



INTERNAL AUDIT DIVISION

REPORT 2016/114

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

Overall results relating to the effective
management of the operations in Afghanistan
were initially assessed as unsatisfactory.
Implementation of two important
recommendations remains in progress.

FINAL OVERALL RATING: PARTIALLY
SATISFACTORY

4 October 2016
Assignment No. AR2015/141 /04

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AUDIT REPORT

Audit of the operations in Afghanistan 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 Afghanistan for the Office of the United Nations High Commissioner for Refugees (UNHCR).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. The Representation in Afghanistan (hereinafter referred to as ‘the Representation’) was established in 1988. Since then, the Representation had assisted the return of 4.7 million refugees from neighbouring countries. At the time of the audit, the Representation was assisting around 1 million internally displaced persons. In addition, there were over 200,000 refugees and an estimated 16,000 persons in a refugee-like situation in Afghanistan. The Representation worked closely with government counterparts, United Nations agencies and international and local non-governmental organizations. It was leading the Protection Cluster, the Emergency Shelter/Non-Food Items (NFI) Cluster, and the Refugee Response Task Force in Khost and Paktika.
4. The Representation was headed by a Representative at the D-1 level. As at 30 June 2015, it had 270 authorized posts. The Representation Office was located in Kabul and was responsible for the overall management of UNHCR operations in the country. It had three Sub-Offices in Jalalabad, Herat and Mazar-i-Sharif; four Field Offices in Kandahar, Bamyan, Khost and Gardez; and four Field Units in Kabul, Kunduz, Maimana and Islam Qala. It had expenditures of \$53.3 million in 2014 and \$29.1 million for the 6-month period from 1 January to 30 June 2015 against a budget of \$52.9 million for 2015. To implement its projects, the Representation worked with 36 partners in 2014 and 31 in 2015. The partners’ total expenditures of \$16.4 million for the period from 1 January 2014 to 30 June 2015 represented 34 per cent of the Representation’s total programme related expenditures of \$48.2 million during this period.
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 UNHCR governance, risk management and control processes in providing reasonable assurance regarding the **effective management of UNHCR operations in Afghanistan**.
7. The audit was included in the OIOS 2015 risk-based internal audit work plan for UNHCR due to the risks associated with managing the programme and protection activities of the Representation for its persons of concern in a challenging operational environment.
8. The key controls tested for the audit were: (a) strategic planning; (b) project management; and (c) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Strategic planning** - controls that provide reasonable assurance that the Representation's strategic plans for its programme and protection activities are developed in alignment with the UNHCR global strategic priorities and in accordance with established planning procedures and guidelines.

(b) **Project management** - controls that provide reasonable assurance that there is proper planning and implementation as well as accurate and complete monitoring and reporting of the Representation's project activities.

(c) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the management of the operations in Afghanistan; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

9. The key controls were assessed for the control objectives shown in Table 1.

10. OIOS conducted the audit from August to November 2015. The audit covered the period from 1 January 2014 to 30 June 2015. OIOS visited the Representation Office and Field Unit in Kabul, and the Sub-Offices in Jalalabad, Herat and Mazar-i-Sharif.

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

III. AUDIT RESULTS

12. The UNHCR governance, risk management and control processes examined were initially assessed as **unsatisfactory**¹ in providing reasonable assurance regarding the **effective management of UNHCR operations in Afghanistan**. OIOS made six recommendations to address issues identified. The Representation had adequate arrangements in place for strategic planning. However, there was a critical need for the Representation to: (a) strengthen controls over partnership management in the areas of partner selection, timely signing of Project Partnership Agreements (PPAs), recovery of receivables from partners, and monitoring of projects implemented through partners; (b) clean up the vendor database, prepare annual procurement plans, and enhance the technical competence of the members of the Local Committee on Contracts (LCC) to strengthen procurement oversight; [REDACTED]. In addition, there was a need for the Representation to: (a) strengthen controls over distribution of NFIs; (b) improve monitoring of the implementation of shelter activities; and (c) address weaknesses in inventory management, monitoring of the vehicle fleet, and fuel management.

13. The initial overall rating was based on the assessment of key controls presented in Table 1. The final overall rating is **partially satisfactory**² as implementation of two important recommendations remains in progress.

