



## **INTERNAL AUDIT DIVISION**

### **REPORT 2019/125**

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#### **Audit of health programmes at the Office of the United Nations High Commissioner for Refugees**

**There were control weaknesses in country health strategies, the health information system, secondary health care referrals, capacity building and resource allocation, and procurement and management of essential medicines and medical supplies**

**16 December 2019  
Assignment No. AR2019/163/01**

# **Audit of health programmes at the Office of the United Nations High Commissioner for Refugees**

## **EXECUTIVE SUMMARY**

The Office of Internal Oversight Services (OIOS) conducted an audit of health programmes at the Office of the United Nations High Commissioner for Refugees (UNHCR). The objective of the audit was to assess whether UNHCR country operations managed their health programmes efficiently and effectively in accordance with UNHCR's policy requirements, and whether UNHCR Headquarters effectively monitored, guided and supported the global health programmes. The audit included a review of health activities in the following 10 country operations: Bangladesh, Chad, Djibouti, Kenya, Lebanon, Malaysia, Nigeria, Rwanda, South Sudan and Tanzania. The audit covered the period from 1 January 2017 to 31 May 2019 and included a review of: (a) implementation of the Global Strategy for Public Health and the related country health strategies; (b) monitoring of the health sector in the country operations and use of the Health Information System; (c) provision of assistance and support by the Regional Bureaux to country operations; (d) partnerships and coordination with Governments, United Nations agencies and Non-Governmental Organizations; (e) mechanisms for adoption of integrated approaches for delivering health solutions; (f) medical referral arrangements; (g) adequacy of resources for implementing health programmes; and (h) procurement, management and storage of medical items.

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

- Clarify the criteria for a stand-alone country public health strategy in the upcoming Global Strategy for Public Health;
- Develop a time-bound plan to: (a) identify the countries that require a stand-alone public health strategy; and (b) ensure that the country level public health strategies are aligned with the country-specific operational context and UNHCR's corporate public health strategy;
- Formulate clear criteria aimed at achieving complete and consistent reporting on countries covered in the Annual Public Health Overview report;
- Implement adequate validation controls to ensure consistent health data reporting in Focus, the UNHCR results-based management system, based on the data collected through the integrated Refugee Health Information System;
- Implement capacity building programmes to address capacity gaps and enhance the capabilities of health sector staff including partners in the execution of health programmes, and periodically review and highlight for the attention of senior management any notable deficiency in the allocation of resources for health programmes;
- Strengthen monitoring and oversight of country operations to ensure that partners implementing health referral schemes accurately report on referral numbers and costs, and that referrals are in line with the standard operating procedures developed for each country operation;
- Develop a mechanism for monitoring Headquarters frame agreements for the purchase of medicines with close attention to prices paid, maintenance of updated delivery records, and reduction in delivery times; and
- Strengthen management oversight of country operations by ensuring: (a) procurement planning of medical items to minimize the incidence of overstocking, stockouts, and increases in the quantity of expired medicines; (b) consistent and accurate medical stock records and reconciliation of physical stocks with inventory records; and (c) the adequacy of medical storage arrangements.

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

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# **Audit of health programmes at the Office of the United Nations High Commissioner for Refugees**

## **I. BACKGROUND**

1. The Office of Internal Oversight Services (OIOS) conducted an audit of health programmes at the Office of the United Nations High Commissioner for Refugees (UNHCR).
2. The UNHCR Global Strategy for Public Health for 2014-2018 (GSPH) aims, inter alia, to ensure that refugees have access to life-saving and essential health care, human immunodeficiency virus (HIV) prevention, protection and treatment, and reproductive health services. The Regional Bureaux and country operations are responsible for the implementation of GSPH, and the Public Health Section (PHS) of the Division of Programme Support and Management (DPSM) provides guidance, assistance and support to these offices.
3. UNHCR uses the integrated Refugee Health Information System (iRHIS) since February 2019, and previously used the Health Information System (HIS) to monitor refugee public health and HIV programmes in camp and urban settings. In 2017 and 2018, health programmes<sup>1</sup> pertaining to the UNHCR Results-Based Management objectives 410 – ‘Health status of the population improved’ and 411 – ‘Population has optimal access to reproductive health and HIV services’ were implemented in 58 and 54 country operations<sup>2</sup>, respectively. The combined expenditure for 2017 and 2018 was \$477 million out of a total budget of \$489 million. The budget for objectives 410 and 411 for 2019 was \$189 million. Public health programmes were supported by 145 staff globally in 2018, comprising 1.3 per cent of total UNHCR staff. This included: 6 staff in PHS headed by a Chief at the P-5 level; 5 staff in regional bureaux and offices; and the remaining 134 staff in 36 country operations.
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 UNHCR country operations managed their health programmes efficiently and effectively, in accordance with UNHCR’s policy requirements, and whether UNHCR Headquarters effectively monitored, guided and supported the global health programmes.
6. This audit was included in the OIOS 2019 risk-based work plan due to the risks associated with the health programme implementation in field locations, including in fragile contexts.
7. OIOS conducted this audit from May to September 2019. The audit included in its scope a review of health activities in the following 10 country operations: Bangladesh, Chad, Djibouti, Kenya, Lebanon, Malaysia, Nigeria, Rwanda, South Sudan and Tanzania. The audit covered the period from 1 January 2017 to 31 May 2019.
8. Based on an activity-level risk assessment, the audit covered higher risk areas related to: (a) implementation of GSPH and the related country health strategies; (b) monitoring of the health sector in the country operations and use of HIS; (c) provision of assistance and support by the Regional Bureaux to country operations; (d) partnerships and coordination with Governments, United Nations agencies and Non-

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<sup>1</sup> Audit scope did not include Water, Sanitation and Hygiene (WASH), Food Security and Nutrition.

