



INTERNAL AUDIT DIVISION

REPORT 2016/183

Audit of the Regional Representation
for West Africa for the Office of the
United Nations High Commissioner for
Refugees

The Regional Representation needed to fulfil
its regional support, coordination and
monitoring role, particularly in financial
management

30 December 2016
Assignment No. AR2016/110/06

Audit of the Regional Representation for West Africa for the Office of the United Nations High Commissioner for Refugees

EXECUTIVE SUMMARY

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the regional operations managed by the Office of the United Nations High Commissioner for Refugees (UNHCR) Regional Representation for West Africa. The audit covered the period from 1 January 2015 to 30 June 2016 and included a review of: (i) regional support, coordination and monitoring mechanisms; (ii) registration of the population of concern; (iii) management of livelihoods and self-reliance activities; (iv) partnership management; (v) financial tracking and reporting; and (vi) procurement and vendor management.

There was a need for the Bureau for Africa to review the grouping of countries in the West Africa region to ensure that the Regional Representation can adequately support the achievement of the regional strategic objectives. The Regional Representation needed to fulfil its regional support, coordination and monitoring role, particularly in financial management where the audit identified several weaknesses. The audit observed control deficiencies also in management of the livelihoods and self-reliance activities, and procurement and vendor management.

The Office of Internal Oversight Services made six recommendations. To address issues identified in the audit, OIOS recommended that:

The Bureau for Africa needed to determine the rational grouping of country operations that should fall under the coverage of the Regional Representation for West Africa; and the Regional Representation for West Africa needed to:

- Establish an organizational structure in line with the needs and strategic objectives in the region, and assess the staffing requirements of its regional units;
- Clarify the delegated authorities in the region and prepare risk-based work plans for the regional support, coordination and monitoring functions;
- Evaluate the livelihoods programmes in the region and update the livelihoods strategies for targeting only the most vulnerable refugees for the remaining livelihoods projects;
- Ensure that robust and comprehensive management supervision controls are in place over the monthly financial review, closure and reporting procedures, and mitigating controls are implemented for risks related to lack of segregation of duties; and
- Implement a plan of action to strengthen management supervision arrangements over procurement and vendor management activities.

UNHCR accepted the recommendations and has initiated action to implement them.

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Audit of the Regional Representation for West Africa 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 Regional Representation for West Africa for the Office of the United Nations High Commissioner for Refugees (UNHCR).

2. The UNHCR Regional Representation for West Africa, based in Dakar, Senegal (hereinafter referred to as ‘the Regional Representation’) covers the region consisting of UNHCR operations in the following nine countries: Benin, The Gambia, Ghana, Guinea, Guinea-Bissau, Nigeria, Senegal, Sierra Leone and Togo, all of which have a permanent UNHCR presence. While six of these country operations (Benin, The Gambia, Guinea-Bissau, Senegal, Sierra Leone and Togo) are under the budgetary control of the Regional Representation and included in one common Operations Plan, three country operations (Ghana, Guinea and Nigeria) have their own budget and Operations Plan. These three operations were subject to separate OIOS audits in recent years. They were therefore not covered in this audit, apart from the perspective of the role of the Regional Representation in providing support to and undertaking monitoring of all operations under its regional coverage.

3. The Regional Representation is giving strategic priority in 2016 and 2017 to implementing comprehensive solutions for the protracted refugee situations in the countries in the region. These solutions consisted of: repatriation; resettlement; and local integration with focus on livelihoods and self-reliance.

4. The Regional Representation is headed by a Regional Representative at the D-2 level. The Regional Representative is simultaneously serving as Regional Refugee Coordinator for the Central African Republic (CAR) refugee situation (covering CAR, Cameroon, Chad and the Democratic Republic of the Congo) and the Nigeria refugee situation (covering Nigeria, Cameroon and Niger). Out of the six country operations covered by the Operation Plan of the Regional Representation, only Togo has its own accredited Representative. The other five country operations are headed by a Chief of Mission or Head of Office, either at the professional level (Guinea-Bissau and Senegal) or at the national officer level (Benin, The Gambia and Sierra Leone). The remaining three country operations under the Regional Representation’s coverage, i.e. Ghana, Guinea and Nigeria, are all headed by a Representative.