¹ A rating of "**unsatisfactory**" means that one or more critical and/or pervasive important deficiencies exist 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 A rating of "**partially satisfactory**" means that important (but not critical or pervasive) deficiencies exist in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

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 Afghanistan	(a) Strategic planning	Satisfactory	Satisfactory	Satisfactory	Satisfactory
	(b) Project management	Unsatisfactory	Unsatisfactory	Unsatisfactory	Unsatisfactory
	(c) Regulatory framework	Unsatisfactory	Unsatisfactory	Unsatisfactory	Unsatisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Strategic planning

The Representation had adequate arrangements for strategic planning

14. The UNHCR Programme Manual requires the Representation to develop for each year an operations plan that identifies the objectives for different population planning groups, as well as related targets and budget allocations. The operations plan must be based on a needs assessment and linked to the objectives to project activities and resources required. The Representation is also required to establish a protection strategy for its operations.

15. The Representation participated in the 2013 needs assessment exercise of the United Nations humanitarian and development agencies and partners, non-governmental organizations, and humanitarian government agencies. Subsequently, the Representation prepared its operations plans and protection strategies for 2014 and 2015, which took into account the UNHCR global strategic priorities and the specific needs of persons of concern. The operations plans also set annual goals and objectives for the different population planning groups and defined activities and outputs with allocated budgets. The Representation re-validated each year the assumptions used in the 2013 needs assessment, and planned to conduct the next comprehensive needs assessment during 2016. OIOS therefore concluded that the Representation had adequate arrangements in place for strategic planning.

B. Project management

Prompt action was taken to improve controls over cash-based assistance

16. UNHCR Operational Guidelines on Cash-Based Interventions require the Representation to: (i) establish local procedures for designing and implementing cash-based assistance programmes; and (ii) implement and monitor controls to mitigate the risk of fraud in cash-based assistance programmes.

17. The Representation had developed standard operating procedures on cash assistance. In 2014, it provided two kinds of cash grants: (i) \$3.4 million as voluntary repatriation grants; and (ii) other payments to beneficiaries amounting to \$0.8 million. OIOS observed the payment process at two encashment centres for the voluntary repatriation grants from where the Representation paid a total of \$2.9 million and concluded that controls were in place for effective disbursement of the grants. With

regard to other payments of \$0.8 million, OIOS noted some weaknesses in the Representation's monitoring controls, such as: partners altering 15 names of no-shows on the beneficiary list without the Representation's written approval; 40 of the 934 beneficiaries not collecting the cash with no documented explanation of why this happened; and inability of the Representation to confirm whether the partners visited the homes of all beneficiaries to validate their vulnerability. However, the Representation took immediate action on these weaknesses by putting in place revised procedures for the disbursement and monitoring of winterization and other forms of cash assistance. In view of the action taken by the Representation, no recommendation was made on this issue.

There was a need to strengthen controls over distribution of NFIs

18. The UNHCR Manual on Commodity Distribution requires the Representation to put in place adequate arrangements for planning, monitoring and reporting of the distribution of NFIs. This includes establishing criteria for selection of beneficiaries and developing distribution plans; documenting the beneficiary selection process; conducting regular on-site distribution monitoring; and preparing reconciliation reports between the quantities on the distribution lists and those on the waybills (which indicate the quantities of items withdrawn from the warehouses).

19. The Representation distributed 5.1 million NFIs consisting of family tents, blankets, jerry cans, kitchen sets and other items. These NFIs, valued at \$8.7 million, were distributed to an estimated 310,000 beneficiaries from 1 January 2014 to 30 June 2015. OIOS review of the controls put in place by the Representation for distribution of NFIs indicated that the Representation established selection criteria for the beneficiaries and applied them in planning for NFI distributions. However, it developed distribution plans for specific dates and locations only when a distribution of NFIs was to take place, instead of preparing an annual countrywide NFI distribution plan. Lack of a national overview of NFI distribution activities exposed it to risks of unnecessary stocking of NFIs in warehouses. Furthermore, the Representation did not document the decisions of the Beneficiary Selection Committee, which increased the risk of bias in the selection process.