<sup>2</sup> Country operations which had expenditures for health programmes of \$50,000 and above.

Governmental Organizations (NGOs); (e) mechanisms for adoption of integrated approaches for delivering health solutions; (f) medical referral arrangements; (g) adequacy of resources for implementing health programmes; and (h) procurement, management and storage of medical items.

9. The audit methodology included: (a) interviews with key personnel, (b) review of relevant health data from HIS; (c) review of relevant procurement data and documentation from Managing for Systems, Resources and People (MSRP), the UNHCR enterprise resource planning system; (d) sample testing of controls; and (e) field visits to health facilities and camps for persons of concern (PoCs) and to UNHCR implementing partners. OIOS also reviewed 23 purchase orders valued at \$17.8 million out of the total purchases of medicines of \$44.0 million.

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

### **III. AUDIT RESULTS**

#### **A. Strategic planning**

There was a need to ensure that country operations have in place an appropriate health strategy on the basis of defined criteria

11. To meet the health needs of PoCs and in line with the GSPH Operational Guidelines issued in 2014, UNHCR Representations are required to develop and implement, in partnership with the host government and support from UNHCR Headquarters as required, a health strategy aligned with UNHCR's global health strategy and the global strategic health priorities. Robust country specific strategies are critical for aligning an operation's priorities with real health needs and should provide the roadmap for transitioning from parallel to national health systems, and for addressing unproductive fragmentation and duplication.

12. With support from PHS, several country operations had achieved progress in developing and implementing health strategies that reflected global health priorities. The Country Public Health Strategies Overview report prepared by PHS as of August 2019 indicated that of the 41 country operations they monitored, 33 had in place a distinct country health strategy. Based on a review of MSRP financial data, OIOS noted that 58 country operations recorded expenditures for health in 2017 with the number declining to 54 in 2018. OIOS could not fully establish which of these operations had strategies, since monitoring by PHS was inadequate and did not cover all locations with health programmes.

13. OIOS visits to the 10 country operations indicated that in Djibouti, Malaysia, South Sudan and Tanzania, the health strategy for refugees was coherent with GSPH and health services were provided in coordination with the Ministry of Health. In Djibouti, however, the strategy was not updated with the health sector's key changes, particularly the sector's prioritization under the Comprehensive Refugee Response Framework where refugees were to be fully integrated into the national health systems.

14. OIOS noted the following weaknesses in the remaining countries which incurred expenditures on health aggregating to \$172.5 million in 2017 and 2018:

- Four operations (Chad, Lebanon, Nigeria and Rwanda) lacked distinct and adequate health strategies. Chad lacked a health strategy and standard operating procedures (SOPs) to guide the delivery of health services to PoCs. Instead, it had a concept note that was not comprehensive in providing strategic direction. In Lebanon, the Health Chapter of the Lebanon Crisis Response Plan (LCRP) provided the overall strategic framework for the Representation's health programme. DPSM

commented that the Representation referenced GSPH in LCRP to ensure inclusion of the joint health sector response plan, as elaborated by key stakeholders. The Representation in Nigeria lacked a strategy to address its challenges and guide its response in a situation of inadequate funding in 2018 which affected the delivery of health services to PoCs. The protection strategy for 2018-2022 in Rwanda included the Representation's aim to mainstream PoCs into the national health systems. However, the Representation lacked a distinct health strategy (subsequently finalized in August 2019) to cater for the PoCs' needs.

- In Bangladesh, the public health strategy was not updated to the current operational context such as the number of PoCs and geographical area covered and did not include a roadmap for transitioning from an emergency to a protracted situation.
- Whilst Malaysia had established a strategy, there were inconsistencies between the country health strategy, the 2018 country operations plan, and the 2018 Project Partnership Agreement (PPA) with the health partner in areas such as: vaccination of children; access to antenatal/maternity care; family planning; mental health; and the health insurance scheme.

15. DPSM commented that a strategy did not necessarily mean a standalone document. For smaller operations, health programmes were integrated into the country operations plan (COP) and a standalone strategy was not necessary. DPSM stated that it was moving toward joint planning with governments to promote integration in line with the Global Compact on Refugees; as such, a standalone strategy was not always necessary, and the revised and upcoming GSPH would clarify the requirements for country health strategies. OIOS is of the view that the requirement for a strategy derives from UNHCR guidelines and the reference to health issues in the COP cannot be a substitute for a strategy document setting out clearly the aims and objectives of the health programme, financing and other operational arrangements.

16. These shortcomings occurred due to: (a) insufficient management commitment at the country level to expedite the formulation of a country-level health strategy in alignment with GSPH and the country specific operational context; and (b) lack of adequate monitoring by PHS and the Regional Bureaux to ensure that local health strategies are developed and are coherent with UNHCR's corporate strategic priorities. Operations that lacked a health strategy or had strategies which were not coherent with GSPH were exposed to the risk of not being able to adequately plan, prioritize and monitor their health interventions in a resource constrained environment.

