



# **INTERNAL AUDIT DIVISION**

## **REPORT 2020/029**

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

**There was a need to strengthen controls over partnership management, procurement and vendor management, fair protection process and documentation, as well as education, health and livelihoods programmes**

**23 September 2020**

**Assignment No. AR2019-141-02**

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

## **EXECUTIVE SUMMARY**

The Office of Internal Oversight Services (OIOS) conducted an audit of the operations in Pakistan 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 Pakistan was managing the delivery of services to its persons of concern (PoCs) effectively 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 1 January 2018 to 31 August 2019 and included a review of: (a) partnership management; (b) procurement and vendor management; (c) fair protection process and documentation; (d) education; (e) health; and (f) livelihoods.

OIOS concluded that there was a need for the Representation to strengthen procedures and controls over all areas covered by the audit.

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

- Align budgeted partner salaries and allowances with the partner staffing table and ensure payments made are solely for those personnel working on UNHCR activities; assign adequate targets in the Project Partnership Agreements and address the scope limitation issue imposed by a government partner due to lack of access to procurement records;
- Develop procurement plans, reorganize the procurement function and ensure that the Supply Officer reports to the Deputy Representative;
- Ensure that working conditions at the registration centres are compliant with standards, improve the handling of complaints and conduct a cost-benefit analysis of migrating data from the current tool to UNHCR's Biometric Identity Management System;
- Ensure coherence of education targets and budgets, improve monitoring of education supplies and mitigate waste of resources in their procurement and distribution;
- Align its country health strategy with the UNHCR corporate health strategy, improve arrangements for epidemic preparedness and health data and monitor the procurement and distribution of medical equipment; and
- Set realistic and achievable livelihoods programme targets in the Focus system.

UNHCR accepted the recommendations, implemented three of them and has initiated action to implement the remaining three.

# CONTENTS

I. BACKGROUND	1
II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY	1
III. AUDIT RESULTS	2-9
A. Partnership management	2-3
B. Procurement and vendor management	3-5
C. Fair protection process and documentation	5-6
D. Education	6-7
E. Health	7-8
F. Livelihoods	8-9
IV. ACKNOWLEDGEMENT	9
ANNEX I	Status of audit recommendations
APPENDIX I	Management response

# **Audit of the operations in Pakistan 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 Pakistan for the Office of the United Nations High Commissioner for Refugees (UNHCR).
2. The UNHCR Representation in Pakistan (hereinafter referred to as ‘the Representation’) started its operations in 1979 to provide international protection and humanitarian assistance to Afghan refugees. As at 31 August 2019, Pakistan hosted 1,410,155 registered Afghan refugees, and there were also 3,120 unregistered refugees from Afghanistan, 497 refugees from other countries, and 6,978 asylum seekers. The Representation supported the host government in implementing the regional Solutions Strategy for Afghan Refugees and facilitated the voluntary return of refugees. For those refugees who could not return to their home country, the Representation provided for their basic protection needs.
3. The Representation had a Country Office in Islamabad, Sub-Offices in Peshawar and Quetta, and Field Units in Haripur, Kohat and Karachi. The Representation was headed by a Representative at the D-2 level and had 199 staff positions. The Representation disbursed a total of \$54.5 million from 1 January 2018 to 31 August 2019. It worked with 23 partners in 2018 and 25 partners in 2019, and through them disbursed \$14.1 million in 2018 and \$8.7 million in 2019 (up to 31 August 2019), corresponding to 78 per cent of the total programme related expenditure during the 20-month period.
4. Comments provided by UNHCR are incorporated in italics.

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

5. The objective of the audit was to assess whether the UNHCR Representation in Pakistan was managing the delivery of services to its persons of concern (PoCs) effectively 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.
6. This audit was included in the 2019 risk-based work plan of OIOS due to risks associated with the high cost and complexity of the operations in Pakistan.
7. OIOS conducted this audit from September 2019 to January 2020. The audit covered the period from 1 January 2018 to 31 August 2019. Based on an activity-level risk assessment, the audit covered the following higher risk areas: (a) partnership management; (b) procurement and vendor management; (c) fair protection process and documentation; (d) education; (e) health; and (f) livelihoods.
8. The audit methodology included: (a) interviews of key personnel, (b) review of relevant documentation, (c) analytical review 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 proGres, the UNHCR registration and case management tool; (e) sample testing of controls; and (f) visits to three UNHCR offices, eight partners and seven project sites.
9. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

### III. AUDIT RESULTS

#### A. Partnership management

##### The Representation needed to strengthen its management of implementing partners

10. The Representation had adequately implemented the UNHCR partner selection and retention processes, as well as the procedures required prior to delegating procurement to partners. However, controls over other partnership management areas needed to improve.