The Regional Representation and the six operations under its direct budgetary control had total expenditure of \$20.2 million in 2015, and \$10.8 million in the 6-month period up to 30 June 2016. This expenditure consisted of 50 per cent of staffing cost, 30 per cent of operations cost and 20 per cent of administrative cost. The Regional Representation worked with 12 partners in the six countries in 2015 and 11 in 2016. The total expenditure of these partners amounted to \$3.2 million in 2015 and \$1.6 million in the period from 1 January to 30 June 2016, and accounted for 55 per cent of the Regional Representation’s programme related expenditures during this 18-month period. The Regional Representation had 135 regular staff posts in the region, of which 93 were based in Dakar. There were also 29 affiliate staff. Forty of the posts were dedicated regional officer positions.

5. Comments provided by the Representation are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

6. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the regional operations managed by the UNHCR Regional Representation for West Africa.

7. This audit was included in the 2016 risk-based work plan of OIOS due to risks related to the implementation of the new UNHCR policy on regionalization in the West Africa region.

8. OIOS conducted this audit from July to October 2016. The audit covered the period from 1 January 2015 to 30 June 2016. Based on an activity-level risk assessment, the audit covered higher risk processes and activities pertaining to the regional operations managed by the Regional Representation, which included: regional support, coordination and monitoring; registration of the population of concern; management of livelihoods and self-reliance activities; partnership management; financial tracking and reporting; and procurement and vendor management. This audit was conducted as part of a joint mission with the UNHCR Inspector General's Office.

9. UNHCR also has five stand-alone country operations in West Africa (Burkina Faso, Côte d'Ivoire, Liberia, Mali and Niger) that do not report to the Regional Representation but directly to the Bureau for Africa at headquarters. These operations were not included in the scope of this audit.

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) testing of controls using non-statistical sampling; (e) visits to the Regional Representation's office in Dakar, country offices in the Gambia and Guinea-Bissau, and the offices of three partners implementing UNHCR projects; and (f) observation of activities and projects implemented in refugee hosting areas in The Gambia, Guinea-Bissau and Senegal.

III. OVERALL CONCLUSION

11. There was a need for the Bureau for Africa to review and determine the rational grouping of country operations that fall under the coverage of the Regional Representation. The Regional Representation needed to adequately fulfil its regional support, coordination and monitoring role, particularly in financial management where the audit identified several weaknesses. The audit observed control deficiencies also in management of the livelihoods and self-reliance activities, and procurement and vendor management.

IV. AUDIT RESULTS

A. Regional support, coordination and monitoring

The Bureau for Africa needed to review the grouping of countries in the West Africa region

12. The UNHCR Policy on Regionalization requires the Bureau for Africa to group countries together in one region which have a common identity with a view to facilitate internal cohesion within UNHCR and interaction with external stakeholders.

13. The Bureau had not reviewed the grouping of countries in the West Africa region since 2012 despite operational changes in the region, such as new emergencies. Therefore, the region under the coverage of the Regional Representation consisted of nine countries that no longer represented a logical grouping, while some other countries that would have been expected to be included in the grouping were excluded, as follows:

- Although the Regional Representation’s key strategic priority was to implement solutions for protracted refugee situations in the region, it covered only a part of the countries for each protracted refugee situation, thus reducing its authority for monitoring the implementation of the regional solutions strategies. For example, for the Ivorian protracted refugee situation the Regional Representation did not cover Liberia, and for the Liberian protracted refugee situation the Regional Representation did not cover Côte d’Ivoire.
- Although the Regional Representation’s strategy for statelessness required coordination and cooperation with the Economic Community of West African States (ECOWAS) and with the 15 countries included in ECOWAS, the Regional Representation did not cover 5 of them (Burkina Faso, Côte d’Ivoire, Liberia, Mali and Niger). The Regional Representation’s coverage was also not aligned with that of the regional offices of other United Nations agencies and most donor agencies based in Dakar, who covered at least the 15 ECOWAS countries. This limited the effectiveness of the Regional Representation’s inter-agency coordination role.
- The country operation in Nigeria did not meet the criteria for being part of the regional structure because of its evolving emergency situation. UNHCR recently upgraded the Nigeria situation to a level-3 emergency. Similarly, the Regional Representative’s role as Regional Refugee Coordinator for CAR and Nigeria situations was not in alignment with the Regional Representation’s operational authority over the countries affected. The Regional Representation had only authority over Nigeria but not over the other five countries (CAR, Cameroon, Chad, the Democratic Republic of the Congo and Niger) affected by the two emergency situations. This had the potential to create confusion about the authority of the Regional Representation.

14. As a result, UNHCR was exposed to the risk of lack of internal cohesion and ineffective implementation of strategic objectives in the West Africa region. There was, therefore, a need for the Bureau to review the current allocation of country operations to the Regional Representation.