**(1) The UNHCR Division of Programme Support and Management should clarify the criteria for a standalone country public health strategy in the upcoming Global Strategy for Public Health.**

*UNHCR accepted recommendation 1 and stated that DPSM would provide clarifications on when a standalone public health strategy is recommended in the upcoming GSPH, to be published by June 2020. Recommendation 1 remains open pending receipt of the new GSPH with criteria on when a standalone public health strategy is recommended for country operations.*

**(2) The UNHCR Regional Bureaux for East and Horn of Africa, and Great Lakes, West Africa and Central Africa, Asia and the Pacific, Middle East and North Africa should develop a time-bound plan to: (a) identify the countries that require a standalone public health strategy; and (b) ensure that the country level public health strategies are aligned with the country-specific operational context and UNHCR's corporate public health strategy.**

*UNHCR accepted recommendation 2 and stated that the Regional Bureaux would: (a) inform countries in the region on the need for a standalone strategy based on the criteria in the upcoming*

*GSPH; and (b) ensure that these countries have in place by the end of 2020 country health strategies aligned with the operational context and GSPH. Recommendation 2 remains open pending receipt of evidence that Regional Bureaux have: (a) identified countries requiring a standalone public health strategy; and (b) ensured that these strategies are aligned with the country-specific operational context and GSPH.*

## **B. Management of health programmes**

### There was a need to strengthen monitoring of health data in country operations

17. The Global Strategic Priorities and GSPH aim to facilitate responsible and comprehensive use of data and information for decision-making and advocacy. HIS<sup>3</sup> was designed and tailored to monitor refugee public health and HIV programmes in refugee camps where Ministries of Health lacked capacity to monitor refugee health information. UNHCR health staff in the country operations are responsible for reviewing and validating the data. At the end of each year, UNHCR also publishes the Annual Public Health Overview (APHO), which sources the data from HIS, annual surveys for operations not using HIS, and from country operations and partners.

18. HIS was used in 21 country operations in 2017 and in 18 in 2018 by UNHCR's health partners. However, HIS was not used in the remaining 37 country operations in 2017 and in 36 in 2018, which incurred annual expenditures for health programmes of \$123 million and \$105 million, respectively. OIOS visits to the 10 country operations showed that advocacy and decision-making were hampered by inaccurate and incomplete health data in five operations, which underscored the need for improved data reporting. For example, in Chad there were discrepancies between the information in HIS and the year-end reports. In Djibouti, the Ministry of Health discontinued the use of HIS which had been used by the previous UNHCR implementing partner for data collection, analysis and reporting. As a result, the Ministry was not providing the Representation with performance reports, and both the Ministry and the Representation lacked information to monitor the progress and quality of health programme delivery. In Kenya, from February to May 2019, the Health Officer in Dadaab did not have access to iRHIS data and consequently was unable to do any analysis. Also, from February 2019, the HIS focal point in the Nairobi Branch Office was unable to run "error finding reports" and update the monthly reports.

19. For operations that were not reporting on HIS, health information was collected through annual surveys and reported in APHO. OIOS noted that the data from one year to another was not comparable given that the number of operations covered each year differed, e.g., 20 in 2017 and 51 in 2018. OIOS also noted that there were no clear guidelines governing which operations to include or exclude in APHO. In the 2018 APHO, four operations with health expenditures of over \$50,000 were excluded from a total of 51 reported, while four other operations with expenditures below \$50,000 were included. In 2017, 58 operations had expenditures of \$50,000 and above but only 20 were included in APHO. This called into question the comprehensiveness and consistency of data reporting in APHO.

20. These shortcomings occurred due to the lack of adequate supervision and systematic monitoring in the management of health data in country operations. The absence of written guidelines to ensure comprehensive and consistent reporting of health information was also a contributory cause. The inaccuracies in the delivery of products and services could negatively impact the reliability and integrity of UNHCR's programmatic reporting for health.

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<sup>3</sup> PHS rolled out the new iRHIS in February 2019, as of June 2019, the system was rolled out to nine country operations and planned to be rolled out to 13 country operations by December 2019.

- (3) The UNHCR Division of Programme Support and Management should formulate clear criteria aimed at achieving complete and consistent reporting on countries covered in the Annual Public Health Overview.**

*UNHCR accepted recommendation 3 and stated that DPSM would clarify the criteria for inclusion of countries in the APHO report. Recommendation 3 remains open pending receipt of the criteria formulated for inclusion of countries in the APHO report.*

- (4) The UNHCR Regional Bureaux for East and Horn of Africa, and Great Lakes, West Africa and Central Africa, Asia and the Pacific, Middle East and North Africa should implement adequate validation controls to ensure consistent health data reporting in Focus, the UNHCR results-based management system, based on the data collected through the integrated Refugee Health Information System.**

*UNHCR accepted recommendation 4 and stated that DPSM would: (i) update existing guidance on the reporting of health indicators in Focus including the process for validation for 2019 reporting; and (ii) strengthen the quality of indicator reporting including health indicators in the results-based management renewal project. Recommendation 4 remains open pending receipt of evidence that validation controls are embedded in the collection and reporting of health data in iRHIS and Focus, based on the updated guidance on reporting of health indicators.*

There was a need for Regional Bureaux to enhance capacity building and strengthen oversight over the allocation of financial resources for health programmes

21. In some countries where UNHCR operates, health systems and institutions are weak and there is an acute shortage of qualified human resources. Technical assistance and support from UNHCR and other partners in terms of both long-term capacity building and short-term targeted support are critical for effective implementation of health programmes. In 2017 and 2018, PHS conducted 122 missions to provide support to field operations in public health, HIV and reproductive health, and mental health. Between 1 January 2017 and 30 June 2019, PHS also arranged 41 capacity building activities in the following areas: HIS, mental health, public health and nutrition, non-communicable diseases, and co-technical training.

