documentary evidence and assurances provided by the Representation, recommendation 2 has been recorded as implemented.*

### **C. Livelihoods and self-reliance**

There was a need for the Representation to update its livelihoods strategy, informed by an impact assessment, to support the achievement of its strategic objective regarding refugees becoming self-reliant

24. One of the Representation's six strategic objectives was to increase investments in livelihoods and self-reliance. In order to ensure the effective and efficient delivery of livelihoods activities, it is essential that UNHCR operations: a) adequately plan and design the implementation of livelihoods activities through a strategy and SOPs; b) have access to the requisite livelihoods expertise, such as staff or consultants, and livelihoods partners have the relevant experience and skills to implement livelihoods projects; c) have criteria for identification of beneficiaries; d) monitor and report on the performance and impact of livelihoods programmes; and e) establish an exit strategy to avoid persons of concern being perpetually dependent on humanitarian support.

25. The objective of the Representation's livelihoods strategy for 2016-2018 was to support the socio-economic self-reliance of 70 per cent of the refugee households in protracted refugee situations (Jonglei, Central and Western Equatorial regions) and 30 per cent of the refugee households in emergency situations (Unity and Upper Nile regions). The main livelihoods interventions in 2017 were in agriculture, economic recovery (i.e. self-employment/small business) and skills development (i.e. vocational training). The Representation conducted a market assessment and socio-economic assessment of the beneficiary



population in key locations and established criteria for the selection of beneficiaries. It spent \$4 million in 2017 on livelihoods projects that were implemented in all locations by four partners.

26. The Representation's livelihoods strategy was however not comprehensive to support effective programming in South Sudan. It lacked defined targets for the selected performance indicators. Thus, there was no basis against which overall performance could be measured on an annual basis through the Focus system. Furthermore, the strategy lacked an exit strategy that would ensure that persons of concern did not remain perpetually dependent on humanitarian support. For example, the Representation had not developed a plan for ensuring that general food distribution would be aligned with the development of livelihoods projects. In consequence, there was a risk that the general food distribution in camps would negatively impact refugees' willingness to take on agricultural opportunities.

27. The implementation of the livelihoods strategy was also impacted by the limited number of livelihoods experts in the operation in 2017. The Representation had one United Nations Volunteer in Bunj covering \$2.4 million worth of livelihoods projects and one United Nations Volunteer based in Juba covering four key locations (Juba, Yambio, Yei and Jamjang) with \$1.6 million worth of livelihoods projects. The Sub Office in Jamjang, covering \$744,000 worth of livelihoods projects in 2017, did not have its own livelihoods expert.

28. At the time of the audit, the Representation had not conducted an impact assessment of its livelihoods projects on the lives of refugees. From the documentation reviewed and visits to livelihoods projects, the effectiveness of the Representation's livelihoods programme in meeting its objectives was not apparent. The Representation provided vocational training (plumbing, welding, tailoring, etc.) but there was limited availability of related jobs in the areas where refugees resided. While some trained refugees were engaged in partner projects, such as constructions, this did not provide a sustainable outlook towards their self-reliance. Furthermore, only 50 per cent of the agricultural land allocated to beneficiaries in Jamjang had been cultivated, which was attributed to security problems both at the country level and with host communities. The failure to undertake an impact assessment in a timely manner meant that the Representation lacked information on whether its livelihoods strategy was effective in supporting the achievement of the livelihoods objectives. Such an assessment would also have acted as a baseline assessment for the revision of the livelihoods strategy.

**(3) The UNHCR Representation in South Sudan should conduct an impact assessment of its livelihoods interventions and update its livelihoods strategy accordingly.**

*UNHCR accepted recommendation 3 and stated that the Representation had finalized the draft terms of reference for the impact assessment in key refugee locations and the exercise would be completed by June 2019. The Representation also planned to complete the updated livelihoods strategy by June 2019. It was currently consolidating relevant contextual information that would be used to initiate the updating of the strategy beginning 2019, pending preliminary findings from evaluation results of the 2014-2018 Global Livelihoods Strategy as well as 2016-2018 UNHCR South Sudan strategy. Recommendation 3 remains open pending receipt of documentary evidence of the finalization of an impact assessment of livelihoods support, and an updated livelihoods strategy to reflect the changes.*

## **D. Partnership management**

### There was a need to put in place a coordinated system of project monitoring

29. Implementation through 22 partners accounted for 70 per cent (\$60.3 million) of the Representation's total programme budget in 2017. In order to achieve expected project results through

these partners, it is essential to: (i) select or retain partners through a process with adequate objectivity, transparency and consistency; (ii) sign well developed project agreements with partners and transfer project instalments in a timely manner; (iii) monitor project activities and expenditures through a risk based and multi-functional approach; and (iv) effectively use and monitor the external audit reports of projects.

