



## **INTERNAL AUDIT DIVISION**

### **AUDIT REPORT 2013/072**

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#### **United Nations High Commissioner for Refugees (UNHCR) operations in Namibia**

**Overall results relating to United Nations High Commissioner for Refugees (UNHCR) operations in Namibia were initially assessed as partially satisfactory. Management has satisfactorily implemented all recommendations.**

**FINAL OVERALL RATING: SATISFACTORY**

**19 September 2013**

**Assignment No. AR2012/113/02**

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# AUDIT REPORT

## United Nations High Commissioner for Refugees operations in Namibia

### I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations High Commissioner for Refugees (UNHCR) Representation responsible for the management of the operations in Namibia (hereafter referred to as 'the Representation').
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure: (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and, (d) compliance with mandates, regulations and rules.
3. The Representation was opened in 1992. At the time of the audit, it hosted around 4,400 refugees and asylum-seekers, with 44 per cent originating from Angola, 43 per cent from the Democratic Republic of Congo (DRC) and the remainder from Burundi, Rwanda and other African countries.
4. The budgets/expenditures of the Representation were \$2.5 million/\$2.6 million in 2010 and \$2.3 million/\$2.3 million in 2011 respectively. The budget for January to July 2012 was \$3.9 million to support the Voluntary Repatriation programmes. In June 2012, the Representation undertook a voluntary repatriation exercise, budgeted at around \$1 million, which benefitted around 2,700 Angolan refugees.
5. Comments provided by UNHCR are incorporated in *italics*.

### II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of the Representation's governance, risk management and control processes in providing reasonable assurance regarding the **effective management of UNHCR operations in Namibia**.
7. This audit was included in IAD's 2012 risk-based annual work plan in consultation with the Bureau for Africa because of the risks presented by the increased budget arising from the voluntary repatriation exercise and the complexity of the operating environment.
8. The key controls tested for the audit were: (a) project management; and (b) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:
  - (a) **Project management** - controls that are designed to provide reasonable assurance that there is accurate and complete monitoring and reporting of project activities, and, project activities have been carried out in compliance with UNHCR policies and procedures.
  - (b) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures exist, are adequate, and, are effective in guiding the Representation in its operations to ensure compliance with UNHCR policies and procedures.
9. The key controls were assessed for the control objectives shown in Table 1 below.

10. OIOS conducted the audit from September to October 2012. The audit covered the period from 1 January 2010 to 27 September 2012.

11. The audit team conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness. OIOS interviewed UNHCR staff in the Branch Office in Windhoek and visited the Field Office in Osire Settlement. The team also reviewed relevant documents including policies, guidelines, procedures and data available in UNHCR’s system, Managing for Systems, Resources and People (MSRP).

### III. AUDIT RESULTS

12. The UNHCR Representation’s governance, risk management and control processes examined were initially assessed as partially **satisfactory** in providing reasonable assurance regarding **the effective management of UNHCR operations in Namibia**. OIOS made one recommendation to address issues identified in the audit. Controls over project management were initially assessed as partially satisfactory. Action was taken to strengthen the capacity of the Regional Office in South Africa to exercise oversight over the Representation as well as the other seven offices in its portfolio.

13. Controls over regulatory framework were assessed as satisfactory as action was taken to ensure that controls over financial management, asset and warehouse management and procurement were strengthened. In addition, actions were taken to ensure office premises were compliant with the Minimum Operating Security Standards (MOSS).

14. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **satisfactory** as all recommendations have been implemented satisfactorily.

Table 1.  
Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of UNHCR operations in Namibia	(a) Project management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Regulatory framework	Satisfactory	Satisfactory	Satisfactory	Satisfactory
<b>FINAL OVERALL RATING: SATISFACTORY</b>					

#### A. Project Management

##### Action taken to safeguard interests of asylum seekers in the Osire settlement

15. During the first quarter of 2013, the Representation took action to improve assistance to people of concern, who wished to appeal against a first instance negative Refugee Status Determination (RSD)

decision, by providing them with information regarding their rights and assistance by trained UNHCR staff. In addition, it made asylum seekers aware of their rights through notices posted in the Osire settlement. Action was also taken to seek the support of the Regional Office in South Africa (ROSA) to help in high-level negotiations with the Government of Namibia (GON) in dealing with the rejected asylum seekers' cases. The Protection Unit of ROSA undertook regular missions to follow-up on RSD activities and cases. To address resource problems observed at the time of fieldwork an additional staff member was recruited for the Osire Settlement. Furthermore, the Representation provided funds and capacity building to GON to enable an increase in Protection Unit regular missions to follow-up on RSD activities and cases, supported by regular monitoring and reporting. In view of the actions taken, no recommendation was raised.