(a) Capacity building and training programmes

22. The identification of knowledge gaps by PHS in public health and prioritization of training participants was based on interactions with the field staff, including during PHS missions, report reviews, quality assessments and consultations. While PHS provided training support, it faced challenges in the design, implementation and monitoring of capacity building programmes. These challenges related to gaps in: (i) analysis and identification of knowledge and skills gaps; (ii) prioritization of capacity building needs; (iii) implementation of appropriate capacity building interventions, including identification of country training organized by the country operations, Ministry of Health, and other authorities; (iv) evaluation of the impact of capacity building interventions on staff's performance; and (v) monitoring and application of lessons learned. Cumulatively, these gaps contributed to inefficient delivery of services and weaknesses, as reported in other sections of this report. DPSM stated that contextual challenges such as turnover of partner/UNHCR staff and weaknesses in capacity of partners could also be considered as significant contributory causes.

(b) Resources for implementing health programmes

23. There is generally a strong attribution between health outcomes and investments. OIOS noted that UNHCR decisions on resource allocation at Headquarters and at the country level were not well informed



either using data and information for decision-making or by the cost-effectiveness criteria. Overall, OIOS noted a 26 per cent decline in global health budgets from \$256.4 million in 2017 to \$189.5 million in 2019. OIOS's review of health budgets for the period 2017-2019 in the 10 operations showed a trend of declining budgets in eight operations ranging from 12 to 48 per cent, except for Bangladesh and Nigeria, which recorded increases over the three-year period, reflecting the emergency contexts in both operations.

24. OIOS reviewed the COP and year-end reports of the 10 operations and noted areas where there were unmet gaps, e.g. lack of qualified health personnel and availability and timely delivery of medicines. These resulted in the inability to meet health standards in country operations such as Bangladesh, Chad, Djibouti, Malaysia, Nigeria, South Sudan and Tanzania. For example, in Djibouti, there was a lack of doctors in health facilities with patients being attended to by the head nurse and major cases being referred to doctors in a different location. The clinic did not have electricity and consequently since 2017, the cold storage system for vaccines was not working, with patients requiring vaccinations having to go to clinics outside the settlement. In Tanzania, severe funding cutbacks resulted in numerous unmet needs in the health sector including the inability to meet health standards in a sustainable manner.

(c) Health sector partners

25. Due to weak financial and operational management, several health sector partners were deficient in service delivery. This weak capacity was identified not only by OIOS but also during project audits. For example, in 2017 out of the 39 health partners reviewed by project auditors, and in the 10 operations visited by OIOS, 26 per cent received modified audit reports. In 2018, of the 36 projects that were audited, 17 per cent had modified audit reports which indicated weak financial and operational management of the health partners. This could contribute to poor service delivery and loss of resources.

26. The above shortcomings occurred due to inadequate assessment of capacity gaps among UNHCR and partner staff and ineffective monitoring of technical support activities, including capacity building. Another cause was the lack of effective oversight by the Regional Bureaux in monitoring the adequacy of the allocation of resources to the health sector, or its cost effectiveness in achieving GSPH objectives.

**(5) The UNHCR Regional Bureaux for East and Horn of Africa, and Great Lakes, West Africa and Central Africa, Asia and the Pacific, Middle East and North Africa should: (a) implement capacity building programmes to address the identified capacity gaps and enhance the capabilities of health sector staff including partners in the execution of health programmes; and (b) periodically review and highlight for the attention of senior management any notable deficiency in the allocation of resources for health programmes.**

*UNHCR accepted recommendation 5 and stated that the Regional Bureaux and DPSM would: identify knowledge gaps in public health by conducting a capacity building needs survey; provide available internal and external training resources to staff and partners; share communities of practice; and conduct webinars. The Regional Bureaux also would review and approve country and multi-country operational plans including the allocation of resources to health programmes and highlight any notable deficiencies to senior management. Recommendation 5 remains open pending receipt of evidence of: (a) implementation of capacity building programmes; and (b) senior management being apprised of the results of periodic review of health sector resource allocation.*

Satisfactory arrangements were in place for partnerships and coordination and integrated approaches

27. In line with GSPH, UNHCR had adequate arrangements for partnerships and coordination on health programmes with Governments, United Nations agencies, international organizations, national and international NGOs, and operational partners. In 2017 and 2018, PHS worked with other sectors at UNHCR

Headquarters, as well as regional and country levels, to collaborate on and coordinate activities related to, inter alia: (i) mental health and psychosocial support, disability, sexual and gender-based violence and child protection; reproductive health and HIV protection; (ii) public health and social protection; (iii) cholera outbreak response in cholera-affected countries; and (iv) support for construction of medical waste facilities in health clinics. PHS also provided support to various government health ministries and AIDS control programmes.

There was a need to systematically monitor the implementation of medical referrals in country operations

28. UNHCR's Principles and Guidance for Referral Health Care for Refugees and Other PoCs promotes a general practice model in which the majority of consultations are handled within primary health care services, with referral for more complex problems. Country operations are required to establish SOPs for medical referral care that stipulate UNHCR access and coverage conditions. Referral committees are set up in complex referral care programmes to assess individual cases and make an objective decision about the referral based primarily on prognosis and cost. PHS records indicated that 49 country operations used referral care. Of these, 41 had SOPs and 31 had referral committees in place. PHS also established and rolled out a referral monitoring tool in 2018, which as at audit date was used in 12 country operations. The database tracked costs, number of referred cases seen, and the related outcomes.