(1) The UNHCR Regional Bureau for Africa should determine the rational grouping of country operations that should fall under the coverage of the Regional Representation for West Africa in order to better support the implementation of strategic objectives in the region.

UNHCR accepted recommendation 1 and stated that the Regional Bureau for Africa would review the scope of implementation of the UNHCR regionalization policy in the West Africa region in close consultation with the Regional Representation for West Africa. Recommendation 1 remains open pending receipt of evidence of the review of the grouping of country operations and decision on the coverage of the Regional Representation.

The Regional Representation needed to align its organizational structure with the regional strategic objectives and the capacity of the country operations under its coverage

15. As part of the annual operations planning, the Regional Representation should indicate the overall human, financial, and material resources required to achieve the objectives in the Operations Plan for the

region. The UNHCR Policy on Regionalization requires the Regional Representation to: (a) ensure that regional staff cover all countries that are under the purview of the Regional Representation; (b) establish an organizational structure in line with the operational context and capacity of the countries covered and the strategic objectives in the region; and (c) assess the level and composition of regional units, while taking into account existing capacity and operational gaps and weaknesses in the country offices.

16. The Regional Representation had authorized 39 of the 40 regional officers to work outside of its designated regional coverage. The amount of time spent by the regional officers on work that was not associated with the countries under the Regional Representation's purview ranged from 10 to 90 per cent of their annual work time. This resulted in a lack of accountability for such work, as the tasks performed were not linked to the strategic objectives of the Regional Representation. For example, regional protection officers were assisting countries affected by the CAR situation and regional technical officers were assisting the operations in Burkina Faso, Mali and Niger, which were not under the coverage of the Regional Representation. The situation was partly caused by the creation of new technical positions covering education, environment, cash-based interventions, shelter and public health activities in the region, which had been requested by various substantive divisions at headquarters. However, these posts had not been justified based on the needs and objectives in the region as the total budgets for each of these sectors were low for the countries covered by the Regional Representation.

17. Furthermore, the Regional Representation had not defined the requirements for the composition of its regional units given the existing staffing capacity and programme implementation gaps in the country operations in the region. For example, from 2015 to 2016, the staffing in Guinea-Bissau was reduced from eight to six, in Sierra Leone from eight to five, and in Benin from six to three; however, it was unclear which activities the regional units had been asked to take on to compensate for the reduction of staff in these countries. The staffing in these country operations had also reached a level that the operations could no longer be considered to be 'independently operating country operations' because key functional areas were no longer represented. For example, there were no supply staff positions in any of the six countries covered by the Regional Representation's Operation Plan, and the operations in Benin, the Gambia and Sierra Leone had no professional staff. In Guinea-Bissau, OIOS observed several weaknesses in financial management and procurement, while from the documentation available and interviews during the audit, insufficient actions had been taken by the regional units in these areas. Additionally, the Regional Representation had not assessed the nature and level of support that the regional units needed to provide for those country operations that had their own budget and Operations Plan and with a large number of professional staff, such as Nigeria.

18. Therefore, there was a risk that significant or systemic control weaknesses in the region were not identified and corrected in a timely manner, to the detriment of effective implementation of regional strategic objectives. In OIOS' view, the shortcomings observed happened because the Regional Representation had not put in place appropriate management supervision arrangements to ensure compliance with the UNHCR regionalization policy.

(2) The UNHCR Regional Representation for West Africa should: (i) establish an organizational structure in line with the needs and strategic objectives in the region; and (ii) assess the staffing requirements of its regional units taking into account the existing gaps in operational capacity and risks associated with effective programme implementation in the country operations under its coverage.

UNHCR accepted recommendation 2 and stated that the Regional Representation had constituted a task force whose primary objective was to review the structure and staffing of both the Regional Representation and offices under its purview. Recommendation 2 remains open pending completion of: (i) the review of the Regional Representation's organizational structure linked with the needs and

strategic objectives in the region; and (ii) an assessment of the staffing requirements of regional units based on gaps in capacity and risks in the country operations covered.

The Regional Representation needed to clarify the delegated authorities in the region and prepare risk-based work plans for the regional support, coordination and monitoring functions

19. The UNHCR Policy on Regionalization requires the Regional Representation to: (a) clarify its level of engagement and authority vis-a-vis the country operations under its coverage depending on the type of UNHCR presence in each country; (b) prepare an integrated, risk-based work plan for each regional unit to determine the support, coordination and monitoring functions they are expected to provide; and (c) justify missions to the countries by preparing terms of reference and travel budget for each mission.