11. For 2018, the Representation signed 32 project partnership agreements (PPAs) with 23 partners. Twenty of the PPAs were signed late and often more than one month after the start of the project year. For 2019, it signed 35 PPAs with 25 partners, with a slight improvement in timeliness. However, 13 PPAs were not signed until the second quarter of the year, mainly for PPAs with government partners. The Representation attributed the delay to administrative requirements of the host government such as lengthy consultations and involvement of various administrative layers, which were often out of the control of the Representation. To address these inherent delays, OIOS encourages the Representation to continue to obtain guidance from the Regional Bureau for Asia and the Pacific on managing associated risks regarding delays as UNHCR is accountable to its donors for timely project implementation.

12. Programme targets established in PPAs were not sufficiently specific to adequately monitor partners' performance. For example, the Representation assigned to its main government partner, the objective 'comprehensive solutions strategy developed, strengthened or updated' and specified output targets such as 'coordination with UNHCR in the efforts for the development of refugee legal framework'. However, relevant criteria to measure the project objective and related output was not specified. As a result, the Representation's performance monitoring teams accepted the output results reported by the partner without having any properly established criteria to assess their adequacy.

13. OIOS observed a number of weaknesses in the quality of financial and performance monitoring undertaken. For example:

- For its main government partner, in addition to budgeting for salary and allowances for 231 regular staff, the Representation included allowances of \$98,898 for an additional 117 personnel. The partner staffing list did not include the names and designations of these individuals, which was required. Most of the staff receiving the allowances worked for the government ministry overseeing the government partner. There were no records supporting their contribution to the UNHCR project such as timesheets, work plans or assigned responsibilities. In their 2017 project audit report, the external auditor reported this issue and concluded it was contrary to the host government rules. Neither the partner nor the Representation took action to address this.
- In 2018, a health partner in Quetta incorrectly paid: (i) incentives to 11 government health staff totalling \$6,546; and (ii) a monthly salary of \$625 to its Chief Executive representing 30 per cent of UNHCR's share although the corresponding PPA indicated that only 15 per cent of the Chief Executive's time would be devoted to the UNHCR project.

14. Moreover, the government partner responsible for the registration of Afghan refugees denied access to procurement documentation to UNHCR monitoring teams and project auditors, citing security concerns. The lack of access to records, which was estimated at supporting about 52 per cent of the expenditure, resulted in a scope limitation. The Representation stated that it had taken up the issue with the partner but was unsuccessful in obtaining access to the required records. The Representation further stated

that retention of the partner was key as it was the only authority responsible for registering and issuing registration cards to Afghan refugees. The Representation, however, had not escalated the matter to the controlling ministry of the partner or sought advice from the Regional Bureau and the Implementation Management and Assurance Service at headquarters to help resolve the difficulties encountered regarding access to records.

15. Overall, to mitigate the risk of inefficient and incorrect use of project funds, the Representation needed to improve its oversight of partnership management in the areas of validity of partner personnel costs, appropriateness of targets and indicators in PPAs to monitor performance, and monitoring of partner procurement.

