



## **INTERNAL AUDIT DIVISION**

### **REPORT 2019/073**

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#### **Audit of the emergency response in Bangladesh for the Office of the United Nations High Commissioner for Refugees**

**There was a need to address control weaknesses in emergency preparedness and response, partnership management, implementation of shelter, health and water, sanitation and hygiene programmes, as well as non-food item distribution and warehouse management**

**19 August 2019  
Assignment No. AR2018/141/02**

# **Audit of the emergency response in Bangladesh 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 emergency response in Bangladesh 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 Bangladesh was responding to the emergency in the country in a cost-effective manner and in accordance with UNHCR's policy requirements, with due regard to the risks that it was exposed to in the context in which it was operating. The audit covered the period from 25 August 2017, i.e. the start of the mass influx of refugees from Myanmar, to 30 June 2018 and included a review of: (a) emergency preparedness and response; (b) management of partnerships in the emergency; (c) shelter and settlement; (d) health; (e) water, sanitation and hygiene (WASH); (f) non-food item (NFI) distribution and warehouse management; and (g) emergency procurement and vendor management.

Due to the significant influx of refugees within a short period of time and the complex coordination structure with no single agency responsible for the entire refugee response, UNHCR faced serious challenges in its efforts to save lives and reduce suffering of its persons of concern in Bangladesh. Nevertheless, OIOS was able to observe successful protection and assistance interventions by the Representation; for example, in shelter management, provision of health and WASH services, and distribution of NFIs. Procurement and vendor management processes were also adequately controlled. However, to further enhance the management of its risks, the Representation needed to address control deficiencies in emergency preparedness and response, partnership management, implementation of shelter, health and WASH programmes, and NFI distribution and warehouse management.

OIOS made seven recommendations. To address issues identified in the audit, UNHCR needed to:

- Update the contingency plan, develop a business continuity plan, strengthen the capacity of protection partners implementing community-based protection projects, and revise the standard operating procedures for individual case management;
- Assess the comparative advantage of designating procurement to partners, and strengthen monitoring of projects implemented through partners;
- Develop a shelter strategy, and strengthen reporting on the performance of the shelter programme;
- Update its health strategy, seek to improve the health sector coordination mechanisms, and strengthen monitoring of the medical referral system;
- Strengthen the advocacy efforts with the Bangladeshi authorities to secure the Government's interest in WASH infrastructure projects in the camps through provision of additional land;
- Ensure that: (i) its WASH strategy and response plans are informed by accurate information on the existing facilities and updated assessment of the major risks relating to waste management and water contamination; (ii) the quality of the work done by WASH partners is regularly monitored and reported; and (iii) WASH activities are accurately reported and the implementation of recommendations made by various technical support missions is tracked; and
- Address the remaining weaknesses in the distribution of NFIs to ensure that they systematically reach the intended beneficiaries and dispose non-moving tents.

UNHCR accepted the recommendations. It took prompt action to implement five recommendations and initiated action to implement the remaining two.

# CONTENTS

	<i>Page</i>
I. BACKGROUND	1
II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY	1-2
III. AUDIT RESULTS	2-11
A. Emergency preparedness and response	2-4
B. Partnership management	4-5
C. Shelter and settlement	5-6
D. Health	7-8
E. Water, sanitation and hygiene	8-9
F. Non-food item distribution and warehouse management	9-11
G. Emergency procurement and vendor management	11
IV. ACKNOWLEDGEMENT	11
ANNEX I      Status of audit recommendations	
APPENDIX I   Management response	

# **Audit of the emergency response in Bangladesh 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 emergency response in Bangladesh for the Office of the United Nations High Commissioner for Refugees (UNHCR).
2. The UNHCR Representation in Bangladesh (hereinafter referred to as “the Representation”) started its operations in 1992 following significant displacements caused by civil unrest in Myanmar. As at 25 August 2017, there were some 165,000 Rohingya refugees from Myanmar living in Bangladesh. However, following an increase in targeted violence in Rakhine State, Myanmar, another 714,000 refugees fled their homes within six months of that date and settled in the border areas in south-eastern Bangladesh.
3. Prior to 25 August 2017, the Representation only worked within the confines of a small, officially recognized refugee population of approximately 34,000 people in Cox’s Bazar, with a focus on what were called ‘registered’ camps, while the International Organization for Migration (IOM) worked with a much larger population outside of the registered camps. Following the start of the refugee influx, the Government of Bangladesh requested IOM to lead the emergency response based on a cluster approach, despite the United Nations declaring the situation as a refugee crisis. UNHCR’s access to the newly arrived refugees and the border areas was also delayed by the Government in the early stages of the influx. Nevertheless, UNHCR responded promptly and provided immediate supplies, such as sleeping mats, clothes and plastic sheets for shelter, and started identifying vulnerable refugees and unaccompanied children. Once UNHCR declared a Level 3 emergency on 19 September 2017, it scaled up its response, and facilitated mobilization of additional funds, human resources and assets. Its presence in the field expanded from initially 57 to 264 staff. The Representation’s expenditure increased from \$7.3 million in 2016 to \$49.6 million in 2017, while for 2018, the budget was revised from \$60 million to \$163 million.
4. As the Government of Bangladesh realized that the situation was not temporary and would need further support of UNHCR and the international community, changes to the existing coordination mechanisms were initiated towards the end of 2017. A UNHCR-seconded Senior Coordinator took charge of coordinating the response from January 2018, reporting to the Strategic Executive Group (SEG), a codified coordination arrangement comprising the United Nations Resident Coordinator and the country heads of IOM and UNHCR, all with equal rights and based in Dhaka. There was, however, no single agency responsible for the entire refugee response.
5. At the time of the OIOS audit mission to Bangladesh in July 2018, the Representation was managing 15 of the 30 camps in the Cox’s Bazar area while IOM was managing the rest. It had protection access to only 8 of the 15 IOM managed camps. The emergency response continued to be coordinated on the basis of a cluster-like approach, with UNHCR leading only the protection sector, and the United Nations Population Fund (UNFPA) and United Nations Children’s Fund (UNICEF) leading the gender-based violence and child protection sub-sectors under the protection sector, respectively
6. Comments provided by UNHCR are incorporated in italics.