20. The Regional Representation had delegated authority to the four country operations with accredited Representatives in the region (Ghana, Guinea, Nigeria and Togo) and to the Chief of Mission in Guinea-Bissau through Letters of Instruction. However, these Letters of Instruction were too general and did not make a clear distinction between the role of the Regional Representation and each of these country offices. There were also no documents to describe the delegation of authority to the Chiefs of Mission/Heads of Office in Benin, The Gambia and Sierra Leone. In addition, while the Regional Representation had established Delegation of Authority Plans (DOAP) for each of the six countries under its budgetary control and a regional DOAP to collectively cover all countries in the region, they did not sufficiently clarify the division of responsibilities over review and approval of transactions between the Regional Representation and each of the country operations. They also did not clarify in which situations the regional DOAP would come into force over the country DOAP; for example, when the segregation of duties in a given country operation was not optimal due to limited staff presence. As a result, there was a lack of clarity on accountabilities, responsibilities and authorities in the region.

21. The Regional Representation prepared regional annual work plans for each regional unit. However, these work plans did not all sufficiently operationalize the principal role of the regional officer functions to provide quality control and oversight in the region, as they did not make a clear division of responsibilities between the country operations and the regional units. It was therefore not clear which processes and activities at the country level the regional units were responsible for monitoring. Such activities should have been defined in the work plans and determined on the basis of identified risks and needs. For example:

- The work plan for the Finance and Administration Unit consisted only of a mission plan to countries in the region and lacked any justification (e.g., listing of areas of weaknesses that required monitoring and support) for such missions.
- The work plan for the Programme Unit identified key activities to be monitored in programme and project management, but a risk assessment had not been done for each operation to identify higher-risk areas to focus on.
- The work plan for the Supply Unit identified some processes requiring monitoring, such as verification of assets and non-food item inventories, but these were identical to the ones already monitored by the Supply Management and Logistics Service at UNHCR headquarters. The work plan did not include core supply management activities related to procurement, vendor registration or management of serially tracked items.

- The work plan for the Protection Unit identified activities to be monitored by the regional protection officers, including the development of child protection strategies in each country. However, the work plan did not make any reference to the implementation of standard operating procedures (SOPs) for priority protection areas included in the regional Operations Plan. OIOS observed that many of the SOPs in the country operations were not up-to-date and the office in Sierra Leone did not have any protection related SOPs.

22. As good practice, however, the work plans of regional technical experts for public health and shelter complied with the work planning requirements, as they identified key controls and areas of weakness to be monitored regularly in the operations in the region. The shelter work plan included a risk assessment, which linked the planned work of the technical expert to the existing staff capacity and experience in the country operations and the respective budgets for shelter projects.

23. OIOS review also indicated that although for each mission the regional officers said they prepared terms of reference and mission reports with recommendations, the Regional Representation had no system in place to systematically file such documents and to follow up on the recommendations made. The follow-up depended on the individual regional officer and was neither documented nor regular.

24. The above resulted as the Regional Representation had not put in place arrangements to properly clarify: (i) the delegated authorities and respective tasks between its regional units and country offices; and (ii) the nature and extent of its regional support, coordination and monitoring functions. It was therefore exposed to the risk of inefficient and ineffective implementation of its regional responsibilities and failure to adequately address performance weaknesses in the region.

(3) The UNHCR Regional Representation for West Africa should: (i) clarify the roles, responsibilities and delegated authorities between each country operation in the region and the regional units; (ii) develop risk-based work plans for the regional units which clearly indicate their regional support, coordination and monitoring tasks; and (iii) implement procedures for tracking and following up on recommendations made in mission reports.

UNHCR accepted recommendation 3 and stated that the Regional Representation: (i) would clarify the roles, responsibilities and delegated authorities of each country operation; (ii) had drafted a risk-based oversight and work plan for Project Control for the period September 2016 to February 2017 and was implementing, through a multi-functional team, a monitoring plan for the fourth quarter of 2016; and (iii) would set up procedures for tracking and following up on recommendations made in mission reports. Recommendation 3 remains open pending receipt of evidence of: (i) clarification of roles, responsibilities and delegated authorities between each country operation and the regional units; (ii) implementation of risk-based work plans for each regional unit clearly indicating the regional monitoring tasks; and (iii) implementation of procedures for tracking and following up on recommendations in mission reports.