- (1) The UNHCR Representation in Pakistan should take action to: (i) align budgeted partner salaries and allowances with the partner staffing table and ensure payments made are solely for those personnel working on UNHCR activities; (ii) assign specific and measurable targets in Project Partnership Agreements to monitor adequacy of outputs; and (iii) address scope limitation imposed by a government partner due to lack of access to procurement records.**

*UNHCR accepted recommendation 1 and stated that the Representation had: (i) aligned salaries and allowances with the staffing table of the government partner and in its support attached the staffing table for 2020; (ii) established measurable performance monitoring targets and provided the project digest of the 2020 PPA with the government partner as evidence; and (iii) resolved the issue of scope limitation imposed by the government partner and forwarded a copy of the unqualified 2018 project audit report as evidence. However, UNHCR did not provide any evidence that payments were made only to the personnel who worked on UNHCR activities. Recommendation 1 remains open pending receipt of the evidence that salary payments are made only to government personnel working on UNHCR activities.*

## **B. Procurement and vendor management**

There was a need to establish a procurement strategy, follow the established procurement procedures and strengthen accountability for the Supply Unit

16. Between 1 January 2018 and 31 August 2019, the Representation issued 327 purchase orders and procured goods and services worth \$10.8 million. OIOS reviewed the structure of the procurement function and key controls over procurement planning and monitoring of contracts and conducted detailed testing of six contracts and 45 purchase orders with an aggregate value of \$3.6 million (33 per cent of the procurement for the period). In addition, the audit reviewed all minutes of the Local Committee on Contracts (LCC) meetings held during the audit period.

17. In Islamabad, the Representation's supply team comprised four staff (P-3 Supply Officer, National Officer, a Senior Supply Associate (G-6) and a Supply Assistant (G-5). In the field, there were two G-6 Supply Assistants in Sub-Office Peshawar and one Supply Associate (G-6) in Sub-Office Quetta. Most of the procurement, totalling \$6.8 million, was carried out by the sub-offices in Peshawar and Quetta, with the Supply Associate in Sub-Office Quetta being supervised by the Administration and Finance Officer at Quetta. Despite delegating much of the procurement to the Sub-Offices, the Representation had not put in place adequate supervisory controls by the P-3 Supply Officer in Islamabad. The Office in Islamabad had also not considered taking over larger and higher-value procurements.

18. There was also a need to review the reporting line of the Supply Officer, as there was a potential conflict of interest situation. This was because the Supply Officer reported directly to the Senior Programme Officer instead of the Representative, as required by the UNHCR Supply Chain Management Manual, which could compromise the independence of the function as most of the procurement was for programme delivery. This was also confirmed by the Representation's 2019 Delegation of Authority Plan where the roles given to the Senior Programme Officer indicated a conflict of interest in supervising the Supply Officer. Since the Representation had no post of Assistant Representative (Operations), the Supply Officer should, in the opinion of OIOS, be directly supervised by the Deputy Representative.

19. The UNHCR Handbook on Fraud and Corruption, Prevention, Detection and Reporting requires that procurement staff performing the role of buyers should be frequently rotated to mitigate the risk of collusion with suppliers. However, the Representation had not rotated buyers within the field offices for many years or implemented other controls to mitigate the risk of fraud.

20. The Representation's procurement plans for 2018 and 2019 were not comprehensive and not aligned with its annual operations plans. The plans allocated lump sum amounts for goods/services for its health, education and livelihoods programmes, without giving details of expected requirements, available stock, volume to purchase, and purchasing timelines. The Representation was not adequately monitoring the implementation of procurement plans, nor did it update its plans to reflect changes made during the year. Poor planning meant that a competitive process was not always followed, and there was a significant spike in procurement activities towards the end of the year. For instance, the Representation procured goods and services for \$4.4 million out of \$8.2 million (54 per cent) in the last quarter of 2018. This included the Programme Unit procuring an echocardiography machine worth \$66,739 without a competitive process, to ensure that its acquisition was completed prior to the end of the year; and information technology equipment for \$64,764 through 'request for quotation' instead of an 'invitation to bid' which is required for procurement exceeding \$40,000. For the latter case, the Representation advised that it had initially expected the value to be less than the \$40,000 threshold. The LCC approved both cases in December 2018.

21. There were also weaknesses in the procurement of supplies for the rehabilitation of a rural health centre. For instance, the Technical Evaluation Committee and Supply Unit in Sub-Office Quetta considered a late bid in the technical and financial evaluation, instead of excluding it to ensure fairness for other bids submitted on time. Only two people signed the technical evaluation report although the Technical Evaluation Committee was supposed to have three members, and the Supply Unit in Sub-Office Quetta contacted one of the technically qualified vendors to obtain unit costs in the bill of quantities without notifying other bidders.