20. The Representation and its partners monitored the on-site distribution activities and prepared monitoring reports. The Representation also recorded the actual quantities withdrawn from UNHCR warehouses in the Managing for Systems, Resources and People (MSRP) system, which is the UNHCR enterprise resource planning application. However, it did not accurately account for the NFI quantities distributed against the quantities issued from its warehouse by reconciling the quantities per the waybills against the quantities on the distribution lists. For example, OIOS observed that the quantities indicated in one waybill exceeded the quantities on the distribution list by 645 blankets (valued at \$6,450).

21. The above occurred because the Representation had not put in place appropriate management supervision arrangements to enforce the requirements for the preparation of NFI distribution plans and documentation of the beneficiary selection process. It also lacked procedures for reconciliation of NFIs after each distribution. As a result, the Representation was not fully ensuring that the NFIs reached the intended beneficiaries.

(1) The UNHCR Representation in Afghanistan should: (i) put in place appropriate management supervision arrangements to improve non-food item (NFI) distribution planning and documentation of decisions of the Beneficiary Selection Committee; and (ii) implement procedures for reconciliation of NFIs distributed as per the quantities on the distribution lists against waybills.

UNHCR accepted recommendation 1 and stated that the Representation had already taken corrective action on planning, beneficiary selection, distribution supervision, and reconciliation of

NFIs. The countrywide NFI distribution plan had been finalized. The Representation also had established a distribution process and was performing regular reconciliation of NFI quantities per distribution lists against the waybills. Recommendation 1 remains open pending receipt of documentary evidence demonstrating the effectiveness of the reconciliations conducted between NFIs distributed against those issued from warehouses, e.g., in the form of a reconciliation statement showing comparison of distribution lists signed by beneficiaries against NFI quantities on waybills for the full year of 2016.

The Representation needed to improve monitoring arrangements over implementation of shelter activities

22. The UNHCR Handbook for Emergencies and UNHCR Shelter Guidelines require the Representation to establish a shelter strategy, appropriate criteria for the selection of beneficiaries, and a system for monitoring the quality of shelters constructed. The Representation is required to conduct post-distribution reconciliations to ensure that the quantities of shelter material delivered to the distribution sites agree with the quantities acknowledged as received by the beneficiaries on the distribution lists.

23. The Representation established shelter strategies for 2014 and 2015. It also set the criteria for selection of beneficiaries in conjunction with the Emergency Shelter/NFI Cluster and in accordance with the 2014 UNHCR Shelter Guidelines. However, it did not document the decisions of the Beneficiary Selection Committee to ensure transparency and to mitigate the risk of bias in the selections. It provided 18,033 shelters consisting of long-term, transitional and emergency shelters to 27,348 beneficiaries valued at \$11.1 million in 2014 and up to 30 June 2015. OIOS reviewed the controls in place for the provision of 3,010 shelters valued at \$3.5 million. The review identified that the Representation did not adequately monitor the quality of the shelters. For instance, UNHCR technical monitoring guidelines require verification of compliance with the correct measurements and quality of work according to the stages of construction per UNHCR standard shelter specifications. However, the Representation's technical monitoring reports only indicated that the shelters were either "completed" or "completed and occupied". Also, the Representation did not undertake post-distribution reconciliation of shelter materials received by the beneficiaries as indicated on the distribution lists against the quantities of shelter materials indicated in the waybills.

24. The above-mentioned shortcomings occurred because the Representation had not established adequate monitoring arrangements to ensure that beneficiary selection was conducted transparently and that post-distribution reconciliation of shelter materials and quality control of the shelters were systematically conducted. As a result, the Representation was not fully ensuring that shelter materials reached the intended beneficiaries and that completed shelters were in accordance with specifications.

(2) The UNHCR Representation in Afghanistan should develop an action plan, with clearly defined staff responsibilities, to strengthen monitoring of shelter activities related to beneficiary selection, post-distribution reconciliation of shelter materials, and quality control of shelters constructed.