30. The Representation established an Implementing Partnership Management Committee (IPMC) to manage the partner selection process. The Representation signed all 2018 PPAs on time and assessed the comparative advantage of partners to undertake procurement before designating significant procurement to them. It also established risk based monitoring plans and had a multi-functional team in place that conducted one financial and three performance monitoring visits for each partner in 2017.

31. However, the Representation conducted financial monitoring independently of the performance monitoring activities, and the teams undertaking these activities did not share their respective reports with one another. There was also lack of evidence that both the performance and financial monitoring reports were considered before approving the next financial installment to partners. Furthermore, the Representation's performance monitoring reports for the three offices visited did not document what performance results had been verified by the monitoring teams. The reports also did not document the follow-up on recommendations from prior performance monitoring visits.

32. Although the Representation had monitored the implementation of the external auditors' recommendations in the 2016 audit reports, 67 per cent of the recommendations remained open at the time of the audit. Furthermore, the Representation had pending recoveries from one of its partners, which consisted of an unspent balance of \$88,724 and an over-expenditure on personnel costs in the amount of \$184,627. The partner and UNHCR had agreed on the unspent balance of \$88,724 to be recovered; however, the remaining amount of \$184,627 was still under negotiation. The Representation needed to resolve this matter as a matter of priority as it was long overdue.

33. The above weaknesses were also reported in the previous OIOS audit (2016/049) and the related recommendation was subsequently closed based on the Representation's assurances to OIOS that it had implemented monthly performance monitoring and ensured that financial and performance monitoring had been integrated; however, these improvements were not consistently implemented in 2017 and 2018. There was limited coordination of monitoring activities undertaken by the different UNHCR offices in South Sudan. This increased the risk of loss or inefficient use of project funds as well as partners' failure to implement project activities effectively. Given that this was a recurring finding, there was a need for the Bureau for Africa to actively monitor the implementation of corrective action.

**(4) The UNHCR Representation in South Sudan should: (i) put in place appropriate measures to better integrate financial and performance monitoring of projects implemented through partners; and (ii) recover the pending partner receivables from a 2016 project.**

*UNHCR accepted recommendation 4 and stated that the Representation had put in place appropriate measures to strengthen and integrate the financial and performance monitoring of projects implemented through partners. It had also started implementing the use of performance monitoring reports to assess progress against agreed targets as stipulated in project agreements using standardized performance monitoring templates. In line with the implementation of project audit recommendations, the Representation conducted a follow-up on the status of prior years' (2016 and 2017) audit recommendations. It was also actively pursuing the resolution of the issue of 2016 partner receivables. Recommendation 4 remains open pending receipt of evidence of inclusion of project control staff in the multi-functional teams; evidence that financial and performance monitoring reports are linked before approval of the transfer of project installments to partners; and evidence of resolution of the issue of 2016 partner receivables.*

## E. Procurement and vendor management

### There was a need for the Representation to fully comply with the procurement rules and procedures

34. In the period under audit, the Representation's local procurement totaled \$30.1 million. In order to ensure the integrity of the procurement process and that UNHCR receives value for money for the acquisition of goods and services to support its operations, it is essential to: i) prepare an annual procurement plan according to identified needs; ii) establish an effective vendor management system; iii) initiate timely procurement activities in accordance with the procurement plan; and iv) ensure adequate oversight of the procurement activities by establishing a Local Committee on Contracts (LCC). These requirements are promulgated in UNHCR Manual on Supply Management, with the aim to ensure consistency in application of procurement rules and procedures, economical and efficient procurement, and mitigation of the associated risks including fraud risks.

35. OIOS reviewed 313 purchase orders totaling \$20 million related to 42 contracts for goods and services and noted improvements in the Representation's compliance with laid down procurement procedures since the previous audit. For example, tenders were advertised for at least four weeks, technical and financial evaluations were conducted and minutes of the LCC meetings were prepared as required. OIOS review of a sample of vendor files in the Representation's vendor database also showed that all vendor files were complete and Vendor Review Committee meetings were conducted regularly.