22. The Representation attributed the weaknesses in the procurement process to lack of supply supervisory staff in its Sub-Offices in Peshawar and Quetta. The Representation; however, needed to strengthen procurement planning and monitoring and reorganize the structure and reporting lines of its procurement function. In the absence of such measures, the Representation was exposed to the risk of not obtaining best value from procurement of goods and services.

**(2) The UNHCR Representation in Pakistan should: (i) prepare annual procurement plans in alignment with its operational strategies; and (ii) reorganize its procurement function by conducting large procurements for the Sub-Offices centrally at the Country Office level and arranging for the Supply Officer to report to the Deputy Representative.**

*UNHCR accepted recommendation 2 and stated that it had aligned the annual procurement plan for 2020 with its operational strategies. It had also upgraded the post of Supply Officer to P-4 who would directly report to the Deputy Representative and created a position of a roving Supply Officer (P-3) who would cover the two Sub-Offices. In addition, it had circulated instructions to its staff on revised*

*supply structure and responsibilities of the concerned staff, established standard procurement process flow and had centralized large scale procurement in the Country Office. Based on the documentary evidence received from UNHCR and reviewed by OIOS, recommendation 2 has been closed.*

### **C. Fair protection process and documentation**

#### There was a need to strengthen fair protection and registration processes

23. In 2018, the Representation spent \$1.1 million and budgeted \$1.2 million in 2019 on fair protection process and documentation including registration-related services such as modification of Proof of Registration Cards for PoCs. The Representation needed to strengthen its management of risks in fair protection process and documentation, as described in the following paragraphs.

24. In 2018, the actual achievement rate for the objective ‘quality of registration and profiling improved or maintained’ was 22 per cent. The Representation attributed the low rate to the decreasing trend in the arrival of refugees because of the shrinking protection space in the country and change in its resettlement policy which focused only on emergency and urgent resettlement cases. However, the Representation had not adjusted its registration targets accordingly.

25. Additionally, in Islamabad, the working conditions at the Proof of Registration Modification Centre managed by the government partner were below minimum UNHCR operating standards. The Centre did not comply with UNHCR requirements regarding gender considerations like separate waiting areas for women refugees, arrangements of confidential spaces for interviewing female applicants, nursing/lactating room/space, and separate female toilets.

26. A review of complaint registers for the period from January 2018 to August 2019 at the Representation and field offices noted that feedback mostly related to requests for services by PoCs rather than complaints about UNHCR or partner staff about procedural unfairness in the delivery of services. In general, in field offices, the number of complaints was very low. For example, Sub-Office Peshawar recorded the receipt of only one complaint, and the records at the Country Office Islamabad and Sub-Office Quetta showed that no complaints were received in the audit period. Furthermore, the Representation’s standard operating procedures on handling complaints required responsible officers to open the complaint boxes once a month and comprehensively track all complaints across the different entry points, but the instruction was not implemented. The low number of complaints may have resulted as the Representation had not adequately communicated the complaint mechanism to Afghan refugees through, for example, a mass information campaign and/or other outreach activities. Four PoCs interviewed by OIOS in Islamabad were not aware that UNHCR had a complaints mechanism. In OIOS’ view, the Representation needs to review this process to ensure it gets sufficient and timely feedback.

27. The Representation spent \$300,272 on Iris scanning of repatriating refugees from 1 January 2018 to 31 July 2019, of which \$6,797 pertained to license fees and \$293,475 on managed services, supplies, communication costs, travel and other expenses. Since 2011, the expenditure on Iris scanning accumulated to \$4.9 million, yet the rollout of the Biometric Identity Management System (BIMS), used in several other UNHCR operations, was not considered a priority for Pakistan. The Representation advised that it was happy to continue using Iris scanning and was awaiting guidance from Headquarters for the conduct of cost-benefit analysis. The BIMS Mission Report in September 2015 indicated that a cost-benefit analysis was a factor that needed to be considered prior to using BIMS. The non-implementation of BIMS may result in recurring expenditure by the Representation on Iris scanning, instead of reducing costs by using the UNHCR’s corporate tool for biometric identity management.