B. Livelihoods and self-reliance

There was a need to identify the most vulnerable beneficiaries still in need of livelihoods support and to update the existing livelihoods strategies

25. The UNHCR Operational Guidelines on the Minimum Criteria for Livelihoods Programming require the Regional Representation to ensure that socio-economic baseline assessments and market assessments are undertaken in each of the countries under its coverage that implement livelihoods

projects. The purpose of these assessments is to ensure effective targeting of beneficiaries. The Regional Representation should ensure that an impact assessment of livelihoods projects is systematically undertaken. A comprehensive strategy should exist for each country livelihoods programme, sufficiently adapted to local circumstances and appropriately updated when conditions change. The livelihoods strategies should be based on realistic and achievable benchmarks of success.

26. One of the Regional Representation's key programme strategies was to assist vulnerable refugees in livelihoods and self-reliance activities in the countries of the region. The Regional Representation had a regional livelihoods expert based in Dakar. Although existing livelihoods projects in the three countries visited by OIOS were in general self-sustainable, the Regional Representation had not put in place clear criteria for selecting the most vulnerable refugees to be targeted. The impact of the livelihoods programmes had also not been comprehensively and systematically evaluated in order to *inter alia* identify those vulnerable beneficiaries who still needed livelihoods support and to determine the strategies going forward. The existing livelihoods strategies for some of the countries were based on outdated population figures. For example in The Gambia, 1,600 families were targeted for agricultural support when only 800 families were registered (and of whom 600 had already been provided with livelihoods support).

27. The above weaknesses were due to insufficient management attention paid to the minimum requirements contained in the UNHCR guidelines for livelihoods programming. As a result, there was a risk that livelihoods and self-reliance projects in the region would be ineffective or implemented inefficiently resulting in waste of resources and reputational risks to UNHCR.

(4) The UNHCR Regional Representation for West Africa should conduct an evaluation of the livelihoods programmes in the region and update the livelihoods strategies for targeting the most vulnerable refugees for the remaining livelihoods projects.

UNHCR accepted recommendation 4 and stated that the Regional Representation would conduct livelihoods programme assessments in a number of countries in the region. Recommendation 4 remains open pending receipt of evidence that livelihoods strategies exist for all countries, clearly focusing on those groups remaining to be targeted, based on vulnerability criteria.

C. Financial tracking and reporting

The Regional Representation needed to take immediate action to strengthen management supervision arrangements to ensure compliance with UNHCR financial rules and address high financial risks

28. The Regional Representation is required to put in place appropriate arrangements, including management supervision, to ensure compliance of countries under its purview with UNHCR financial rules. This includes establishing adequate DOAPs for each country office, reviewing the monthly accounts before closure, and ensuring that monthly financial reporting packages are submitted to UNHCR headquarters by the 10th day of the following month.

29. The DOAP for The Gambia had not been implemented as approved. The Regional Representation was still raising requisitions, purchase orders and purchase order vouchers, and preparing bank reconciliations on behalf of the office in The Gambia, although based on the DOAP all these tasks had been delegated to the Country Office. As a result, there was a lack of accountability over financial management in The Gambia, which was an issue that had been raised by OIOS already in an earlier audit in 2014. In Guinea-Bissau and Benin, the segregation of duties as per the DOAP was not adequate, as

one general service staff in each of these country offices was given a wide variety of tasks in supply, finance, programme and administration.

30. There was no evidence that the Regional Representation had reviewed administrative expenditures in the country operations under its budgetary control on a monthly basis. As a result, it could not explain why the country office in Togo had an administrative budget in 2015 of \$700,000 and expenditure of only \$309,000 resulting in an unspent balance of \$391,000 (or 56 per cent of the budget), on which corrective action had not been taken. The Regional Representation had also not cancelled 2015 requisitions in Benin, The Gambia, Guinea-Bissau, Senegal and Togo, totaling \$169,000, although this was a requirement for year-end closure of accounts. For The Gambia, overtime payments to drivers had not been processed since September 2015. This had not been detected by the Regional Representation and meant that the 2015 and 2016 administrative expenses reported were understated.

31. The Regional Representation had open items (receivables) totaling \$188,000 in the region which were not recovered in a timely manner. These related for the most part to the offices in The Gambia, Guinea-Bissau, Senegal and Togo. The Regional Representation had no evidence that these open items had been monitored and followed up on monthly. In Togo, old medical advances amounting to \$82,000 were pending recovery. In Guinea-Bissau, operational advances dating from 2015 and totaling \$47,000 were pending clearance or recovery from staff. In Senegal, costs for private use of mobile phones were not recovered on a regular basis, for instance, there were 36 staff with phone bills pending recovery for at least two months. Out of them, four staff had phone bills pending since January 2015 with amounts totaling \$32,465. The Regional Representation also did not review open items comprehensively and regularly for the office in The Gambia.