UNHCR accepted recommendation 2 and stated that the monitoring of beneficiary selection, post-distribution reconciliation of shelter materials, and quality control of shelters constructed was being systematically undertaken by the Representation in accordance with the risk-based monitoring plan. Recommendation 2 remains open pending receipt of documentary evidence demonstrating the effectiveness of the reconciliations conducted between shelter materials distributed to beneficiaries against the quantities indicated on the waybills. This could be in the form of a reconciliation statement for the full year of 2016.

Arrangements for the management of partnerships needed to be significantly strengthened

25. The UNHCR Enhanced Framework for Implementing with Partners requires the Representation to implement a competitive selection process for its project partnerships, which includes determining whether partners have sufficient security arrangements in place to implement UNHCR projects in high-risk locations. The Representation is also required to: (a) conclude PPAs in a timely manner; (b) develop an annual risk-based project monitoring plan to be implemented by a multi-functional team; (c) review partners' accounting systems and financial procedures, verify reported expenditures and recover unspent balances and expenditures that cannot be accounted for; and (d) monitor partners' project performance and assess the progress of project implementation against expenditures incurred.

26. Since the previous OIOS audit of UNHCR operations in Afghanistan conducted in 2013, where three critical recommendations were made regarding partnership management, the Representation had taken measures to address gaps in monitoring the use of UNHCR project funds and to improve oversight of the existing financial architecture of the main government counterpart. It had also taken steps to strengthen transparent resource allocation and budgeting. It had further recruited a P-3 staff member for the Project Control Unit, developed financial monitoring plans and conducted 79 financial verifications of the 105 PPAs concluded between 1 January 2014 and 30 June 2015. While taking note of the measures implemented, OIOS still observed persisting gaps in the Representation's management of partnerships as explained below:

- The Representation was not systematically reviewing and documenting, at the partner selection stage, the adequacy of partners' security arrangements for working in Afghanistan, although this was identified as partner selection criteria.
- In 2015, 16 of the 105 PPAs signed by the Representation were delayed by between two to eight months. The previous OIOS audit in 2013 had already noted that delays in signing PPAs had contributed to weaknesses in financial controls and unauthorized project expenditures.
- Whilst the Representation had assessed, during financial monitoring visits, the adequacy of the partners' systems and procedures to manage and account for UNHCR funds, it did not always question inadequately supported expenditure. For instance, at one partner, fuel costs were not supported by fuel receipts. At another partner, the Representation did not ensure that prices charged for an extension of a transportation contract without re-bidding continued to be competitive.
- The Representation had not recovered an amount of \$48,525 outstanding from a partner since 2014. This was in addition to two long outstanding partner receivables which OIOS had identified in its 2013 audit report but which still remained unrecovered.
- The Representation's performance monitoring plan was not risk-based. The Representation also did not undertake its performance monitoring activities as per the plan, and did not establish a multi-functional team to implement it. Inadequate monitoring resulted in the Representation not taking corrective action on project shortcomings in a timely manner. For example, a partner responsible for constructing a school at a cost of \$167,000 did not perform to the expected standard and inflated the construction costs by 29 per cent. The Representation was only alerted to this when the Government and other beneficiaries rejected the school building during its hand-over process.

27. The above weaknesses occurred because the Representation was not adequately supervising key aspects of partnership management to enforce compliance with the requirements of the Enhanced Framework for Implementing with Partners. As a result, the Representation was exposed to risks related to working with partners with inadequate security arrangements, which could result in inability of partners to fully implement projects in some locations, failure to take corrective action in a timely manner on sub-optimal project delivery, and risk of loss of financial resources including through fraud and mismanagement of UNHCR funds.

(3) The UNHCR Representation in Afghanistan should prepare and implement an action plan to: (i) review and document the adequacy of partners' security arrangements; (ii) ensure that Project Partnership Agreements are signed in a timely manner; (iii) recover the receivable of \$48,525 pending from a partner since 2014; (iv) incorporate robust testing of partner disbursements as part of financial verification; and (v) ensure comprehensive monitoring of partners' performance in project implementation in accordance with the established risk-based monitoring plan.