28. These gaps occurred due to weaknesses in the selection of Focus targets and indicators, performance monitoring of the registration centres and complaints handling mechanism, as well as not conducting a preliminary study of the cost-effectiveness of continuing use of Iris scanning versus BIMS. There was, therefore, an increased risk that protection objectives would not be achieved.

**(3) The UNHCR Representation in Pakistan should: (i) ensure that working conditions in the Proof of Registration Modification Centres are in line with UNHCR protection standards; (ii) improve complaints handling and the response mechanism; and (iii) conduct a cost-benefit analysis of migrating data from the current tool to UNHCR's Biometric Identity Management System.**

*UNHCR accepted recommendation 3 and: (i) provided photographic evidence that the government registration partner had arranged a separate interview room and a separate toilet for women refugees; (ii) stated that the Representation had improved the complaint handling and response mechanism; and (iii) provided a copy of the feasibility assessment of migrating data from the current tool to the UNHCR's BIMS. Based on the documentary evidence received from UNHCR and reviewed by OIOS, recommendation 3 has been closed.*

## D. Education

There was a need to strengthen project management over the implementation of education activities

29. From 1 January 2018 to 30 June 2019, the Representation spent \$6.2 million on its education programmes, and its strategy was aligned with UNHCR's corporate strategy. Nonetheless, implementation of education programmes needed to be strengthened, as follows:

- a. The Representation did not properly establish education targets and indicators, as evidenced by significant over/under achievements being reported. The Representation reported an underachievement of 35 per cent in the education target/indicator "educational infrastructure constructed, improved or maintained/number of facilities constructed or improved" and overachievements ranging from 52 to 175 per cent for three of the seven targets/indicators in 2018. There was a lack of coherence between targets and related budgets in two cases, whereby the target for the number of qualified teachers declined by 87 per cent from 2018 to 2019 despite an increase of 11 per cent in the 2019 budget. Also, the number of girls in grade 3 who transitioned to grade 4 was increased by 40 per cent over 2018 figures despite a budget decrease of 44 per cent in 2019.
- b. In 2018, the Representation did not adequately manage school supplies such as school bags, uniforms and supplies worth \$212,441. These items were procured directly by UNHCR and a partner for refugee students in Khyber Pakhtunkhwa (KPK) and Balochistan. The Representation did not have any distribution lists or acknowledgements of receipt to confirm that beneficiaries had received the supplies, and no reconciliation had been done between items distributed, procured quantities and those remaining in stock. The Representation did not monitor at the country level unit prices of school bags, uniforms and other supplies to ensure the best price was obtained. For instance, the cost of the bags in KPK was \$7, and they were only \$3 in Balochistan. Additionally, the price of boys' uniforms was \$5 in KPK versus \$2.6 in Balochistan. OIOS estimated that saving of \$81,330 could have been made, if the cheaper items were purchased.
- c. The partner in Balochistan, responsible for procuring 9,120 school bags and supplies and 8,500 uniforms valued at \$78,151 did not implement proper procurement procedures. For instance, the

partner accepted late bids, and reached out to one vendor during the financial bid evaluation process enquiring about unit costs. Its management of warehouse and inventory activities was poor. Additionally, the warehouse contained unnecessary items such as unusable Afghan textbooks and other items such as tents and furniture, and there was evidence of overstocking of items due to poor procurement planning, as mentioned above. OIOS test checks noted numerous discrepancies between quantities per inventory count and stock records.

30. There was a need to address the above-mentioned issues to ensure cost-effective use of UNHCR funds. For example, in 2018, the Representation disbursed \$129,266 for 33,500 textbooks printed in 2017. However, because of the host government's position that these textbooks contained objectionable material, the Representation was left with no option but to destroy them.

31. The above mainly occurred due to poor project management in the Representation in implementing key education activities. As a result, the Representation was not fully ensuring that risks associated with achieving its strategic education objectives and managing education solutions had been appropriately addressed.