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

7. The objective of the audit was to assess whether the UNHCR Representation in Bangladesh was responding to the emergency in the country in a cost-effective manner and in accordance with UNHCR’s

policy requirements, with due regard to the risks that it was exposed to in the context in which it was operating.

8. This audit was included in the 2018 risk-based work plan of OIOS due to risks related to UNHCR's operational capacity to deal with the large influx of refugees in a Level 3 emergency.

9. OIOS conducted the audit between July 2018 and February 2019. The audit covered the period from 25 August 2017, i.e. the start of the mass influx from Myanmar, to 30 June 2018. Based on an activity-level risk assessment, the audit covered higher risk areas which included: (a) emergency preparedness and response; (b) management of partnerships in emergencies; (c) shelter and settlement; (d) health; (e) water, sanitation and hygiene (WASH); (f) non-food item (NFI) distribution and warehouse management; and (g) emergency procurement and vendor management. Through review of the above-mentioned areas, OIOS also drew overall conclusions about the control environment and the effectiveness of enterprise risk management in the Representation.

10. The audit methodology included: (a) interviews of key personnel; (b) review of relevant documentation; (c) analytical reviews of data, including financial data from Managing for Systems, Resources and People (MSRP), the UNHCR enterprise resource planning system, and performance data from Focus, the UNHCR results-based management system; (d) review of data extracted from the Representation's distribution monitoring system; (e) sample testing of controls; and (f) visits to UNHCR offices in Dhaka and Cox's Bazar, the offices of six partners implementing UNHCR projects, and four camps and project sites.

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

### **III. AUDIT RESULTS**

#### **A. Emergency preparedness and response**

The Representation needed to update the contingency plan, develop a business continuity plan, strengthen the capacity of protection partners and revise the standard operating procedures for case management

12. Emergency preparedness: The Representation had identified and prioritized the risk of increased influx of refugees from Myanmar in its risk register prepared in early 2017. However, no mitigating measures for the risk were documented. Also, the Representation had not completed the required minimum and advanced preparedness actions to assist it in identifying its strengths and gaps across key aspects of emergency preparedness. An evaluation report on the emergency response, from UNHCR's Evaluation Service, also stated that "the organization arguably should have been on higher alert" regarding the risk of mass influx. Subsequently the Representation took action to complete the preparedness actions and update the required diagnostic report, which indicated that the risk was mitigated by the current level of Representation's capacity and preparedness.

13. Staff deployment: Following the emergency declaration, the staffing structure of the Representation was promptly strengthened by elevating the post of the Representative from the P-5 to the D-2 level and the post of the Head of Sub Office in Cox's Bazaar from the P-4 to the D-1 level. However, there was initially a lack of a stable UNHCR leadership in Dhaka, as the previously appointed persons could not join as planned. This affected the leadership role of UNHCR in advising and guiding the coordination mechanisms, Government and donors on bringing refugee protection at the centre of the response. The evaluation report on the emergency response also highlighted that the interim arrangements made for

UNHCR's Representation in Dhaka resulted in missed opportunities for deeper engagement at the policy and advocacy level. A new Representative has since been appointed and taken up his position.

14. Contingency and business continuity planning: The Representation, together with IOM, commissioned a geospatial hazard mapping of the refugee settlements, which was completed in January 2018. Based on this assessment, the Representation prepared an Emergency Preparedness and Response Contingency Plan in March 2018, which took into account the risks of cyclone, landslides and other natural calamities during the upcoming monsoon season. Whilst focusing only on camps that the Representation was managing rather than the entire population of concern, the contingency plan identified three alternative scenarios, with the resources required for each scenario, for relocating refugees to new sites (to be built) or temporary locations. It also pre-positioned emergency and contingency stockpiles closer to the camp sites and additional tents, to relocate the refugees in case of any environmental disaster. As of 19 July 2018, i.e., at the time of the OIOS mission, 48 per cent of the 41,751 refugees at the highest risk of landslides had been relocated to new shelters, and construction was ongoing at various camp sites to relocate further 14,860 refugees. However, the Representation had not updated the March 2018 contingency plan to reflect the fact that post-disaster kits did not include blankets, as envisaged earlier, and that pre-positioning of 20 per cent of the post-disaster kits in army stores was not being undertaken. Also, the initial plan to pre-position 5,000 tents had been revised to 10,000 in April 2018 but not reflected in the contingency plan. Further, the Representation did not have a documented business continuity plan as expected given the locations where it was operating. Sub Office Cox's Bazar was in an area, which was exposed to natural disasters. For example, during the audit mission, due to heavy rains, the Sub Office was flooded, and the premises were not operational for three days.