UNHCR accepted recommendation 3 and stated that during the process of retention of partners for 2016, the Representation's multi-functional team systematically verified the existence of policies, procedures and practices related to security risk management according to the selection criteria. The Representation also substantially implemented early signing of PPAs for 2016, e.g., 20 of the 29 initially planned PPAs were signed between December 2015 and January 2016 and the remaining were signed after a criticality review exercise was carried out. The Representation had exhausted all the possibilities to recover the receivable of \$48,525 and requested UNHCR Headquarters to write it off. The project control team adopted a risk-based approach to financial verifications whereby 100 per cent voucher verification would henceforth be performed for all high risk partners, i.e., new partners and partners that had previously qualified audit reports. The Representation also developed and was implementing a risk-based project monitoring plan for 2016. The financial and performance monitoring reports now indicated the rate of financial expenditures vis-à-vis the rate of project implementation and the relevant reasons for any variance. Based on the action taken and documentation provided by UNHCR, recommendation 3 has been closed.

C. Regulatory framework

The Representation needed to clean up its vendor database, prepare annual procurement plans, and enhance the technical competence of the members of the LCC

28. The Representation is required to comply with UNHCR procurement rules and procedures, which include: (i) establishing an effective vendor management system; (ii) preparing an annual procurement plan according to identified needs; (iii) initiating procurement activities in accordance with the procurement plan and in a transparent and competitive manner; and (iv) ensuring adequate oversight over the procurement activities through the establishment of a functioning LCC.

29. The Representation established a Vendor Review Committee (VRC) to maintain its vendor database and an LCC to review and approve procurement cases with a value of \$20,000 or more. The Representation issued 583 purchase orders valued at \$30.7 million from 1 January 2014 to 30 June 2015. Out of these, OIOS reviewed 15 purchase orders and related contracts valued at \$12.2 million.

30. The VRC met three times during the period, reviewed and discussed the approval of new entrants to the vendor database but did not discharge its other responsibilities such as overseeing the clean-up of the vendor database. The existing vendor database included 1,326 vendors of which 143 were duplicates.

The database also did not classify vendors as active or inactive or the type of business that each vendor was associated with. In addition, whilst the Representation evaluated each vendor's performance to support the final payment after delivery of goods and services, it did not use such an evaluation to update the database.

31. The Representation did not prepare formal procurement plans for 2014 and 2015. Hence, it did not benchmark what should be procured, when and how, resulting in 9 post facto notifications to either the LCC or the Committees on Contracts (CoC) at headquarters (for contract values above \$150,000) and 22 requests for waiver of competitive bidding which could have been avoided with better planning. The Representation also did not submit three requests for waiver of competitive bidding to the CoC or the UNHCR Controller (for contract values of \$50,000 or more but less than \$150,000) for approval. OIOS review of the sample of 15 procurement cases also indicated that in 8 cases with a total value of \$11.4 million, the Representation invited fewer than the minimum number of vendors required for the bid.

32. The above control deficiencies were due to the Representation not adequately prioritizing vendor management and procurement planning despite the significant procurement volumes. It also did not ensure that LCC members had the required technical competence to effectively review the procurement cases submitted to them. Therefore, the LCC did not fully perform its oversight function in ensuring that procurement activities complied with UNHCR procurement rules and procedures. As a result, there was a risk that the Representation was not obtaining best value from its procurement activities. The Representation was also exposed to risk of financial loss, including through fraud.

(4) The UNHCR Representation in Afghanistan should: (i) prioritize the review and clean-up of the vendor database and put in place arrangements to ensure that the Vendor Review Committee undertakes its oversight role over vendor registration procedures effectively; (ii) establish annual procurement plans; and (iii) develop a training plan for enhancing the technical competence of the members of the Local Committee on Contracts.

UNHCR accepted recommendation 4 and stated that the Representation had updated the vendor database. It had also put in place a procurement plan for 2016 and established a training plan for the LCC members. Based on the action taken and documentation provided by UNHCR, recommendation 4 has been closed.

There was a need to put in place arrangements to address control weaknesses in inventory management, monitoring of the vehicle fleet, and fuel management

33. UNHCR Policy and Administrative Instructions on Inventory and Property, Plant and Equipment (PPE) require the Representation to put in place adequate controls over: (i) effective warehouse and inventory management; (ii) accurate recording of PPE and tracking of Serially Tracked Items (STI) following an annual physical verification; (iii) replacement of aged assets; and (iv) fuel management, including receipt and issuance of fuel, monitoring of fuel stocks, and regular maintenance of the fuel infrastructure (fuel tanks and pumps).