32. The Regional Representation did not comply with the monthly reporting requirements to UNHCR headquarters. The monthly financial packages for Guinea-Bissau for 2015 and 2016 were never submitted and the Regional Representation was not even aware of this. The submissions for Senegal and The Gambia in 2015 and 2016 were not complete as none of them included an explanation of the pending open items and none were signed by the Head of Office indicating lack of management supervision. In addition, they were all sent late; for example, the submissions for January to May 2016 were all made on 17 June 2016. The Regional Representation had not monitored whether any of the monthly packages from the other countries under its budgetary control complied with the rules.

33. The reason for the above weaknesses was that the Regional Representation had not implemented adequate management supervision controls over financial management in the region. Also, as discussed earlier in this report, the Finance and Admin Unit did not have a comprehensive work plan for supporting and monitoring compliance with financial rules in the country operations in the region, and had not established a system to ensure follow-up on recommendations raised in its mission reports. In addition, country financial reports provided by the Division of Financial and Administrative Management in headquarters for each country office in the region were not reviewed by the regional staff to identify issues that needed follow-up and corrective action.

34. As a result, there was a high risk of loss of financial resources in the region. In particular, in the absence of appropriate management controls, the risk of fraud was elevated.

(5) The UNHCR Regional Representation for West Africa should put in place a plan of action to ensure that UNHCR financial rules are being adhered to in all countries in the region, including by implementing: (i) robust and comprehensive management supervision controls over the monthly financial review, closure and reporting procedures; and (ii) mitigating controls for risks related to lack of segregation of duties.

UNHCR accepted recommendation 5 and stated that the Regional Administration and Finance Unit of the Regional Representation had put in place a plan of action for the last quarter of 2016 and for 2017 to address the issues identified. Actions had been taken to reconcile and follow up on open items. Recommendation 5 remains open pending receipt of evidence of: (i) systematic review and closure of the monthly accounts in all country operations and reporting on them to headquarters under the monitoring and supervision of the Regional Representation; and (ii) actions implemented to mitigate risks related to inadequate segregation of duties in the country operations.

D. Procurement and vendor management

There was a need to strengthen management supervision and oversight arrangements over procurement

35. The Regional Representation is required to ensure compliance with UNHCR procurement rules and procedures by all country operations under its coverage. Controls that need to be in place and implemented effectively include: establishing an effective vendor management system; preparing annual purchasing plans; implementing competitive bidding procedures through tendering; and ensuring adequate oversight over procurement activities and award of contracts by the relevant Committee on Contracts.

36. The Regional Representation revised the composition of its Vendor Review Committee (VRC) and Regional Committee on Contracts (RCC) both in 2015 and in 2016. Of the country operations under the Regional Representation's budgetary authority, only Togo had established a Local Committee on Contracts (LCC). OIOS reviewed all VRC and RCC minutes of the Regional Representation and the LCC minutes for Togo that were prepared in 2015 and 2016, as well as 31 contracts totaling \$2.3 million out of a total procurement value for the region of \$3.5 million during the audit period. The review indicated the following control weaknesses in procurement and vendor management:

- Although vendor registration procedures were generally conducted in line with the requirements, there were 571 duplicate vendors in the database for Benin, 30 for Guinea-Bissau, 7 for Senegal and 97 for Togo. Also, vendor files were not properly documented as vendor evaluation checklists and other key documents were not systematically filed.
- The Regional Representation and each of the country offices prepared procurement plans for 2015 and 2016 but these plans were incomplete. In particular, most administrative contracts were not included; for example, for maintenance of vehicles and spare parts, conferences services, security, office lease and stationary, totaling \$770,040.
- The lack of complete procurement plans resulted in service contracts being signed and payments made totaling \$889,353 without conducting a competitive bidding process before the services were rendered and without obtaining the required prior approval to this exception, or a waiver, from the RCC. The Regional Representation submitted these contracts post-facto to the RCC.
- Contracts valued at more than \$20,000 each, for example for travel tickets, lease for premises, purchase of medicines, and conferences services amounting to \$483,073, were signed without a bidding process and without submitting the cases to the RCC for review.
- The Regional Representation invited on average only 5 to 7 vendors, i.e. less than the minimum recommended number of suppliers, to bid for contracts in each of the 31 cases reviewed, and did not comply with the minimum bidding period to be provided to the vendors as it only gave on average 10 days to bid.