15. Protection response and risk management: The Representation identified its protection priorities as part of its supplementary appeal, which was prepared in September 2017. As the situation rapidly changed with the mass influx, the Representation drafted a Multi-Year Protection and Solutions Strategy in December 2017. Although the initial Joint Response Plan for October 2017-February 2018 was written without a sufficiently strong protection focus, as IOM was leading the response at that time, the second Joint Response Plan covering the period from March to December 2018 corrected these shortcomings. This was also confirmed by the UNHCR Evaluation Service in its report, which referred to the second Joint Response Plan having "a strong emphasis on protection and a clear protection mainstreaming strategy, largely as a result of UNHCR contributions".

16. However, by the time of the OIOS audit mission, the Representation had not conducted safety risk assessments for identifying Sexual and Gender Based Violence (SGBV) risks or challenges within the camps despite having prioritised this activity in both its operations plan and its risk register. In addition, during a visit to Kutupalong camp and two protection partners and discussions with the Representation's protection staff, OIOS was informed that the SGBV risk had been under-reported and inadequately monitored due to access limitations to some of the camps and a lack of awareness regarding information on available services and access to service providers. Unavailability of locks for latrines and limited visibility, especially at night due to poor lighting further increased the protection risks. During the course of field-based interviews with the Representation's Child Protection Unit, OIOS noted that the inadequate capacity of the protection partners and psycho-social support resources, which were needed to address individual cases in a timely manner, resulted in weaknesses in case management. Whilst the transition to a community-based protection approach addressed some of these gaps by improving the delivery of protection services, the performance and coverage of these services (referral mechanisms, child and women friendly spaces, counselling centres and mental health centres) overall had been implemented in an uneven and fragmented manner. This was also confirmed by UNHCR and partner staff interviewed by OIOS.

17. OIOS was concerned that if the above-mentioned shortcomings are not expeditiously addressed, it could expose UNHCR to reputational risk because SGBV was one of the most serious risks affecting the

Rohingya refugees. Fifty-five per cent of the refugee population were children, who were exposed to the risk of having to resort to negative coping mechanisms such as child marriage, child labour, separation from their families, and exposure to sexual violence.

**(1) The UNHCR Representation in Bangladesh should: (i) update the contingency plan and prepare a business continuity plan for Sub Office Cox's Bazar; and (ii) put in place an action plan to strengthen the capacity of protection partners implementing community-based protection projects and revise the standard operating procedures for individual case management.**

*UNHCR accepted recommendation 1 and stated that the Representation had developed the Cross-Border Contingency Plan: Myanmar-Bangladesh 2019, Emergency Preparedness and Response Plan for 2019 weather-related emergencies, as well as the Business Continuity Plan for Sub-Office Cox's Bazar. The Representation was undertaking continuous efforts to strengthen the capacity of protection partners involved in community-based protection, including through training and capacity building activities. The revised Standard Operating Procedures (SOP) for individual case management would be issued only at the time of the roll out of proGres v4. Based on action taken and documentation provided by UNHCR, recommendation 1 has been closed.*

## **B. Partnership management**

### The Representation needed to strengthen its management of projects implemented through partners

18. The Representation worked with 23 and 25 partners in 2017 and 2018, respectively. Its expenditure through partners in 2017 was \$14.6 million, which accounted for 34 per cent of the year's total programme expenditure. The 2018 programme budget envisaged spending \$49.4 million through partners, which accounted for 48 per cent of the programme budget for the year. During 2017 and 2018, the Representation entered into 33 project partnership agreements (PPAs) and signed 14 letters of mutual intent with 23 partners. However, it did not ensure that 14 of the 47 PPAs/Letters of Mutual Intent (30 per cent) were concluded before the commencement of the projects. The 2017 PPAs with the government partner were not signed at all. The Representation took action to ensure that 26 of the 28 PPA's for 2019 were signed in a timely manner. The only delay related to the PPA with the government partner which had a lengthy government approval and clearance procedure.

19. The Representation had established an Implementing Partnership Management Committee (IPMC) to oversee the selection and retention of partners. The performance assessment, of the existing 2017 partners to determine whether they should be retained for 2018 was conducted by the Representation's Programme Unit in August 2017 and was reviewed by the IPMC.

20. The Representation entrusted procurement worth \$10.7 million and \$12.6 million to 21 partners in 2017 and in the first half of 2018, respectively, without first undertaking an assessment of the comparative advantage of delegating such procurements to partners. For instance, the assessment for the 2017 project year was done only in December 2017 and that for the 2018 project year was completed in March 2018. A retroactive assessment defeated the purpose of the control, to ensure that procurement is conducted by partners only after a determination has been made that it is financially and operationally more advantageous than UNHCR conducting the same procurement directly. OIOS review indicated that the partners procured shelter items, such as bamboo and digging bars, at higher costs as compared to the Representation's own procurement. In addition, the Representation was receiving value added tax reimbursements of between 10 to 15 per cent on these items, which was not available to partners.

21. The Representation undertook financial and performance monitoring of partners' project activities based on risk-based monitoring plans. However, the monitoring teams did not undertake a thorough analysis and review of key operational and procurement activities of the partners on a consistent basis, as discussed below:

- OIOS observed a lack of transparent supplier selection process at two partners. For example: the same committee was performing both the evaluation of tenders and the approval of awards; segregation of duties was inadequate; final payments of construction works were made without certifying the value of work done; and the tendering documents for four different vendors were in the same format and font which suggested that they may have been prepared by the same vendor.
- OIOS could not verify the financial documentation of a road construction project valued at \$3.0 million delegated to a government partner as these documents were being maintained with another government agency engaged by the partner. Therefore, and despite the high value of the construction, the Representation did not have access to the documentation and could not review it for accuracy and validity.
- The Representation did not ensure that partners kept identity records of refugee volunteers who received cash payments for various project activities in the camps. In some cases, the refugee leaders received the cash payments and signed the beneficiary lists on behalf of the refugee volunteers which made it difficult to confirm that the cash disbursements reached the intended beneficiaries.