34. The Representation verified all its PPE and STIs. OIOS tested a statistically significant sample of assets in Kabul, Herat and Jalalabad and found no discrepancies. The Representation had six warehouses containing 477,590 NFIs valued at \$3.1 million as at 30 June 2015. OIOS visited four of these warehouses and observed that they were half empty, signifying sub-optimal usage of warehouse storage space. In addition, the Representation stored 82,022 inventory items valued at \$0.7 million as at 30 June 2015 in partners' warehouses which had not been recorded in MSRP. The Representation stated that it needed to take into consideration the potential operational requirements in times of emergency. However, OIOS assessed that the above shortcomings were because the Representation did not continuously assess

the warehouse capacities and usage. As a result, the Representation was not mitigating the risk of high cost of unused warehouse space and the risk of loss of inventory in partners' warehouses.

35. The Representation had an ageing vehicle fleet. Of its 56 armoured vehicles, 36 were older than five years. The Representation did not take sufficient action to replace the fleet. This was because UNHCR did not have guidelines for the disposal of armoured vehicles and, therefore, the Representation lacked direction for the steps it should take to dispose of the aged fleet and acquire new vehicles. The Representation had also not invested sufficient time in analyzing options for replacing its fleet. Non-replacement of aged armoured vehicles posed a security risk and an operational risk in the event of mass breakdowns of those vehicles since the Representation was not allowed to use soft-skin vehicles in the country due to security restrictions.

36. In addition, the Representation did not carry out a physical stock-take of fuel to establish actual closing balances at the end of each year. Instead, it conducted a theoretical stock-take by estimating the opening balance, adding purchases and subtracting issuances to determine the closing balance. This was because the fuel tanks were not calibrated. As a result, the Representation was exposed to risk of loss of fuel, including through the potential for theft.

(5) The UNHCR Representation in Afghanistan should develop and implement an action plan for ensuring optimal usage of warehouses, availability of sufficient number of armoured vehicles in good condition, and accurate calibration of fuel tanks.

UNHCR accepted recommendation 5 and stated that the Representation had developed the recommended action plan and implemented its elements. The Representation had, inter alia: (i) conducted auctions of all dead stocks of inventory; (ii) performed monthly reporting of warehouse occupancy rate to optimize usage of warehouses; (iii) revised the Guidelines for Procurement, Planning and Distribution of NFIs increasing the threshold from 1,000 to 2,000 kits for the major field warehouses; (iv) received ten armoured vehicles and allocated them to the offices accordingly; and (v) adopted direct fueling of vehicles at the fuel stations and suspended bulky stock delivery to fuel tanks at the office. Based on the action taken and documentation provided by UNHCR, recommendation 5 has been closed.

[REDACTED]

[REDACTED]

[REDACTED]

[Redacted]

[Redacted]

[Redacted]

IV. ACKNOWLEDGEMENT

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

(Signed) Eleanor T. Burns
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Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

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

Recom. no.	Recommendation	Critical ³ / Important ⁴	C/ O ⁵	Actions needed to close recommendation	Implementation date ⁶
1	The UNHCR Representation in Afghanistan should: (i) put in place appropriate management supervision arrangements to improve non-food item (NFI) distribution planning and documentation of decisions of the Beneficiary Selection Committee; and (ii) implement procedures for reconciliation of NFIs distributed as per the quantities on the distribution lists against waybills.	Important	O	Submission to OIOS of documentary evidence demonstrating the effectiveness of the reconciliations conducted between NFIs distributed against those issued from warehouses; e.g., in the form of a reconciliation statement showing comparison of distribution lists signed by beneficiaries against NFI quantities on the waybills for the full year of 2016.	31 December 2016
2	The UNHCR Representation in Afghanistan should develop an action plan, with clearly defined staff responsibilities, to strengthen monitoring of shelter activities related to beneficiary selection, post-distribution reconciliation of shelter materials, and quality control of shelters constructed.	Important	O	Submission to OIOS of documentary evidence demonstrating the effectiveness of the reconciliations conducted between shelter materials distributed to beneficiaries against the quantities indicated on the waybills. This could be in the form of a reconciliation statement for the full year of 2016.	31 December 2016
3	The UNHCR Representation in Afghanistan should prepare and implement an action plan to: (i) review and document the adequacy of partners' security arrangements; (ii) ensure that Project Partnership Agreements are signed in a timely manner; (iii) recover the receivable of \$48,525 pending from a partner since 2014; (iv) incorporate robust testing of partner disbursements as part of financial verification; and (v) ensure comprehensive monitoring of partners' performance in project implementation in accordance with the established	Critical	C	Action completed	Implemented