36. However, whilst the Representation had prepared annual procurement plans for 2017 and 2018, they had not been updated to remain relevant to prevailing circumstances. Without up-to-date procurement plans, the Representation had no basis against which to monitor its procurements and thus lost visibility of the procurement processes that required special approvals. For example, all contracts above the \$20,000 threshold should have been approved by the LCC but the Representation entered into five contracts that exceeded this threshold, i.e. for office supplies and catering (\$20,183), conference services (\$65,676), office maintenance (\$30,014), and water (\$22,000).

37. The Representation did not refer cases that exceeded the LCC threshold to the Regional Committee on Contracts (RCC) in Nairobi. OIOS identified seven cases with a cumulative value of above \$150,000 that had not been referred by the LCC to the RCC in Nairobi as required. These included three construction contracts with cumulative amounts of \$404,398, \$276,646 and \$253,391 in 2017. Sub Office Jamjang approved two contracts amounting to \$74,631 that should have been reviewed and approved by the LCC at the Country Office in Juba but were not submitted to this committee. Additionally, the Representation made payments through non-purchase order vouchers when it had vendors with valid contracts for office supplies (\$10,548) and travel tickets (\$14,044).

38. The lack of monitoring of expenditures for purchase and non-purchase order vouchers had been raised already in the previous OIOS audit. These issues resulted from gaps in management's oversight in ensuring that the laid down procurement rules and procedures were fully complied with.

**(5) The UNHCR Representation in South Sudan should put in place an action plan to strengthen management oversight over procurement processes, ensure that up-to-date procurement plans are in place, and establish controls over contracts that require approvals from the respective committees on contracts.**

*UNHCR accepted recommendation 5 and stated that the Representation was generally in compliance with the procurement management process relating to obtaining approvals from the respective*

*Committee on Contracts at the three levels. Post facto notifications were made to the LCC, for the specific cases noted during the audit. The annual procurement plan was being finalized and would be submitted to headquarters. Once endorsed by management, a copy would be shared with OIOS. Recommendation 5 remains open pending receipt of the approved procurement plan.*

## **F. Fleet and fuel management**

### There was a continued lack of adequate controls over fleet and fuel management

39. In 2017, the Representation operated 352 light vehicles, 138 generators and incurred expenditure worth \$4.6 million in fuel expenditures. In its previous audit report, OIOS made a recommendation for the Representation to revise its vehicle fleet planning based on project needs and properly supervise arrangements to ensure regular monitoring of fuel stocks and consumption, which should include investigating over-consumption of fuel in vehicles and generators. The Representation was still in the process of implementing the recommendation. As part of the audit, OIOS reviewed the status of implementation.

40. OIOS noted that the Representation had not, until the audit was underway, determined and justified the size of its administration vehicles. A comparison of the number of drivers to the number of vehicles revealed that there were 12 surplus administration vehicles, i.e. 4 in Juba, 1 in Jamjang, 2 in Yei and 5 in Wau. The Representation also lacked documentation to justify the basis on which 239 programme vehicles had been allocated to its partners. The Representation also did not have an accurate record of vehicle locations in MSRP. Country Office Juba had 29 registered in MSRP instead of 33 which the Representation had physically verified; Sub Office Bunj had 22 vehicles registered instead of 19; Sub Office Jamjang had 21 instead of 17; Field Office Yei had 12 instead of 10; and Field Office Wau had 12 instead of 7. The MSRP records had not been updated to reflect damaged vehicles, nor were those identified for disposal recorded as inactive.

41. OIOS noted that there were improvements in the infrastructure of the fuel tanks in Jamjang and Bunj. The fuel stock in Jamjang with a total tank capacity of 850,000 liters (valued at \$1.5 million) had also been insured. However, the justification for fuel allocations per vehicle provided by the Representation was still not linked to project activities. For example, in Sub Offices in Bunj and Jamjang, partners received a monthly fuel allocation of between 200 and 700 liters per vehicle without consideration being given to what volume was needed to meet project needs.