22. The above weaknesses happened as the Representation did not identify and prioritize the controls and due diligence measures required to address the risks inherent in partnerships in the emergency context. As a result, the Representation was exposed to the risk of failure to achieve the intended project objectives. The risk of fraud also increased.

**(2) The UNHCR Representation in Bangladesh should put in place appropriate controls to ensure that: (i) the comparative advantage of designating procurement to partners is systematically assessed before the project partnership agreements are signed; and (ii) financial and performance monitoring of projects is undertaken through a risk-based approach, including those involving construction activities and cash payments to refugees.**

*UNHCR accepted recommendation 2 and stated that the Representation had put in place measures to undertake comparative analysis before delegating procurement to partners, established a monitoring plan based on the partner risk register, and undertaken monitoring visits. Based on the action taken and documentation provided by UNHCR, recommendation 2 has been closed.*

### **C. Shelter and settlement**

There was a need for the Representation to develop a shelter strategy and strengthen reporting on the performance of its shelter and settlement programme

23. The Representation spent \$3.0 million and budgeted \$19.5 million in 2017 and 2018 respectively on the provision of shelter and settlement related activities at UNHCR managed camps. As of June 2018, it had distributed 84,584 shelter upgrade kits, 72,520 pre-monsoon shelter tie-down kits, 77,034 plastic tarpaulins and 462 family tents, and constructed 632 transitional shelters. It had also established SOPs for the distribution of upgraded shelter kits and defined the criteria for the selection of persons to be transferred to the transitional shelters. However, OIOS review of the Representation's shelter interventions noted areas requiring strengthening, as elaborated in the following paragraphs.

24. The Representation had not completed the corporate site assessment forms designed to support the comprehensive shelter needs assessment. It had also not prepared a country specific shelter strategy which was still in draft. The draft strategy was also not fully aligned with the prescribed format and contents of the UNHCR Global Strategy. For instance, and although an analysis to guide shelter transition for monsoon preparedness and the plans for relocations had been separately done, the draft strategy did not provide the situation overview, describe the overall objectives, and define the implementation modalities.

25. Some of the shelters were practically attached together, or were very close to pit latrines, bathrooms and drainage systems. The Representation explained that this was due to its inability to undertake proper site planning following the sudden influx of persons of concern (PoCs), as well as the poor land terrain and limited available space to construct shelters. The process of decongesting the camps by opening other camps and extending the existing ones was moving at a slow pace and the extra land allocated by the Government was still not sufficient to accommodate the PoCs in a decongested and planned manner. While the audit was still ongoing, the Representation, jointly with the sector members, developed SOPs on relocation to ensure that allocation of transitional shelters was based on vulnerability to the risk of floods and landslides.

26. The Representation defined specific indicators and outputs in its 2017 results-based reporting framework, but it did not monitor the achievement of these indicators and outputs to assess its performance. It reported on one shelter impact indicator and two performance indicators but did not set specific criteria to ensure the accurate calculation and reporting of these indicators. In addition, the data reported by the Representation on upgraded shelter kits distributed did not reconcile with the actual distribution data recorded in Kobo (an electronic data management tool). For instance, the Representation reported that the total number of upgraded shelter kits distributed as of 26 July 2018 was 84,584; however, Kobo reflected only 54,272 individual distribution records linked to the refugee ration cards. Further, for 18,800 of these records, the ration card numbers were manually entered, instead of scanning the barcodes printed on the ration cards presented by the beneficiaries during the shelter kit distribution. As a result, the Representation was exposed to the risk of inaccurate reporting and the shelter kits not reaching the intended beneficiaries.

27. The Representation attributed the above shortcomings to the large scope and fast pace at which the emergency evolved and the difficult land terrain on which the camps were located. Whilst OIOS acknowledged the difficult operating environment; it was also of the view that the control weaknesses were due to inadequate supervision and monitoring of shelter activities given the risks involved. There was a risk that the shelters may not have been delivered up to the standards required to meet the needs of PoCs.

**(3) The UNHCR Representation in Bangladesh should: (i) complete the development of its shelter strategy; and (ii) regularly reconcile its distribution of shelter kits and accurately report on the performance of its shelter and settlement programme.**

*UNHCR accepted recommendation 3 and stated that the Representation had completed development of the shelter strategy, strengthened all its distribution procedures and revised its SOP on NFI distributions to facilitate regular reconciliation and accurate reporting on distributions. Based on the action taken and documentation provided by UNHCR, recommendation 3 has been closed.*

## D. Health

There was a need for the Representation to update its health strategy, seek to improve the health sector coordination mechanisms, and strengthen monitoring of the medical referral system

28. The Representation spent \$4.4 million and budgeted \$10.2 million in 2017 and 2018 respectively on the provision of health and nutrition related activities to nearly 290,000 PoCs in UNHCR managed camps. To complement the World Health Organization which was the health sector leader, the Representation provided 266,473 outpatient medical consultations, made 6,376 referrals through the standard referral pathways and participated with other health sector members in response to diphtheria and measles outbreaks. The Representation had also developed a country specific public health strategy, which was aligned with the UNHCR Global Strategy for Public Health, a strategic plan for mental health, and psychosocial support and SOPs on referral pathways. However, OIOS review of the Representation's health interventions noted areas that required strengthening as discussed below.