29. However, OIOS noted the following weaknesses in the management of medical referrals and health financing schemes in 6 of the 10 country operations visited:

- Bangladesh had established SOPs for referral care. However, 13 non-emergency cases referred to secondary or tertiary health facilities were without approval from the Referrals Committee. In addition, the Representation had settled hospital bills amounting to \$375,000 for cases referred by other agencies, which suggested inadequate controls over referrals.
- In Chad, OIOS noted that partners did not maintain adequate documentation to support referral decisions. OIOS obtained a sample of 23 referral cases, of which 11 had not been authorized, 3 forms had not been fully filled out, and 4 had been authorized by a junior staff (nursing assistant) without being ratified by a medical doctor. Only three referral forms had been signed and stamped by a doctor's seal. The health facilities also lacked a tracking system for referrals made and procedures for monitoring of related expenditure.
- In Kenya, OIOS reviewed 16 referral cases with a value of \$42,960 and noted that cost was not considered as a criterion in referral decisions. This was contrary to the Representation's Referral Guidance that for emergency and elective cases prognosis and cost were the underlying criteria when deciding on medical referrals. Until March 2019, no Referral Committees were established in Kakuma and Dadaab, and referral decisions were made by medical doctors at referring health facilities in camps, contrary to the requirement of the Referral Guidance to establish such Committees at the camp level. There was no reconciliation of amounts between the referral book (Excel sheet) maintained by the partner (which had a balance of \$213,733) and actual hospital admission fees (which recorded a total of \$326,644) as of April 2018, or a difference of \$112,911 which raised the risk of unauthorized referrals.
- In 2017 and 2018, the Health Unit of the UNHCR Representation in Malaysia assisted 156 cases of which 135 were channeled through a local Refugee Welfare Fund (RWF). The Health Unit did not report on referral costs and outcomes, as required. OIOS reviewed 12 cases worth \$41,406 which were charged from RWF. The Representation did not provide key information to the fund's referral committee, such as medical reports, laboratory tests, interim hospital bills, prognosis of the

treatment, an assessment of the most cost-effective service provider, and reasonableness of costs, so that the committee could make informed decisions on the funding through the RWF. These documents, as well as the approvals from the committee, were also not consistently available in the case files.

30. The above shortcomings occurred due to the lack of adequate management at the country level of medical referral arrangements and systematic monitoring by the Regional Bureaux of the country operations' primary responsibility of ensuring value for money and evidence-based services in these interventions. Hence, UNHCR was not adequately mitigating the risks which could hinder the attainment of objectives of medical referrals or result in loss of resources due to error or fraud.

**(6) The UNHCR Regional Bureaux for East and Horn of Africa, and Great Lakes, West Africa and Central Africa, Asia and the Pacific, Middle East and North Africa should strengthen monitoring and oversight of country operations to ensure that partners implementing health referral schemes accurately report on referral numbers and costs, and further that referrals are in line with the standard operating procedures developed for each country operation.**

*UNHCR accepted recommendation 6 and stated that: (i) DPSM would update the annex to the standard PPA to specify a requirement for health partners to accurately report the number and costs of medical referrals and ensure alignment with country SOPs; and (ii) Regional Bureaux would support country operations to develop or update medical referral SOPs. Recommendation 6 remains open pending receipt of evidence of strengthened monitoring and oversight to ensure that: (a) partners accurately report on health referral numbers and costs based on the updated annex to the standard PPA; and (b) the referrals are aligned with the country operations' SOPs for medical referrals.*

### **C. Procurement, inventory management and storage of essential medicines and medical supplies**

An action plan was required to effectively monitor medical procurement

31. The 2013 UNHCR Policy and Guidance on Essential Medicines and Medical Supplies (the 2013 Policy) outlines the requirements for procuring and storing of medicines and medical supplies. While country operations are primarily responsible for procurement planning, PHS is responsible for the collection and analysis of key procurement performance indicators. To ensure quality, local purchase of medicines is not permitted except under exceptional circumstances, subject to authorization from the UNHCR Supply Management Service (SMS) and the UNHCR Regional Public Health Officer, with final clearance from PHS.

#### **(a) Local procurement**

32. Fourteen country operations locally procured medicines worth \$18.3 million in 2017 and 2018. However, PHS's monitoring documentation did not provide complete information on these local purchases or evidence that they had been exceptionally approved in line with the guidance. In Kenya, the Representation's direct implementation of local procurement only had the authorization from PHS but lacked SMS approval. In addition, the partners' purchases worth \$473,875 did not have authorization from PHS and SMS, based upon an incorrect assumption that such approval was unnecessary since a pre-qualified partner made the purchases. Also, in Kenya, actual prices of selected samples of locally-procured medicines were higher in comparison to the prices in Headquarters' frame agreements. OIOS noted significant price variances ranging from 14 per cent to 291 per cent. In Tanzania, local procurement of

medicines by a partner in Kigoma was not cost efficient as the items were available in Dar-es-Salaam at prices that were 15 to 45 per cent cheaper. DPSM commented that the approach to local procurement was being reviewed in view of factors such as significant delays in importation due to national regulations in several countries.

(b) UNHCR frame agreements

33. The purchase of medicines under UNHCR frame agreements, which is UNHCR's preferred mode of acquisition, had the following weaknesses:

- A comparison of prices in the vendor's quotation with the prices agreed in the frame agreements entered by UNHCR with vendors showed that price monitoring was not carried out effectively at Headquarters. OIOS' review of 23 purchase orders amounting to \$17.8 million showed that 9 purchase orders (worth \$8.1 million) recorded higher prices by a total of \$546,255 than in the frame agreements, potentially due to overcharging or incorrect application of rates.
- The 2013 Policy required the integration of inventory and consumption data in the health information system for procurement planning. Of the 23 purchase orders reviewed, OIOS was provided with inventory reports for eight purchase orders (\$5.8 million), but not for the remaining 15 (\$12.0 million). This indicated gaps in monitoring of the reasonableness of the quantity ordered versus the quantity on hand, to minimize risks of over or under stocking.
- OIOS was not able to carry out a review of the timeliness of deliveries for all 23 purchase orders. UNHCR could not provide the Goods Receipt Notes (GRNs) for 18 of the 23 purchase orders, for a total value of \$15.4 million, where deliveries were to be made between 28 July 2017 and 30 June 2019. GRNs were provided only for five purchase orders worth \$2.4 million. Where GRNs were available, OIOS noted that the shortest period from the agreed delivery date to actual delivery date was 57 days, while the longest was 707 days. The average number of days from placing an order to the last delivery of items in five purchase orders was 449, i.e., 177 days was the shortest and 911 days was the longest. In Chad, the Representation placed orders in June 2017, but the items started to arrive only in July 2018. In Tanzania, the average lead time for delivery, which was in excess of one year, far exceeded the 12-week period prescribed in the 2013 Policy.

(c) Over and under stocking

34. The quantification process of estimating the requirements for medicines was not followed in several operations, resulting sometimes in overstocking, stockouts and increases in the quantity of expired medicines. Review of communications between Bangladesh and PHS indicated that the Representation did not provide PHS the justification for the quantity ordered vis-à-vis items in stock as part of their submissions to PHS. The Representation stated that it ordered items considering a one-year procurement timeline; however, the two purchase orders for Bangladesh had a four- and six-month delivery time respectively from the requisition date. Such a situation could result in overstocking. In Chad and Tanzania, there was understocking and overstocking, respectively in the absence of proper consumption trends. To strengthen procurement planning and quantification of medicines, PHS recruited a Pharmacist who had undertaken missions to priority countries, which resulted in the recruitment of pharmacists in Tanzania and Uganda. Furthermore, UNHCR's 2006 Drugs Management Manual was also being updated.

(d) Expired medicines

35. OIOS noted various medicines nearing expiry and expired medicines in 5 of the 10 operations (Chad, Kenya, Rwanda, South Sudan and Tanzania). For example, OIOS noted 29 items of expired

medicines in Bredjing camp (Chad) on the pharmacy shelves. In Rwanda, the Representation received fluconazole in February 2019 that had expired in January 2019 and artemether/lumefantrine in the same consignment that was due to expire in March 2019. In Tanzania, proper records of expired medicines and those nearing expiration were not kept, and these items were not segregated from others with a good shelf life. OIOS noted that 89 medicines and infusion fluids and 13 types of medical supplies would expire in 2019. Of the 89 items, 30 were assessed as overstocked and were unlikely to be consumed considering consumption trends. The operation held infusion fluids purchased in 2016, valued at \$170,000 that had expired in June 2019. Since effective actions to redeploy the infusion fluids to other locations was not taken, the entire consignment remained unused and was yet to be disposed of.

(e) Inventory recording

36. There were notable weaknesses in the existing arrangements for medical inventory in 7 of the 10 country operations visited in respect of recording, controlling, monitoring and periodic reconciliation of medical items. Given that the total local and international purchases in these seven operations aggregated to \$25.6 million in 2017 and 2018, there was a pressing need to address shortcomings identified in the audit.

37. In Chad, one health facility did not maintain a record of items that had expired and/or were out of stock and ensure periodic reconciliation of inventory. In Djibouti, the partner had not instituted proper record keeping at the clinics, i.e., forms were not completed for medicines dispensed, and daily consumption reports and periodic reconciliations between quantities in the records versus physical existence were not prepared. In Kenya, in the three health facilities visited, the quantities in the bin cards for five items did not reconcile with the quantities on hand. In Rwanda, the stock movement reports in Mahama 1 clinic were not adjusted to reflect expired medicines incinerated, the Mahama 2 health center neither had bin cards nor evidence of stock counts and reconciliation, and in Kirehe storage, there were no bin/stock cards for the medicines. In South Sudan, quantities for the selected samples verified did not match against the quantities in bin cards. In Tanzania, at Ngaraganza storage, the bin cards did not systematically record the initial balance, receipts and issuances and respective details, and the ending balance, which compromised the accuracy of records. OIOS follow up with the Representation in Tanzania showed that the updated inventory report provided in September 2019 (11 months after the shortcomings were identified in October 2018) still contained computational errors.

(f) Storage of medicines

38. In 4 of the 10 country operations visited, OIOS noted poor arrangements for physical storage and management of medicines which increased the likelihood of risks of loss due to wastage, damage and theft. For example, in Chad the storage in Gore contained a large quantity of medicines still in carton boxes that had not been arranged in an orderly manner and were placed in close proximity to boxes filled with dusty files, which made access difficult. The storage room also lacked equipment for temperature control and medicines were exposed to temperatures outside the recommended range. In Kenya, food items were stored together with medicines in one health facility, and a rubbish hall containing medical inventory was damaged at another health facility, leading to exposure to sunlight and dust. At another facility, the storage space was unclean, and limitations of space made some boxes difficult to reach. In Rwanda, medical items in Kirehe were exposed to the risk of contamination in case of leakage from toilets. The storage in Kigali lacked air conditioning to control the temperature. Items were also stacked up to the ceiling thus preventing air circulation, and the windows lacked blinds thereby exposing the items to direct sunlight. In Tanzania, at the Ngaraganza storage facility, access was impaired due the close stacking of items and limited aisle space (30-40 centimeters) between the rows. At another warehouse, the boxes were piled high up to the ceiling, which made physical verification difficult and at places termites had eaten into the wooden pallets.