**(4) The UNHCR Representation in Pakistan should: (i) ensure coherence of education targets and budgets; (ii) monitor procurement, receipt, distribution, reconciliation of education supplies; and (iii) mitigate waste of resources for education related supplies by undertaking proactive and effective planning.**

*UNHCR accepted recommendation 4 and stated that the Representation had: (i) introduced monitoring templates to ensure the coherence of education targets and budgets, and provided training to its staff on indicator setting and monitoring in December 2019; (ii) established a standardized procurement mechanism for receiving, distributing and reconciling to strengthen monitoring of education-related procurement; and (iii) improved planning in 2020 project preparations, including a decision to procure only government-approved textbooks and other educational materials. Recommendation 4 remains open pending receipt of a sample of the procurement, receipt, distribution and reconciliation of education-related items, including an assessment of price reasonableness.*

## **E. Health**

### Controls over the implementation of health activities needed to improve

32. From 1 January 2018 to 30 June 2019, the Representation spent \$5.5 million on its health programmes. In 2019, it maintained 51 parallel health facilities in addition to public facilities for refugees. It had a dedicated country health strategy for 2014-2018 that was based on assessed needs of PoCs and was developed in consultation with relevant stakeholders including refugees, health service providers and health programme partners. The health strategy, however, did not have provisions for mainstreaming UNHCR health services into the national system and assessing the feasibility of national health insurance schemes for its PoCs. The Representation also did not evaluate its 2014-2018 strategy so that lessons learned could be incorporated into their 2020-2022 strategy that was being developed at the time of the audit.

33. The Representation also needed to strengthen its operational planning for health activities, including: (a) updating its Epidemic Preparedness and Response Plan to ensure it was adequately prepared including the Representation's role, accountability and authority and clear coordination and communication arrangements to support the government in response to an epidemic; (b) ensuring its customized health information system captured relevant and accurate data on maternal health mortality and psychological support for more accurate planning; and (c) ensuring coherence between health programme targets and

budgets, for example, the target on ‘referral mechanisms established’ decreased by 6 per cent in 2019 despite a budget increase of 60 per cent.

34. Additionally, there was a need for the Representation to improve its monitoring of: (a) the rehabilitation and provision of medical equipment to 11 health facilities in Kohat costing \$573,197, as they were not functioning at the time of the audit; (b) the delivery and usage of equipment in the hospital’s coronary care unit in Quetta, as two of the cardiac monitors were damaged after just five months of use, an electrocardiogram and suction machine had never been used, and four of the five blood pressure machines were used outside the coronary care unit; (c) implementation of the Guidelines for Medical Referrals for PoCs of May 2019; and (d) the functioning of the Medical Committee, as referral benefits were incorrectly provided, referrals did not go through the Committee’s approval process, and the nature of eligible illnesses under referable and non-referable cases was not always clear.

35. Moreover, in 2018, the Representation completed its donation of medical equipment and tools totalling \$7.2 million (under the 2017 budget year) to various hospitals for treating both Afghan refugees and the host population, but its needs assessment process did not consider the number of refugees and beneficiaries in the host population. For instance, two radiotherapy units (valued at \$5 million) were donated to a hospital in Peshawar to treat 30,000 cancer patients annually. However, the plans did not show the estimated number of PoCs to be provided with the treatment, and the hospital management did not maintain separate records of PoCs treated in the hospital.

**(5) The UNHCR Representation in Pakistan should: (i) align its country health strategy with the UNHCR corporate health strategy; (ii) make effective arrangements for epidemic preparedness, data collection, and coherence of health targets and budgets; and (iii) monitor the procurement and distribution of medical equipment.**

*UNHCR accepted recommendation 5 and stated that the Representation had: (i) developed the Health Strategy for 2020-2022; (ii) prepared an Epidemic Preparedness Plan for the COVID-19 response in April 2020 and ensured that the refugees were included in the national preparedness plan and other Epidemic Preparedness Plan; (iii) established coherent health targets and budget and data collection procedures; (iv) initiated regular monitoring of the delivery and utilization of equipment and medical supplies to its beneficiary hospitals; and (v) introduced a standardized procurement, receipt, distribution and reconciliation mechanism. Recommendation 5 remains open pending receipt of an action plan and evidence of its implementation to address identified gaps.*

## F. Livelihoods

There was a need to set practical and achievable programme targets for livelihoods

36. The Representation spent \$2.5 million in 2018 and budgeted \$3.3 million in 2019 for livelihoods activities. The Representation’s Livelihoods Strategy (2018-2021) was informed by a 2018 market assessment study conducted jointly by the International Labour Organisation and UNHCR.