29. The Representation's public health strategy was not fully reflective of the current situation due to changes in the operational context, such as the number persons and the geographical area covered and did not include a defined roadmap of transitioning from the emergency situation to sustainable medium to longer term solutions. Also, the Representation did not ensure that the repositioning of health facilities in camps that it was managing was done in a coordinated manner. Some of the facilities were in close proximity to each other, thus competing for the same patients, while in other cases the health facilities were located a long distance from each other.

30. The medical referrals were not always made in compliance with the SOP the Representation had put in place to operate the referral system. For instance, OIOS review of the referrals for two months identified that 13 chronic cases had been referred to secondary or tertiary health facilities without approval from the Referral Committee as required by the SOP. In addition, the Representation did not put in place controls to reconcile the medical bills with the approved referrals. As a result, it paid for medical bills amounting to \$375,000 which were referred by other agencies and should not have been funded by UNHCR. The Representation did not have an agreement with these agencies to regulate, *inter alia*, reimbursement of funds in such cases.

31. The Representation again attributed these shortcomings to the sudden influx of PoCs and the need for an immediate response in difficult circumstances. Whilst OIOS understands the context in which public health planning and early intervention took place, it was also of the view that the approach adopted by the health sector actors was not sufficiently coordinated. Consequently, the Representation was exposed to the risk that its health programme may not deliver effective health solutions to the PoCs.

**(4) The UNHCR Representation in Bangladesh should: (i) update its public health strategy to reflect the changes in the operational context; (ii) in collaboration with the other sector actors, enhance the health sector coordination mechanisms, with a view to consolidating the existing health services and better positioning the health facilities; and (iii) strengthen monitoring of the management of the medical referral system to ensure that only bills related to its own referral cases are paid using UNHCR funds.**

*UNHCR accepted recommendation 4 and stated that the Representation supported the development and implementation of a health sector rationalization exercise as a member of the health sector's Strategic Advisory Group. The review was completed in March 2019 and was pending endorsement of the government. Recommendation 4 remains open pending receipt of: (a) the updated health strategy; (b) the results of the health sector rationalization exercise and implementation plans thereof;*

and (c) evidence of monitoring controls to ensure that only bills related to its own referral cases are paid using UNHCR funds.

## **E. Water, sanitation and hygiene**

There was a need to strengthen advocacy efforts and management oversight over the WASH programme

32. The WASH sector, co-led by UNICEF and Action Contre la Faim, had developed a revised WASH sector strategy in March 2018 to address the gaps noted in the initial emergency response to the WASH needs and to transition from emergency to regular WASH standards through implementation of medium-term solutions. The Representation's WASH Unit had made good progress in constructing new WASH facilities to meet the new standards. As at 30 June 2018, the sector reported that only 10 per cent of the 1,361 water samples analyzed were contaminated as compared to the 76 per cent earlier reported in December 2017, 28,193 latrines were emptied, 6,594 latrines were decommissioned, 5,563 water points were functional, and hygiene promotion had effectively focused on acute watery diarrhoea.

33. However, the sector reported serious protection concerns relating to the existing WASH facilities in terms of dignity and safety of PoCs. For example, 13 per cent of the latrines were not separated between men and women, 31 per cent were without locks, 58 per cent were not lockable from inside, and 95 per cent did not have any lighting. There was also a lack of accurate information on the location, capacity and status of WASH facilities in all the camps. Only 25 of the 59 WASH sector partner agencies implementing WASH programmes reported regularly on status of WASH facilities and WASH indicators. In addition, those agencies which had constructed WASH facilities during the initial emergency period did not hand over these facilities at the time of their departure to the remaining sector partner agencies. As a result, repairs and maintenance or decommissioning of the WASH facilities could not be planned and implemented to a satisfactory degree in all areas.

34. OIOS review of the management of the Representation's WASH programme indicated that the fecal sludge management continued to pose a significant challenge, as several of the existing facilities were not operational or were operating at a lower than expected capacity, which was also noted by the Representation's WASH technical teams. Uniform standards for the construction of WASH facilities were not implemented.

35. In December 2017, the WASH sector changed its strategy to construct only deep tube wells to address concerns related to the low water-table and risk of contamination. However, the Representation's implementing partner constructed four new shallow tube wells in 2018, and as at 30 June 2018, the Representation had an inventory of 250 shallow tube wells compared to 298 deep tube wells. At the time of the audit, the Representation was engaged in discussions with two of its WASH partners to address maintenance and quality issues relating to the WASH infrastructure and to develop improved monitoring and reporting templates for construction activities.

36. Finally, whilst the Representation received five WASH technical support missions from the Division of Programme Support and Management (DPSM) at headquarters during October 2017 to March 2018, it did not track the status of implementation of the recommendations made by these support missions. In its 2017 annual performance report, the Representation reported that 3,023 latrines were constructed, and 397 water pumps were rehabilitated. However, the data collected by the WASH Unit indicated that 2,808 latrines were constructed, and 39 water pumps were maintained in 2017.

37. The Representation attributed the above-mentioned control weaknesses to site congestion and lack of space to construct new facilities as per the revised March 2018 sector standards. Further, there was

unwillingness on the part of the Government to invest in or to work with the WASH sector to achieve sustainable solutions. OIOS was however, also of the view that major cause of these shortcomings was the lack of a coordinated approach by the sector. In addition, the staffing capacity of the Representation's WASH Unit was affected by three vacant posts, the temporary nature of the contract of the Head of the WASH Unit, and secondment of standby partner personnel for only short durations. In its previous 2015 audit of the operations in Bangladesh, OIOS had identified similar control weaknesses in the camps relating to repair of water infrastructure and implementation of recommendations of technical support missions. These recurring control weaknesses, especially in the emergency context, continued to expose the Representation to reputational risks if its WASH programme does not deliver expected solutions to PoCs.