39. Since 14 operations procured substantial quantities of medicines locally, this suggested that centralized procurement was not efficient. However, the increase in local procurement also increased risks of poor quality and counterfeit products, especially in unregulated markets. The issues with frame agreements were due to inadequate monitoring and lack of integration of inventory and consumption data for procurement planning. The problems in inventory and storage arrangements occurred because of lack of adequate and effective monitoring of arrangements for recording and storage of medicines at the Representation and Headquarters levels. Cumulatively, these weaknesses increased the risk of inefficiencies, inability to obtain value for money, loss, damage, and/or theft.

**(7) The UNHCR Division of Emergency, Security and Supply should develop a mechanism for the monitoring of Headquarters frame agreements for the purchase of medicines with close attention to prices paid, maintenance of updated delivery records, and reduction in delivery times.**

*UNHCR accepted recommendation 7 and stated that the Division of Emergency, Security and Supply (DESS) had a contracting tool for monitoring of frame agreements for quoted prices, expenditure level, expiry date and renewal plan. DESS had sent a message to suppliers in October 2019 stressing that for any price deviation from frame agreements, the requesting UNHCR operations must be notified and explanations provided. It also stated that the Regional Bureaux, in liaison with DESS, would ensure that country operations retain the delivery records for medical items and implement this for deliveries between November 2019 and October 2020. Furthermore, UNHCR, in close collaboration with frame agreement holders, had undertaken numerous measures to improve the delivery time of medical items. This included: (i) the simplification of order process with 20 country operations facilitating direct purchase order placement and access to suppliers; and (ii) Procurement Section's strategic interventions with the suppliers, e.g., meeting with a frame agreement holder with lengthiest lead time and charting an action plan to reduce lead time for the 2018 orders. Recommendation 7 remains open pending receipt of evidence of a monitoring mechanism enabling: (i) comparison of vendor quoted prices against the frame agreements and ensuring communication of price variance to the vendor; (ii) monitoring by Regional Bureaux of country operations' maintenance of updated delivery records; and (iii) monitoring of delivery times.*

**(8) The UNHCR Regional Bureaux for East and Horn of Africa, and Great Lakes, West Africa and Central Africa, Asia and the Pacific, Middle East and North Africa should strengthen management oversight of country operations by ensuring: (a) procurement planning of medical items to minimize the incidence of overstocking, stockouts and increases in the quantity of expired medicines; (b) consistent and accurate medical stock records and reconciliation of physical stocks with inventory records; and (c) the adequacy of medical storage arrangements.**

*UNHCR accepted recommendation 8 and stated that the Regional Bureaux would provide oversight to ensure that country offices plan for all procurement at country level, including for medical items. An annex would be added to the standard PPA outlining expectations from partners regarding medical stock management, and DPSM would conduct pharmacy management webinars for UNHCR and partner staff. Regional Bureaux would also provide oversight to ensure that country offices monitor partner stock management, including random physical inventory checks, review of consumption records and storage arrangements. Recommendation 8 remains open pending receipt of evidence of strengthened management oversight of country operations by Regional Bureaux to ensure: (a) improved procurement planning to mitigate overstocking, stock outs and expired medicines; (b) consistent and accurate medical stock records; and (c) adequate medical storage arrangements.*

#### **IV. ACKNOWLEDGEMENT**

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

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

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of health programmes at the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	The UNHCR Division of Programme Support and Management should clarify the criteria for a standalone country public health strategy in the upcoming Global Strategy for Public Health.	Important	O	Submission to OIOS of the new GSPH with criteria on when a standalone public health strategy is recommended for country operations.	30 June 2020
2	The UNHCR Regional Bureaux for East and Horn of Africa, and Great Lakes, West Africa and Central Africa, Asia and the Pacific, Middle East and North Africa should develop a time-bound plan to: (a) identify the countries that require a standalone public health strategy; and (b) ensure that the country level public health strategies are aligned with the country-specific operational context and UNHCR's corporate public health strategy.	Important	O	Submission to OIOS of evidence that Regional Bureaux have: (a) identified countries requiring a standalone public health strategy; and (b) ensured that these strategies are aligned with the country-specific operational context and GSPH.	31 December 2020
3	The UNHCR Division of Programme Support and Management should formulate clear criteria aimed at achieving complete and consistent reporting on countries covered in the Annual Public Health Overview.	Important	O	Submission to OIOS of evidence of the criteria formulated for inclusion of countries in the APHO report.	31 December 2019
4	The UNHCR Regional Bureaux for East and Horn of Africa, and Great Lakes, West Africa and Central Africa, Asia and the Pacific, Middle East and North Africa should implement adequate validation controls to ensure consistent health data reporting in Focus, the UNHCR results-based management system, based on the data collected through the integrated Refugee Health Information System.	Important	O	Submission to OIOS of evidence that validation controls are embedded in the collection and reporting of health data in iRHIS and Focus, based on the updated guidance on reporting of health indicators.	31 December 2019