- In 2015 and 2016, the RCC deliberated on submissions from country offices in Niger and Burkina Faso, although they were outside the purview of the Regional Representation. The two country Representations had requested to make their procurement submissions through the Regional Representation. However, this was not clarified in the establishment memorandum of the RCC.
- The LCC in Togo did not comply with the rules on member composition because a general service staff member was part of the LCC.

37. The main reason for the above control deficiencies was inadequate management supervision and oversight. In addition, the Regional Representation had not reviewed its supply staffing requirements given that none of the country operations under its budgetary authority had a supply officer, and the office itself had only four supply staff. The review of the regional staffing requirements was already recommended earlier in this report. As a result, there was a risk of making payments to vendors that were erroneously added to the vendor database, not getting value for money from the procurement activities, and increased potential for fraud.

(6) The UNHCR Regional Representation in West Africa should implement a plan of action to: (i) strengthen management supervision over procurement activities; (ii) clean up the vendor database and vendor files; (iii) prepare comprehensive procurement plans; (iv) adhere to the requirements for establishment of Committees on Contracts; and (v) put in place controls to ensure systematic submission of all contracts above \$20,000 to the relevant Committee on Contracts.

UNHCR accepted recommendation 6 and stated that the Regional Representation: (i) was planning to organise a refresher procurement workshop in mid-January 2017 for all staff in the region performing procurement activities; (ii) had started a review of inactive and duplicate vendors; (iii) had ensured that Regional and Local Committees on Contracts were operating in compliance with relevant rules and regulations; and (iv) had regularized all administrative contracts and ensured that new contracts were established after notification and approval of the RCC. Recommendation 6 remains open pending receipt of evidence that: (i) controls are in place to ensure that every contract above \$20,000 is now submitted to the LCC before signing; (ii) the clean-up of the vendor databases has been completed; and (iii) comprehensive procurement plans have been established for each country operation in the region.

V. 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 Regional Representation for West Africa for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	The UNHCR Regional Bureau for Africa should determine the rational grouping of country operations that should fall under the coverage of the Regional Representation for West Africa in order to better support the implementation of strategic objectives in the region	Important	O	Submission to OIOS of evidence of the review of the grouping of country operations and decision on the coverage of the Regional Representation.	31 December 2017
2	The UNHCR Regional Representation for West Africa should: (i) establish an organizational structure in line with the needs and strategic objectives in the region; and (ii) assess the staffing requirements of its regional units taking into account the existing gaps in operational capacity and risks associated with effective programme implementation in the country operations under its coverage.	Important	O	Submission to OIOS of evidence of the completion of: (i) the review of the Regional Representation's organizational structure linked with the needs and strategic objectives in the region; and (ii) an assessment of the staffing requirements of regional units based on gaps in capacity and risks in the country operations covered.	30 June 2017
3	The UNHCR Regional Representation for West Africa should: (i) clarify the roles, responsibilities and delegated authorities between each country operation in the region and the regional units; (ii) develop risk-based work plans for the regional units which clearly indicate their regional support, coordination and monitoring tasks; and (iii) implement procedures for tracking and following up on recommendations made in mission reports.	Important	O	Submission to OIOS of evidence of: (i) clarification of roles, responsibilities and delegated authorities between each country operation and the regional units; (ii) implementation of risk-based work plans for each regional unit clearly indicating the regional monitoring tasks; and (iii) implementation of procedures for tracking and following up on recommendations in mission reports.	30 June 2017
4	The UNHCR Regional Representation for West Africa should conduct an evaluation of the livelihoods programmes in the region and update	Important	O	Submission to OIOS of evidence that livelihoods strategies exist for all countries, clearly focusing on those groups remaining to be targeted, based	30 June 2017

¹ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control and/or business objectives under review.

² 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.

³ C = closed, O = open

⁴ Date provided by UNHCR in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the Regional Representation for West Africa for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	the livelihoods strategies for targeting the most vulnerable refugees for the remaining livelihoods projects.			on vulnerability criteria.	
5	The UNHCR Regional Representation for West Africa should put in place a plan of action to ensure that UNHCR financial rules are being adhered to in all countries in the region, including by implementing: (i) robust and comprehensive management supervision controls over the monthly financial review, closure and reporting procedures; and (ii) mitigating controls for risks related to lack of segregation of duties.	Important	O	Submission to OIOS of evidence of: (i) systematic review and closure of the monthly accounts in all country operations and reporting on them to headquarters under the monitoring and supervision of the Regional Representation; and (ii) actions implemented to mitigate risks related to inadequate segregation of duties in the country operations.	30 June 2017
6	The UNHCR Regional Representation in West Africa should implement a plan of action to: (i) strengthen management supervision over procurement activities; (ii) clean up the vendor database and vendor files; (iii) prepare comprehensive procurement plans; (iv) adhere to the requirements for establishment of Committees on Contracts; and (v) put in place controls to ensure systematic submission of all contracts above \$20,000 to the relevant Committee on Contracts.	Important	O	Submission to OIOS of evidence that: (i) controls are in place to ensure that every contract above \$20,000 is now submitted to the LCC before signing; (ii) the clean-up of the vendor databases has been completed; and (iii) comprehensive procurement plans have been established for each country operation in the region.	30 April 2017