**(5) The UNHCR Representation in Bangladesh, together with the other humanitarian and development actors involved in the water, sanitation, and hygiene (WASH) sector, should further strengthen the advocacy efforts with the Bangladeshi authorities both at the Dhaka and Cox's Bazar level to secure the Government's interest in WASH infrastructure projects in the camps through provision of additional land with an aim to achieve sustainable WASH solutions.**

*UNHCR accepted recommendation 5 and stated that the Representation had developed a proposal for "A Unified, Integrated and Systemic Approach" as an advocacy paper to find solutions for the water shortages in Teknaf. The paper had been approved by the WASH Sector (led by the government) in June and the government in July. Based on the action taken and documentation provided by UNHCR, recommendation 5 has been closed.*

**(6) The UNHCR Representation in Bangladesh should strengthen the management oversight arrangements over its water, sanitation, and hygiene (WASH) programme to ensure that: (i) its strategy and response plans are informed by accurate information on the existing facilities and updated assessment of the major risks relating to waste management and water contamination; (ii) the quality of the work done by implementing partners is regularly monitored and reported; and (iii) WASH activities are accurately reported and the implementation of recommendations made by various technical support missions is tracked.**

*UNHCR accepted recommendation 6 and stated that WASH Sector Strategy 2019 had been reviewed by the WASH sector members, and the official release was imminent. UNHCR made major contributions to the development of the Sector Strategy and has adopted it as its strategy and response plan. Recommendation 6 remains open pending receipt of: (a) revised WASH strategy and response plans; and (b) status of the implementation of recommendations made by various technical support missions.*

## **F. Non-food item distribution and warehouse management**

There was a need for the Representation to address the remaining weaknesses in the distribution of NFIs to ensure that they systematically reach the intended beneficiaries, and to dispose non-moving tents

38. Following the activation of the Level 3 emergency, the Representation distributed NFIs worth \$19.6 million by March 2018 to 80,000 families which had arrived in 2017. It targeted an additional 20,000 families in 2018 and, as at 18 July 2018, reported that 91,186 out of the 94,886 families arrived since August 2017 (or 96 per cent) had received the NFIs. It had also completed a family counting exercise, implemented a ration card system, employed Kobo to track and record NFI assistance delivered to the PoCs and developed an SOP on NFI distribution. In addition, the Representation's Information Management Unit

had conducted post-distribution monitoring in March 2018. However, OIOS review of the Representation's controls over the management of NFIs indicated the following additional weaknesses:

- The Representation did not ensure that its partners were consistently using Kobo to track and record all NFI distributions as required by its SOP. OIOS analyzed the Kobo distribution data and observed that there were 35,593 distribution records, where the partners had manually recorded the ration card numbers, instead of scanning the barcodes printed on the ration cards presented by the beneficiaries. Thus, the Representation was at an increased risk that the NFIs may not have been distributed to the actual ration card holders.
- The Representation did not ensure that all its distribution sites met UNHCR standards relating to the requirements of persons with specific needs, security, covered waiting areas, and crowd management.
- The Representation passed over NFIs to another agency which was not one of its NFI distribution partners at the border areas, but it did not plan the quantity to be allocated based on the size of this population. For example, OIOS review indicated that the quantity allocated to this partner in March 2018 (25.4 metric tons) exceeded the maximum quantity required for the 920 families stationed at border areas (17.48 metric tons).
- To meet the energy needs of the refugees and to mitigate the environmental risks due to deforestation, the Representation initiated distribution of compressed rice husk from December 2017 covering 30 per cent of the energy needs. However, there was unequal distribution of the rice husk amongst the refugees. For example, the refugees in UNHCR managed camps received 19 kilograms per month and the refugees in registered camps received 15 to 60 kilograms per month depending on the family size. Further, IOM did not distribute compressed rice husk to the refugees in IOM managed camps.

39. The Representation maintained two physical warehouses; one in Cox's Bazar and one in Chittagong with a total capacity of 11,971 cubic meters of warehouse space. It pre-positioned post-disaster kits and tents in containers managed by a partner near the camp sites to cater for emergency needs of the refugees and required the partner to insure these items. It also developed SOPs for warehouse and inventory management and processing of international shipments, regularly conducted physical verification of stock, and ensured that the stock quantities in MSRP were regularly updated. The Representation, in collaboration with the Supply Management Service at headquarters, also ensured that the warehouse inventories were covered under the global insurance policy. While the audit was ongoing, the Representation took action to fully implement the security mitigation measures recommended in the facility security survey conducted by the United Nations Department of Safety and Security in January 2018 for the warehouse in Cox's Bazar. At the request of the Government authorities, the Representation had air lifted 1,671 tents, which were not fire-resistant, valued at \$534,000, to Cox's Bazar in September 2017, but it had not undertaken an assessment of the suitability of these tents due to camp congestion, resulting in significant fire risks. At the time of the audit, it had about 548 unused tents, after having donated 200 of them to IOM in June 2018.

40. Whilst the Representation had taken several measures to strengthen controls over NFI distribution and warehouse management since December 2017, the above cited weaknesses had not been addressed. As a result, the Representation was at risk of not being able to adequately respond to the beneficiary needs and to ensure that NFIs systematically reached the intended beneficiaries. It could also be exposed to the risk of items in the warehouses becoming obsolete, as well as risks to safety of PoCs.