³ 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.

⁴ 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.

⁵ C = closed, O = open

⁶ Date provided by UNHCR in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

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

Recom. no.	Recommendation	Critical ³ / Important ⁴	C/ O ⁵	Actions needed to close recommendation	Implementation date ⁶
	risk-based monitoring plan.				
4	The UNHCR Representation in Afghanistan should: (i) prioritize the review and clean-up of the vendor database and put in place arrangements to ensure that the Vendor Review Committee undertakes its oversight role over vendor registration procedures effectively; (ii) establish annual procurement plans; and (iii) develop a training plan for enhancing the technical competence of the members of the Local Committee on Contracts.	Critical	C	Action completed	Implemented
5	The UNHCR Representation in Afghanistan should develop and implement an action plan for ensuring optimal usage of warehouses, availability of sufficient number of armoured vehicles in good condition, and accurate calibration of fuel tanks.	Important	C	Action completed	Implemented

APPENDIX I

Management Response

Management Response

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

Rec. no.	Recommendation	Critical ⁷ / Important ⁸	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Representation in Afghanistan should: (i) put in place appropriate management supervision arrangements to improve non-food item (NFI) distribution planning and documentation of decisions of the Beneficiary Selection Committee; and (ii) implement procedures for reconciliation of NFIs distributed as per the quantities on the distribution lists against waybills.	Important	Yes	Senior Programme Officer	Implemented	The Representation has noted the acknowledgement of the steps already taken in planning, beneficiary selection, distribution supervision, and reconciliation of NFIs. Since the audit, the countrywide NFI distribution plan has been finalized. Furthermore, the Representation has established a distribution process and performs regular reconciliation of NFI quantities per distribution lists against the waybills.
2	The UNHCR Representation in Afghanistan should develop an action plan, with clearly defined staff responsibilities, to strengthen monitoring of shelter activities related to beneficiary selection, post-distribution reconciliation of shelter materials, and quality control of shelters constructed.	Important	Yes	Senior Programme Officer	Implemented	The monitoring of beneficiary selection, post-distribution reconciliation of shelter materials, and quality control of shelters constructed is now systematically undertaken by the Representation in accordance with the risk-based monitoring planning.
3	The UNHCR Representation in Afghanistan should prepare and implement an action plan to: (i) review and document the adequacy of partners' security arrangements; (ii) ensure that Project Partnership Agreements are signed in a timely manner; (iii) recover the	Critical	Yes			Closed at earlier stage of reporting

⁷ 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.

⁸ 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 Afghanistan for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ⁷ / Important ⁸	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	receivable of \$48,525 pending from a partner since 2014; (iv) incorporate robust testing of partner disbursements as part of financial verification; and (v) ensure comprehensive monitoring of partners' performance in project implementation in accordance with the established risk-based monitoring plan.					
4	The UNHCR Representation in Afghanistan should: (i) prioritize the review and clean-up of the vendor database and put in place arrangements to ensure that the Vendor Review Committee undertakes its oversight role over vendor registration procedures effectively; (ii) establish annual procurement plans; and (iii) develop a training plan for enhancing the technical competence of the members of the Local Committee on Contracts.	Critical	Yes			Closed at earlier stage of reporting
5	The UNHCR Representation in Afghanistan should develop and implement an action plan for ensuring optimal usage of warehouses, availability of sufficient number of armoured vehicles in good condition, and accurate calibration of fuel tanks.	Important	Yes			Closed at earlier stage of reporting