APPENDIX I

Management Response

Management Response

Audit of the Regional Representation for West Africa for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Regional Bureau for Africa should determine the rational grouping of country operations that should fall under the coverage of the Regional Representation for West Africa in order to better support the implementation of strategic objectives in the region.	Important	Yes	Director, Bureau for Africa	31 December 2017	The Regional Bureau for Africa is in agreement with the recommendation and will review the Regionalization policy in close consultation with the Regional Representation for West Africa (RRWA).
2	The UNHCR Regional Representation for West Africa should: (i) establish an organizational structure in line with the needs and strategic objectives in the region; and (ii) assess the staffing requirements of its regional units taking into account the existing gaps in operational capacity and risks associated with effective programme implementation in the country operations under its coverage.	Important	Yes	Regional Representative /Deputy Regional Representative	June 2017	In line with this recommendation the Regional Representation has constituted a task force whose primary objective is to review the structure and staffing of both the Regional Office and the offices under its purview.
3	The UNHCR Regional Representation for West Africa should: (i) clarify the roles, responsibilities and delegated authorities between each country operation in the region and the regional units; (ii) develop risk-based work plans for the regional units which clearly indicate their regional support, coordination and monitoring tasks; and	Important	Yes	Regional Representative /Deputy Regional Representative	June 2017	i) The Regional Representation will clarify roles and responsibilities and delegated authorities between each country operation prior to the year-end 2016. ii) The Regional Representation has drafted a risk based

¹ 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.

² Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Management Response

Audit of the Regional Representation for West Africa for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	(iii) implement procedures for tracking and following up on recommendations made in mission reports.					oversight and work plan for Project Control for the period September 2016 to February 2017. The Regional Representation has also drafted a Multi-Functional Team Monitoring plan for the fourth quarter of 2016. The plan is being implemented. (iii) Procedures for tracking and following up on recommendations made in mission reports will be set up in January 2017.
4	The UNHCR Regional Representation for West Africa should conduct an evaluation of the livelihoods programmes in the region and update the livelihoods strategies for targeting the most vulnerable refugees for the remaining livelihoods projects.	Important	Yes	Regional Local Integration and Livelihood Officer	June 2017	In order to implement this recommendation, the Representation will conduct missions and assessments in a number of countries in the region.
5	The UNHCR Regional Representation for West Africa should put in place a plan of action to ensure that UNHCR financial rules are being adhered to in all countries in the region, including by implementing: (i) robust and comprehensive management supervision controls over the monthly financial	Important	Yes	Regional Representative (Administration)/ Snr Regional Finance Officer	June 2017	The Regional Administration and Finance unit has put in place a plan of action for the last quarter of 2016 and for 2017. Actions have been already taken to reconcile and follow-up on open items.

Management Response

Audit of the Regional Representation for West Africa for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	review, closure and reporting procedures; and (ii) mitigating controls for risks related to lack of segregation of duties.					
6	The UNHCR Regional Representation in West Africa should implement a plan of action to: (i) strengthen management supervision over procurement activities; (ii) clean up the vendor database and vendor files; (iii) prepare comprehensive procurement plans; (iv) adhere to the requirements for establishment of Committees on Contracts; and (v) put in place controls to ensure systematic submission of all contracts above \$20,000 to the relevant Committee on Contracts.	Important	Yes	Senior Regional Supply Officer	End of April 2017	<p>The RRWA has taken the following action to address this recommendations:</p> <p>(i) A procurement focused workshop is planned for Mid-January 2017 where all staff in the region performing procurement activities will meet for a refresher procurement SOP training session. The session will be facilitated by the Senior Regional Supply Officer.</p> <p>(ii) Vendor Management – Process of rendering inactive duplicate vendors is ongoing.</p> <p>(iii) RCC and LCC at the Regional Representation level are compliant with the prevailing rules and regulations.</p> <p>(iv) All Administrative contracts have been regularized. New contracts have been established after notification and approval of the RCC.</p>