**(7) The UNHCR Representation in Bangladesh should address the remaining weaknesses in the distribution of non-food items and warehouse management by: (i) ensuring that the distribution is equitable, based on an assessment of needs and the population size; (ii) ensuring that the distribution sites meet the standard requirements for specific needs,**

security, covered waiting areas, and crowd management; (iii) optimizing the use of the electronic data management tool for monitoring, reconciling and reporting on actual distributions; and (iv) disposing of non-moving and non-fire resistant tents.

*UNHCR accepted recommendation 7 and stated the Representation had developed the NFI distribution plan for 2019. The Representation increased the frequency of the reconciliation, as well as the physical verification of UNHCR's stock (monthly and twice a year respectively), in order to improve the reconciliation process. The tents had been distributed through partners. Based on the action taken and documentation provided by UNHCR, recommendation 7 has been closed.*

## **G. Emergency procurement and vendor management**

### Procurement and vendor management processes were adequately controlled

41. Between August 2017 and May 2018, the Representation issued 404 purchase orders to procure goods and services amounting to \$31.1 million. It prepared annual procurement plans for both 2017 and 2018 according to the identified needs. To provide oversight over the procurement and vendor management processes, it had constituted a Vendor Review Committee and a Local Committee on Contracts (LCC). Due to the Level 3 emergency declaration, it requested and obtained authority to activate exceptional procedures for procurement during emergencies by increasing the threshold of its LCC from \$150,000 to \$500,000 in the early stages of emergency and later to \$750,000. The LCC held 24 sittings and deliberated on 78 cases. Eight cases were further referred to the Headquarters Committee on Contracts, while two cases of waiver from competitive bidding were referred to the UNHCR Controller for approval. OIOS concluded that the LCC operated as intended.

42. OIOS reviewed 25 purchase orders worth \$8.8 million and 15 non-purchase order vouchers worth \$228,162 and noted that the Representation conducted formal tendering processes by placing advertisements in local newspapers and obtaining the required authorization from the relevant committees on contracts. However, in 11 cases the Representation used shorter deadlines averaging 15 days for the submission of offers under the request for proposals (RFP) modality and the invitation to bid (ITB) modality as compared to the recommended 4 to 8 weeks. The Representation explained that, due to the emergency, many requirements were urgent and its Supply Unit exercised professional judgement on the market response to the tenders with shorter deadlines. As the Representation was successful in establishing several frame agreements during the emergency period, it mitigated some of the operational risks, and OIOS therefore concluded that procurement processes were adequately controlled.

## **IV. ACKNOWLEDGEMENT**

43. 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 emergency response in Bangladesh 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 Bangladesh should: (i) update the contingency plan and prepare a business continuity plan for Sub Office Cox's Bazar; and (ii) put in place an action plan to strengthen the capacity of protection partners implementing community-based protection projects and revise the standard operating procedures for individual case management.	Important	C	Action completed	Implemented
2.	The UNHCR Representation in Bangladesh should put in place appropriate controls to ensure that: (i) the comparative advantage of designating procurement to partners is systematically assessed before the project partnership agreements are signed; and (ii) financial and performance monitoring of projects is undertaken through a risk-based approach, including those involving construction activities and cash payments to refugees.	Important	C	Action completed	Implemented
3.	The UNHCR Representation in Bangladesh should: (i) complete the development of its shelter strategy; and (ii) regularly reconcile its distribution of shelter kits and accurately report on the performance of its shelter and settlement programme.	Important	C	Action completed	Implemented
4.	The UNHCR Representation in Bangladesh should: (i) update its public health strategy to reflect the changes in the operational context; (ii) in	Important	O	Submission to OIOS of: a) updated health strategy; b) the results of the health sector rationalization exercise and implementation	30 November 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 emergency response in Bangladesh 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>
	collaboration with the other sector actors, enhance the health sector coordination mechanisms, with a view to consolidating the existing health services and better positioning the health facilities; and (iii) strengthen monitoring of the management of the medical referral system to ensure that only bills related to its own referral cases are paid using UNHCR funds.			plans thereof; and c) evidence of monitoring controls to ensure that only bills related to its own referral cases are paid using UNHCR funds.	
5.	The UNHCR Representation in Bangladesh, together with the other humanitarian and development actors involved in the water, sanitation, and hygiene (WASH) sector, should further strengthen the advocacy efforts with the Bangladeshi authorities both at the Dhaka and Cox's Bazar level to secure the Government's interest in WASH infrastructure projects in the camps through provision of additional land with an aim to achieve sustainable WASH solutions.	Important	C	Action completed	Implemented
6.	The UNHCR Representation in Bangladesh should strengthen the management oversight arrangements over its water, sanitation, and hygiene (WASH) programme to ensure that: (i) its strategy and response plans are informed by accurate information on the existing facilities and updated assessment of the major risks relating to waste management and water contamination; (ii) the quality of the work done by implementing partners is regularly monitored and reported; and (iii) WASH activities are accurately reported and the implementation of recommendations made by various technical support missions is tracked.	Important	O	Submission to OIOS of: (a) revised WASH strategy and response plans; and (b) status of the implementation of recommendations made by various technical support missions.	31 August 2019
7.	The UNHCR Representation in Bangladesh should address the remaining weaknesses in the distribution of non-food items and warehouse management by:	Important	C	Action completed	Implemented

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of the emergency response in Bangladesh 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>
	(i) ensuring that the distribution is equitable, based on an assessment of needs and the population size; (ii) ensuring that the distribution sites meet the standard requirements for specific needs, security, covered waiting areas, and crowd management; (iii) optimizing the use of the electronic data management tool for monitoring, reconciling and reporting on actual distributions; and (iv) disposing of non-moving and non-fire resistant tents.				