37. However, the Representation did not report any achievements in Focus against targets for ‘percentage of PoCs graduated from livelihoods training employed after three months’ and ‘number of PoCs receiving a work permit’. The Representation explained that this was because the government did not issue work permits to Afghan refugees or allow them to take up regular employment. There was also no progress on a flexible visa regime to enable employment opportunities for Afghan refugees.

**(6) The UNHCR Representation in Pakistan should set practical and achievable livelihoods programme targets.**

*UNHCR accepted recommendation 6 and stated that the Representation had established practical and achievable livelihood programme targets in the Country Operations Plan and attached mid-year indicator achievement report as evidence. Based on the documentary evidence received from UNHCR, recommendation 6 has been closed.*

#### **IV. ACKNOWLEDGEMENT**

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

(Signed) Eleanor T. Burns  
Director, Internal Audit Division  
Office of Internal Oversight Services

**STATUS OF AUDIT RECOMMENDATIONS**

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

<b>Rec. no.</b>	<b>Recommendation</b>	<b>Critical<sup>1</sup>/ Important<sup>2</sup></b>	<b>C/ O<sup>3</sup></b>	<b>Actions needed to close recommendation</b>	<b>Implementation date<sup>4</sup></b>
1	The UNHCR Representation in Pakistan should take action to: (i) align budgeted partner salaries and allowances with the partner staffing table and ensure payments made are solely for those personnel working on UNHCR activities; (ii) assign specific and measurable targets in Project Partnership Agreements to monitor adequacy of outputs; and (iii) address scope limitation imposed by a government partner due to lack of access to procurement records.	Important	O	Submission to OIOS of documentary evidence that salary payments are made only to the government personnel working on UNHCR activities.	31 December 2020
2	The UNHCR Representation in Pakistan should: (i) prepare annual procurement plans in alignment with its operational strategies; and (ii) reorganize its procurement function by conducting large procurements for the Sub-Offices centrally at the Country Office level and arranging for the Supply Officer to report to the Deputy Representative.	Important	C	Action completed.	Implemented
3	The UNHCR Representation in Pakistan should: (i) ensure that working conditions in the Proof of Registration Modification Centres are in line with UNHCR protection standards; (ii) improve complaints handling and response mechanism; and (iii) conduct a cost-benefit analysis of migrating data from the current tool to UNHCR's Biometric Identity Management System.	Important	C	Action completed.	Implemented
4	The UNHCR Representation in Pakistan should: (i) ensure coherence of education targets and budgets;	Important	O	Submission to OIOS of a sample of the procurement, receipt, distribution and	31 December 2020

<sup>1</sup> Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

<sup>2</sup> Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

<sup>3</sup> Please note the value C denotes closed recommendations whereas O refers to open recommendations.

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

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of the operations in Pakistan 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>
	(ii) monitor procurement, receipt, distribution, reconciliation of education supplies; and (iii) mitigate waste of resources for education related supplies by undertaking proactive and effective planning.			reconciliation of education-related items, including an assessment of price reasonableness.	
5	The UNHCR Representation in Pakistan should (i) align its country health strategy with the UNHCR corporate health strategy; (ii) make effective arrangements for epidemic preparedness, data collection, and coherence of health targets and budgets; and (iii) monitor the procurement and distribution of medical equipment.	Important	O	Submission to OIOS of an action plan and evidence of its implementation to address identified gaps.	31 December 2020
6	The UNHCR Representation in Pakistan should set practical and achievable livelihoods programme targets.	Important	C	Action completed.	Implemented