42. As was the case during the previous OIOS audit, the Representation was not systematically monitoring partners' monthly fuel consumption reports. OIOS only saw evidence of such monitoring at Sub Office Bunj. Sub Office Jamjang had not identified excessive consumption rates between January and May 2018 for its six vehicles, and did not analyze the fuel consumption rate for the 30 generators used. The generators presented a higher risk since the fuel was transported in drums thereby exposing it to loss and theft. Additionally, UNHCR staff were not attending daily/monthly stock verifications of fuel undertaken by the partner to ensure that physical stock equaled the recorded fuel stock balance.

43. OIOS concluded that the risks previously assessed as high in the previous audit were still prevalent. Considering the large vehicle fleet and related costs, this increased the risks of inefficiency and potential irregularities regarding fuel consumption. Given the continued exposure to such risks, there was a need for the Bureau for Africa to actively monitor the implementation of this pending recommendation. OIOS will also continue to monitor this recommendation until implemented.

## **G. Public health**

### The Representation's controls over public health projects were adequate

44. The Representation's Public Health Strategy for 2017-2020 was in line with the 2014-2018 UNHCR Global Strategy for Public Health. The strategy was prepared in consultation with the main stakeholders, including the Ministry of Health, relevant UNHCR Divisions at headquarters, implementing and operational partners, United Nations agencies, and beneficiaries. The Representation's multifunctional team undertook bi-annual monitoring and reviewed project reports from partners. The Representation met most of its health indicators in 2017 and 2018 (up to the time of audit mission in June 2018). OIOS visited seven primary health care centres and one hospital to confirm key controls had been implemented and concluded that they were adequate.

## **H. Warehouse management**

### The Representation's warehouse management procedures were adequate

45. The Representation had nine warehouses recorded in MSRP which contained non-food items valued at \$6.3 million as at 31 December 2017. The Representation conducted periodic counts and reconciliations between the physical inventory counts and inventory records. OIOS, through its stock take of five types of non-food items in five locations, noted that the quantities tallied with the respective bin cards and the inventory records. The Representation maintained its warehouses, in general, in an adequate and secure manner and it had insurance cover for inventories in place. OIOS concluded that the controls were adequate.

## **IV. ACKNOWLEDGEMENT**

46. 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 South Sudan for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	The UNHCR Representation in South Sudan should: (i) prioritize the updating of a sexual and gender based violence (SGBV) strategy together with up-to-date standard operating procedures to provide requisite support and assistance to affected persons of concern; (ii) strengthen its monitoring of partners that are implementing SGBV activities to ensure that they provide quality services to affected refugees; and (iii) implement a follow-up system on camp risk assessments undertaken by partners.	Important	C	Action completed.	Implemented
2	The UNHCR Representation in South Sudan should review the child protection case management process, with a specific focus on the prioritization of high risk cases, and put in place an action plan to strengthen monitoring of partners involved in child protection.	Important	C	Action completed.	Implemented
3	The UNHCR Representation in South Sudan should conduct an impact assessment of its livelihoods interventions and update its livelihoods strategy accordingly.	Important	O	Receipt of documentary evidence of the finalization of the impact assessment of past livelihoods support, and an updated livelihoods strategy to reflect the changes.	30 June 2019
4	The UNHCR Representation in South Sudan should: (i) put in place appropriate measures to better integrate financial and performance monitoring of projects implemented through partners; and (ii) recover the pending partner receivables from a 2016 project.	Important	O	Receipt of evidence of inclusion of project control staff in the multi-functional teams; evidence that financial and performance monitoring reports are linked before approval of the transfer of project installments to partners; and evidence of resolution on the issue of 2016 partner receivables.	28 February 2019

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNHCR in response to recommendations.

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of the operations in South Sudan for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
5	The UNHCR Representation in South Sudan should put in place an action plan to strengthen management oversight over procurement processes, ensure that up-to-date procurement plans are in place, and establish controls over contracts that require approvals from the respective Committees on Contracts.	Important	O	Receipt of the approved procurement plan.	30 November 2018

# **APPENDIX I**

## **Management Response**



## Management Response

## Audit of the operations in South Sudan for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>5</sup> / Important <sup>6</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Representation in South Sudan should: (i) prioritize the updating of a sexual and gender based violence (SGBV) strategy together with up-to-date standard operating procedures to provide requisite support and assistance to affected persons of concern; (ii) strengthen its monitoring of partners that are implementing SGBV activities to ensure that they provide quality services to affected refugees; and (iii) implement a follow-up system on camp risk assessments undertaken by partners.	Important	Yes	Implemented	Implemented	Implemented
2	The UNHCR Representation in South Sudan should review the child protection case management process, with a specific focus on the prioritization of high risk cases, and put in place an action plan to strengthen monitoring of partners involved in child protection.	Important	Yes	Community Based Protection Officer	October 2018	The UNHCR Representation Office in South Sudan (RO), undertook a mission, during which a desk review was conducted with a UNHCR partner implementing education activities. In this review exercise potential causes of high school dropout were identified and developed an action plan with clear connection on the roles and responsibilities of UNHCR partners engaged in education and child protection to minimize high school dropout and increase pupils' enrolment.