# **APPENDIX I**

## **Management Response**

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 Bangladesh should: (i) update the contingency plan and prepare a business continuity plan for Sub Office Cox's Bazar; and (ii) put in place an action plan to strengthen the capacity of protection partners implementing community-based protection projects and revise the standard operating procedures for individual case management.	Important	Yes	Senior Protection Coordinator	31 May 2019	(i) The Cross-Border Contingency Plan: Myanmar-Bangladesh 2019, Emergency Preparedness and Response Plan for 2019 weather-related emergencies, as well as the Business Continuity Plan for Sub-Office Cox's Bazar have been developed. (ii) The Representation is undertaking continuous efforts to strengthen the capacity of protection partners involved in community-based protection (CBP), including through training and capacity building activities. Such capacity building activities are integrated in the overall protection delivery, hence there is no separate "action plan" exclusively outlines such activities. The revised SOPs for individual case management will be issued only at the time of the roll out of proGres v4. In the interim, the Protection Sector developed the referral pathway document for Child Protection, SGBV, and Protection case management, which remains as an official SOPs.
2.	The UNHCR Representation in Bangladesh should put in place appropriate controls to ensure that: (i) the comparative advantage of designating procurement to partners is systematically assessed before the project partnership agreements are signed; and (ii)	Important	Yes	Senior Programme Officer	31 May 2019	The Representation had put in place measures to undertake comparative analysis before delegating procurement to partners, established a monitoring plan based on the partner risk register, and undertaken monitoring visits.

<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.

<b>Rec. no.</b>	<b>Recommendation</b>	<b>Critical<sup>5</sup>/ Important<sup>6</sup></b>	<b>Accepted? (Yes/No)</b>	<b>Title of responsible individual</b>	<b>Implementation Date</b>	<b>Client comments</b>
	financial and performance monitoring of projects is undertaken through a risk-based approach, including those involving construction activities and cash payments to refugees.					
3.	The UNHCR Representation in Bangladesh should: (i) complete the development of its shelter strategy; and (ii) regularly reconcile its distribution of shelter kits and accurately report on the performance of its shelter and settlement programme.	Important	Yes	Senior Shelter Officer	31 May 2019	Both the Shelter Strategy and the revised SOPs on NFI distributions have been issued.
4.	The UNHCR Representation in Bangladesh should: (i) update its public health strategy to reflect the changes in the operational context; (ii) in collaboration with the other sector actors, enhance the health sector coordination mechanisms, with a view to consolidating the existing health services and better positioning the health facilities; and (iii) strengthen monitoring of the management of the medical referral system to ensure that only bills related to its own referral cases are paid using UNHCR funds.	Important	Yes	Senior Public Health Officer	30 November 2019	The Representation has supported the development and implementation of a health sector rationalization exercise as a member of the health sector's Strategic Advisory Group (SAG). The review was completed in March 2019 and is pending endorsement of the government.
5.	The UNHCR Representation in Bangladesh, together with the other humanitarian and development actors involved in the water, sanitation, and hygiene (WASH) sector, should	Important	Yes	Senior WASH Officer	31 July 2019	The Representation has developed a proposal for "A Unified, Integrated and Systemic Approach" as an advocacy paper to find solutions for the water shortages in Teknaf. The paper has been approved by the WASH

<b>Rec. no.</b>	<b>Recommendation</b>	<b>Critical<sup>5</sup>/ Important<sup>6</sup></b>	<b>Accepted? (Yes/No)</b>	<b>Title of responsible individual</b>	<b>Implementation Date</b>	<b>Client comments</b>
	further strengthen the advocacy efforts with the Bangladeshi authorities both at the Dhaka and Cox's Bazar level to secure the Government's interest in WASH infrastructure projects in the camps through provision of additional land with an aim to achieve sustainable WASH solutions.					Sector (led by the government) in June and the government in July.
6.	The UNHCR Representation in Bangladesh should strengthen the management oversight arrangements over its water, sanitation, and hygiene (WASH) programme to ensure that: (i) its strategy and response plans are informed by accurate information on the existing facilities and updated assessment of the major risks relating to waste management and water contamination; (ii) the quality of the work done by implementing partners is regularly monitored and reported; and (iii) WASH activities are accurately reported and the implementation of recommendations made by various technical support missions is tracked.	Important	Yes	Senior WASH Officer	31 August 2019	WASH Sector Strategy 2019 has been reviewed by the WASH sector members, and the official release is imminent. UNHCR made major contribution to the development of the Sector Strategy and has adopted it as its own strategy and response plan. The Representation has followed up on recommendations made by various technical support missions. The review of the implementation status has been initiated.
7.	The UNHCR Representation in Bangladesh should address the remaining weaknesses in the distribution of non-food items and warehouse management by:	Important	Yes	Senior Field/Technical Coordinator	30 September 2019	The Representation developed the NFI distribution plan for 2019. The Representation increased the frequency of the reconciliation, as well as the physical verification of UNHCR's stock (monthly and

Rec. no.	Recommendation	Critical <sup>5</sup> / Important <sup>6</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation Date	Client comments
	(i) ensuring that the distribution is equitable, based on an assessment of needs and the population size; (ii) ensuring that the distribution sites meet the standard requirements for specific needs, security, covered waiting areas, and crowd management; (iii) optimizing the use of the electronic data management tool for monitoring, reconciling and reporting on actual distributions; and (iv) disposing of non-moving and non-fire resistant tents.					twice a year respectively), in order to improve the reconciliation process. The tents have been donated.