16. OIOS also raised an issue in respect of action UNHCR had proposed to take in respect of the 71 asylum seekers who remained under the care of UNHCR even though their case had been rejected in a final instance. *UNHCR clarified that this was a complex issue, as the 71 individuals refused to comply with the RSD decision of the Government of Namibia and were unwilling to return to their countries of origin, despite being informed of a possibility to be assisted to do so through International Organization for Migration. Whilst technically, UNHCR mandate did not extend to these individuals UNHCR considered that excluding them from community based assistance and services in the settlement such as primary and emergency health care, water and sanitation posed a range of practical and ethical dilemmas, in the absence of Government action to remove these persons from the settlement. Denial of access to health and other most basic services (available to all human beings) would be incompatible with the humanitarian mandate of UNHCR. UNHCR therefore continues to provide services to these people while working with the Government to find a longer term solution for these finally rejected asylum seekers.* In view of the explanation and the additional information provided, no additional action was proposed.

#### Action was taken to strengthen selection and retention of implementing partners

17. The Representation had put in place a multifunctional team that undertook an annual risk assessment for the evaluation and retention of implementing partners as required by the UNHCR rules. The multifunctional team, however, did not consider in its assessment information such as cost-benefit analysis or procurement activities carried out by the implementing partners. In addition, the team did not take into consideration the financial weaknesses that had been observed in the external audit management letters of 2010 and 2011 such as the need to ensure proper documentation to support petty cash and procurement activities. The Representation took corrective actions to ensure that the multifunctional team would consider in its assessments information such as cost-benefit analysis or procurement activities carried out by the implementing partners, and use the external audit reports as a tool to prepare IP checklists. In view of this, no recommendation was raised.

#### Action was taken to strengthen the financial monitoring of implementing partner project activities

18. The quarterly financial monitoring reports for implementing partners were signed, but there was no documentary evidence that the Representation had undertaken any verification of expenditures against activities in the work plan as required by UNHCR rules. This occurred because the staff responsible for these activities had never received any training in carrying out financial monitoring. The Representation provided the necessary training in February 2013 on how to carry out financial monitoring. In view of this, no recommendation was raised.

#### Action was taken to strengthen the capacity of the Regional Office in South Africa to exercise oversight over the Representation

19. The roles and responsibilities of Regional Office in South Africa (ROSA) included provision of support, oversight and guidance in programme and administration matters to offices in its region. However, ROSA did not provide such oversight or guidance to UNHCR Namibia, which can be considered to be a contributory factor to the control weaknesses that were highlighted in the areas of programme, procurement and asset management. ROSA lacked adequate staffing resources to cover all eight offices under its portfolio. As a result, some offices in the region encountered challenges in their operations that resulted to loss of funds.

**(1) The Bureau for Africa should undertake a review of the capacity of Regional Office in South Africa to oversee and provide guidance to the Representation in Namibia and the other offices in its portfolio.**

*The Bureau for Africa accepted recommendation 1 and stated that the structural and staffing review of the Southern Africa has been led by Regional Office in South Africa (ROSA) with substantial inputs and support from the Africa Bureau, with the technical support from the Office for Organizational Development and Management (ODMS) and the contributions of other Divisions, notably Division of Financial and Administrative Management (DFAM). The review included a self-reflection exercise involving ROSA and countries under the ROSA as well as ODMS-administered survey. As a part of the process, the ODMS-led mission (ODMS/DFAM/the Bureau for Africa) was conducted from 07 - 16 April 2103, visiting four (4) countries in the sub-region (Botswana, South Africa, Zambia and Zimbabwe). Its final draft mission report containing specific recommendations for structural and staffing-related modifications for each of 8 offices in the sub-region was shared with the ROSA at the end of May 2013. The ROSA convened a meeting with all Representatives in the sub-region to discuss the proposals of the ODMS-led mission. A draft report on staffing and structural review of the Southern Africa region was prepared by the ROSA on the basis of the outcome of a number of processes. The most update version of the report was shared by the ROSA with the Regional Bureau for Africa on 16 July 2013. Based on the actions taken and review of the report on restructuring of ROSA, recommendation 1 is closed.*

## **B. Regulatory framework**

### Actions were taken to strengthen controls over financial management

20. In view of following actions taken after the fieldwork for the audit, to strengthen controls over financial management, no additional recommendations are raised. The Representation:

- Introduced a bi-monthly control check as of January 2013 to monitor the Administrative Budget and Obligation Document thus rectifying an issue observed at the time of the audit on the absence of checks that had resulted in cumulative over expenditures of around \$24,000.
- Adjusted the Delegation of Authority Plan to ensure segregation of duties. This mitigated risks observed during the audit where individuals had approved their own payments and been assigned both roles of payment approver and bank signatory.
- Issued an internal memorandum reminding all staff of the need to fully adhere to the guidelines for operational advances in all office operations. This addressed a non-compliance issue where the Representation was carrying a balance of one advance to a subsequent advance and was borrowing money from staff members to pay for voluntary repatriation expenditures.

- Took action to deduct rent from staff members, including issuing staff with lease agreements. This was done because the rent paid by concerned staff members was not based on rental terms or facilities provided, and the Representation did not have lease agreements with staff members residing in UNHCR staff houses.
- Corrected an accounting error and ensured that 75 per cent of the rent revenue of the staff accommodation (\$61 per month) was credited to the administrative budget, as per UNHCR rules to cover property maintenance and repair costs.