# **APPENDIX I**

## **Management Response**

## Management Response

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

Rec. no.	Recommendation	Critical <sup>5</sup> / Important <sup>6</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Representation in Pakistan should take action to: (i) align budgeted partner salaries and allowances with the partner staffing table and ensure payments made are solely for those personnel working on UNHCR activities; (ii) assign specific and measurable targets in Project Partnership Agreements to monitor adequacy of outputs; and (iii) address scope limitation imposed by a government partner due to lack of access to procurement records.	Important	Yes	Snr Programme Officer	Implemented	(i) Action has been taken to align salaries and allowances with the staffing table of the government partner.  (ii) Specific and measurable targets have been established in the 2020 PPA.  (iii) The Project Control Team in Islamabad has progressed with the concerned government partner in obtaining the relevant financial verification and audit documents.
2	The UNHCR Representation in Pakistan should: (i) prepare annual procurement plans in alignment with its operational strategies; and (ii) reorganize its procurement function by conducting large procurements for the Sub-Offices centrally at the Country Office level and arranging for the Supply Officer to report to the Deputy Representative.	Important	Yes	Snr Supply Officer	Implemented	The recommendation has been implemented and no further action is required based on the draft report comment on page 4-5 where the recommendation is closed.
3	The UNHCR Representation in Pakistan should: (i) ensure that working conditions in	Important	Yes	Snr Protection Officer	Implemented	(i) Photographic evidence that there are separate male/female waiting

<sup>5</sup> Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

<sup>6</sup> Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.



Rec. no.	Recommendation	Critical <sup>5</sup> / Important <sup>6</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	the Proof of Registration Modification Centres are in line with UNHCR protection standards; (ii) improve complaints handling and response mechanism; and (iii) conduct a cost-benefit analysis of migrating data from the current tool to UNHCR's Biometric Identity Management System.					<p>areas that are clearly marked is provided. Photographic evidence of a private lactation area and separate and marked male and female washrooms is provided.</p> <p>(ii) Issue is resolved based on recommendation 3 page 10 of the draft audit report.</p> <p>(iii) A cost/benefit analysis has been completed, which confirms the need to migrate from BIO id to BIMS.</p>
4	The UNHCR Representation in Pakistan should: (i) ensure coherence of education targets and budgets; (ii) monitor the procurement, receipt, distribution, reconciliation of education supplies; and (iii) mitigate waste of resources for education related supplies by undertaking pro-active and effective planning.	Important	Yes	Snr Programme Officer	Implemented	<p>(i) Target monitoring templates have been introduced in order to ensure coherence of education targets and budgets. This was followed by capacity-building training on indicator settings and monitoring together with partners' participation in December 2019.</p> <p>(ii) In order to strengthen monitoring of education-related procurement, a standardized procurement, receipt, distribution and reconciliation mechanism has been introduced.</p> <p>(iii) Effective planning was undertaken during 2020 project preparations incl. the introduction of the Pakistan school curriculum in the refugee village. That has ensured the Operation only procures government approved textbooks and other educational materials for the established numbers of schools and learners.</p>

Rec. no.	Recommendation	Critical <sup>5</sup> / Important <sup>6</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
5	The UNHCR Representation in Pakistan should: (i) align its country health strategy with the UNHCR corporate health strategy; (ii) make effective arrangements for epidemic preparedness, data collection, and coherence of health targets and budgets; and (iii) monitor the procurement and distribution of medical equipment.	Important	Yes	Snr Programme Officer & Snr Supply Officer	Implemented	<p>(i) The Health Strategy 2020-2022 has been developed. It is a working document and will be fine-tuned as and when required.</p> <p>(ii) An Epidemic Preparedness Plan was made for the COVID-19 response in April 2020 while refugees are included in the national preparedness plan. On other Epidemic Preparedness Plan, refugees are included in the Government's Preparedness Plan. As an example, the Provincial authorities in Peshawar have included refugees in the Refugee Villages in the provincial health plan including the epidemic preparedness. There exist coherent health targets and budget and data collection.</p> <p>(iii) UNHCR regularly monitors the delivery of equipment and other medical supplies to its beneficiary hospitals and ensures the effective utilization by end users. A monitoring visit is conducted when the equipment is installed in order to check proper functionality.</p> <p>In order to strengthen monitoring of education-related procurement, a standardized procurement, receipt, distribution and reconciliation mechanism has been introduced.</p>

<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>
6	The UNHCR Representation in Pakistan should set practical and achievable livelihoods programme targets.	Important	Yes	Snr Programme Officer	Implemented	The Operation set yearly targets in the Country Operation Plan (COP) for livelihood programming under Pillar-I and Pillar-III for skill trainings with performance indicators i.e. the number of PoCs enrolled in formal national institutions for certified skills training.