<sup>5</sup> 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.

<sup>6</sup> 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 South Sudan for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>5</sup> / Important <sup>6</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>Additionally, the RO established and trained a community structure (School Management Committee and Parent Teachers Association), to ensure sustained community sensitization and “back- to-school” campaigns to enhance re-enrolment of dropout children in schools.</p> <p>Finally, the RO also developed data collection tools to monitor the re-enrolment and retention of dropout school children.</p>
3	The UNHCR Representation in South Sudan should conduct an impact assessment of its livelihoods interventions and update its livelihoods strategy accordingly.	Important	Yes	Associate Livelihoods Officer	June 2019	The RO has finalized the draft terms of reference for the impact assessment in key refugee locations and the exercise would be completed by June 2019. The RO also planned to complete the updated livelihoods strategy by June 2019. The RO is currently consolidating relevant contextual information that will be used to initiate the updating of the strategy beginning 2019, pending preliminary findings from evaluation results of the 2014-2018 Global Livelihoods Strategy as well as 2016-2018 UNHCR RO South Sudan strategy.
4	The UNHCR Representation in South Sudan should: (i) put in place appropriate measures to better integrate financial and performance monitoring of projects implemented through partners; and (ii) recover the pending	Important	Yes	Senior Programme Officer & Senior Project Control Officer	February 2019	<p>The RO has put in place appropriate measures to strengthen and integrate the financial and performance monitoring of projects implemented through partners.</p> <p>i) The RO has started implementing the use of performance monitoring reports to</p>

## Management Response

## Audit of the operations in South Sudan for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>5</sup> / Important <sup>6</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	partner receivables from a 2016 project.				September 2018  February 2019  November 2018  December 2018	<p>assess the project against agreed target as stipulated in project agreements using standardized performance monitoring templates</p> <p>In line with the implementation of project audit recommendations, the RO conducted a follow-up on the status of prior year's (2016 and 2017) audit recommendations.</p> <p>The RO will set up a Multi-Functional Team (MFT) team at UNHCR Sub Office Juba to ensure proper accountability.</p> <p>The RO has started to include and link the financial and performance monitoring reports, with the project financial reports received from partners, before the release of the next installments to partners.</p> <p>ii) The RO is actively pursuing the resolution of the issue of 2016 partner receivables. Bilateral discussions with a partner at field level have been held. Claims and supporting documents related to these disputed expenditures are being examined. By mid-December 2018, the RO aims to conclude the outstanding recoveries.</p>
5	The UNHCR Representation in South Sudan should put in place an action plan to strengthen management	Important	Yes	Senior Supply Officer	June 2018	The RO is generally in compliance with the procurement management process relating to obtaining approvals from the

## Management Response

## Audit of the operations in South Sudan for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>5</sup> / Important <sup>6</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	oversight over procurement processes, ensure that up-to-date procurement plans are in place, and establish controls over contracts that require approvals from the respective Committees on Contracts.				November 2018	<p>respective Committee on Contracts at the three levels. (Local Committee on Contracts, Regional Committee on Contracts and the Headquarter Committee on Contracts.)</p> <p>The RO would like to refer to the new Administrative Instruction - UNHCR/AI/2018/5 Rules and Procedures of UNHCR Committees on Contracts at Headquarters and in the field that has been promulgated since 28 March 2018.</p> <p>In the new CoC rule the need for notification of the cumulative expenditure within 12 months has been removed and is no longer a requirement. Based on the above explanation, the RO is requesting the closure of part (a) of this recommendation, as the basis for this specific part of the recommendation has been overtaken by events.</p> <p>Post Facto notifications were made to the LCC at RO, for the specific cases noted during the audit.</p> <p>(b) The annual procurement plan is being finalized and will be submitted to HQ. Once endorsed by RO management, a copy will be shared with OIOS.</p>