Actions were taken to ensure procurement and asset management was undertaken in accordance with rules

21. In view of following actions taken after the fieldwork for the audit, to strengthen controls over procurement and asset management, no additional recommendations are raised. The Representation:

- Developed an annual procurement plan for 2013. This addressed a non-compliance issue whereby the Representation had not prepared an annual procurement plan for 2010, 2011 and 2012.
- Informed all IPs who were not pre-qualified at the time of the audit of the need to follow UNHCR IP procurement guidelines.
- Hired a National United Nations Volunteer; to ensure segregation of duties in the supply unit.
- Established a vendor registration committee. This mitigated the risk observed at the time of audit that there was no committee in place to review and evaluate vendor performance.
- Completed required physical verification of the 19 Property Plant and Equipment assets and 87 Serially Tracked Items, which had not been carried out at the time of the audit.
- Obtained approval from the Local Asset Management Board for the transfer, which had not been done at the time of the audit, of ownership of assets to Government IPs.

Actions were taken in relation to the takeover of the management of warehouses and Non-Food Items from the World Food Programme

22. In view of following actions taken after the fieldwork for the audit, to strengthen controls over warehouse management and Non-Food Items (NFIs), no additional recommendations are raised. The Representation:

- Took over the responsibility from the World Food Programme for the management of its warehouses and NFIs by signing a Memorandum of Understanding (MOU) with the World Food Programme (WFP), on 15 April 2013, relating to the management of the warehouse. This mitigated the risk of not having a plan in place for managing the warehouses. In addition, the MOU that was signed for the NFIs enabled accurate recording of all warehouse stock receipts and issuances in the Managing Systems Resources and People system in compliance with International Public Sector Accounting Standards (IPSAS).
- Hired and trained a National United Nations Volunteer to undertake the responsibilities of Supply Officer.

- Obtained from WFP a handover memo on procedures for warehouse management.
- Trained staff on stock and warehouse inventory management from January to February 2013.

Action was taken to strengthen controls over fuel consumption

23. In view of following actions taken after the fieldwork for the audit, to strengthen controls over fuel consumption, no additional recommendations are raised. The Representation:

- Put in place procedures to ensure receipts were obtained after fueling vehicles and that vehicle logbooks were up to date. In Osire and Windhoek, drivers did not regularly record the number of liters of fuel received in the vehicle logbooks. Drivers were not adequately keeping track of kilometers versus fuel received, which also affected the preparation of the monthly fuel consumption records because the Field Associate did not have a proper account of fuel expenditures.
- Put in place a plan to ensure that the fuel custodian regularly monitored and updated all UNHCR vehicles' records. This addressed the weak supervision over vehicle fuel records.
- Installed the Standard Bank Fleet Management System. This mitigated the risk that the Representation was unable to track and manage the usage of fuel.
- Provided the fuel administrators with training, which was identified as a contributory cause to the control weaknesses observed in fuel management.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



#### **IV. ACKNOWLEDGEMENT**

25. OIOS wishes to express its appreciation to the Management and staff of UNHCR operations in Namibia for the assistance and cooperation extended to the auditors during this assignment.

*(Signed)* David Kanja  
Assistant Secretary-General for Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

### Audit of United Nations High Commissioner for Refugees operations in Namibia

Recom. 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 Bureau for Africa should undertake a review of the capacity of Regional Office in South Africa to oversee and provide guidance to the Representation in Namibia and the other offices in its portfolio.	Important	C	Action completed	Implemented

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

<sup>2</sup> Important recommendations address important deficiencies or weaknesses in governance, risk management or internal 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 recommendation]

# **APPENDIX I**

## **Management Response**

**APPENDIX I**

**MANAGEMENT RESPONSE**

**Audit of United Nations High Commissioner for Refugees operations in Namibia**

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation Date	Client comments
1	The Bureau for Africa should undertake a review of the capacity of Regional Office in South Africa to oversee and provide guidance to the Representation in Namibia and the other offices in its portfolio	Important	Yes	The Regional Bureau for Africa	October 2013	The structural and staffing review on the Southern Africa has been led by RO South Africa (ROSA) with substantial inputs and support from the Africa Bureau, with the technical support from the Office for Organizational Development and Management (ODMS) and the contributions of other Divisions, notably Division of Financial and Administrative Management (DFAM). The review included a self-reflection exercise involving ROSA and countries under the ROSA as well as ODMS-administered survey. As a part of the process, the ODMS-led mission (ODMS/DFAM/the Bureau for Africa) was conducted from 07 - 16 April 2103, visiting four (4) countries in the sub-region (Botswana, South Africa, Zambia, Zimbabwe). Its final draft mission report containing specific recommendations for structural and staffing-related modifications for each of 8 offices in the sub-region was shared with the ROSA at the end of May 2013. The ROSA convened a meeting with all Representatives in the sub-region to discuss the proposals of the ODMS-led mission. A draft report on staffing and structural review of the Southern Africa region was prepared by the ROSA on the basis of the outcome of a number of

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<sup>2</sup> Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation Date	Client comments
						processes. The most update version of the report was shared by the ROSA with the Regional Bureau for Africa on 16 July 2013.