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

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

<sup>3</sup> C = closed, O = open

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



## STATUS OF AUDIT RECOMMENDATIONS

## Audit of health programmes at the Office of the United Nations High Commissioner for Refugees

5	The UNHCR Regional Bureaux for East and Horn of Africa, and Great Lakes, West Africa and Central Africa, Asia and the Pacific, Middle East and North Africa should: (a) implement capacity building programmes to address the identified capacity gaps and enhance the capabilities of health sector staff including partners in the execution of health programmes; and (b) periodically review and highlight for the attention of senior management any notable deficiency in the allocation of resources for health programmes.	Important	O	Submission to OIOS of evidence of: (a) implementation of capacity building programmes; and (b) senior management being apprised of the results of periodic review of health sector resource allocation.	30 September 2020
6	The UNHCR Regional Bureaux for East and Horn of Africa, and Great Lakes, West Africa and Central Africa, Asia and the Pacific, Middle East and North Africa should strengthen monitoring and oversight of country operations to ensure that partners implementing health referral schemes accurately report on referral numbers and costs, and further that referrals are in line with the standard operating procedures developed for each country operation.	Important	O	Submission to OIOS of evidence of strengthened monitoring and oversight to ensure that: (a) partners accurately report on health referral numbers and costs based on the updated annex to the standard PPA; and (b) the referrals are aligned with the country operations' SOPs for medical referrals.	30 June 2020
7	The UNHCR Division of Emergency, Security and Supply should develop a mechanism for the monitoring of Headquarters frame agreements for the purchase of medicines with close attention to prices paid, maintenance of updated delivery records and reduction in delivery times.	Important	O	Submission to OIOS of evidence of a monitoring mechanism enabling: (i) comparison of vendor quoted prices against the frame agreements and ensuring communication of price variance to the vendor; (ii) monitoring by Regional Bureaux of country operations' maintenance of updated delivery records; and (iii) monitoring of delivery times.	31 October 2020
8	The UNHCR Regional Bureaux for East and Horn of Africa, and Great Lakes, West Africa and Central Africa, Asia and the Pacific, Middle East and North Africa should strengthen management oversight of country operations by ensuring: (a) procurement planning of medical items to minimize the incidence of overstocking, stockouts and increases in the quantity of expired medicines; (b) consistent and	Important	O	Submission to OIOS of evidence of strengthened management oversight of country operations by Regional Bureaux to ensure: (a) improved procurement planning to mitigate overstocking, stock outs and expired medicines; (b) consistent and accurate medical stock records; and (c) adequate medical storage arrangements.	30 June 2020

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of health programmes at the Office of the United Nations High Commissioner for Refugees

	accurate medical stock records and reconciliation of physical stocks with inventory records; and (c) the adequacy of medical storage arrangements.				
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# **APPENDIX I**

## **Management Response**

## Management Response

### Audit of health programmes at the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Division of Programme Support and Management should clarify the criteria for a standalone country public health strategy in the upcoming Global Strategy for Public Health.	Important	Yes	Chief Public Health Section	June 2020	UNHCR accepts this recommendation, while recognizing that strategies may have been published in different forms, e.g. regional response plans, joint plans of actions or in different formats. DPSM will provide clarifications on when a standalone public health strategy is recommended at country level in the upcoming Global Public Health Strategy, which is due to be published by June 2020.
2	The UNHCR Regional Bureaux for East and Horn of Africa, and Great Lakes, West Africa and Central Africa, Asia and the Pacific, Middle East and North Africa should develop a time-bound plan to: (a) identify the countries that require a standalone public health strategy; and (b) ensure that the country level public health strategies are aligned with the country-specific operational context and UNHCR's corporate public health strategy.	Important	Yes	Senior Situation Coordinator - MENA; Oversight Officer and Senior Public Health Officer EHA Bureau; Senior Public Health Officer and Senior Risk Management and Compliance Officer, WCA Bureau; Senior Public Health Officer and Senior Risk Management and	December 2020	UNHCR accepts this recommendation. The Regional Bureaux will: a) Inform country offices in the region of the need for a standalone strategy based on the criteria indicated in the Global Public Health Strategy (August 2020). b) Ensure that by the end of 2020 selected countries will have appropriate country health strategies in place that are in line with the operational context and the global public health strategy.

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

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

## Management Response

### Audit of health programmes at the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
				Compliance Advisor (RBAP)		
3	The UNHCR Division of Programme Support and Management should formulate clear criteria aimed at achieving complete and consistent reporting on countries covered in the Annual Public Health Overview.	Important	Yes	Chief Public Health Section	December 2019	UNHCR accepts this recommendation. Public Health Section/DPSM will clarify the criteria for the inclusion of countries in the Annual Public Health report and share this with the auditors (December 2019).
4	The UNHCR Regional Bureaux for East and Horn of Africa, and Great Lakes, West Africa and Central Africa, Asia and the Pacific, Middle East and North Africa should implement adequate validation controls to ensure consistent health data reporting in Focus, the UNHCR results-based management system based on the data collected through the integrated Refugee Health Information System.	Important	Yes	Chief Public Health Section and Chief Integrated Programme Section (DPSM); Associate Programme Officer – MENA; Oversight Officer and Senior Public Health Officer EHA Bureau; Senior Public Health Officer and Senior Risk Management and Compliance Officer WCA	December 2019	<p>UNHCR accepts this recommendation and recognizes this concern. In the immediate term, the following actions will be taken to enhance the validation of reporting in Focus:</p> <ul style="list-style-type: none"> <li>a) DPSM will update existing guidance on the reporting of health indicators in Focus for the Regional Bureaux and country offices, including the process for validation for 2019 Reporting (December 2019).</li> </ul> <p>In the medium to longer term the following steps will be taken to strengthen the quality of indicator reporting, including health indicators in the RBM renewal project:</p> <ul style="list-style-type: none"> <li>a) Reduce the number of mandatory core indicators in health, which will facilitate data quality control</li> <li>b) Develop multi-year indicators that facilitate stability/ease of reporting</li> <li>c) Ensure harmonization of health indicators collected through Integrated Refugee Health Information System (iRHIS) tools, including units</li> </ul>

## Management Response

### Audit of health programmes at the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
				Bureau; Senior Public Health Officer and Senior Risk Management and Compliance Advisor (RBAP)		<p>of measurement with those that will be reported in the revised RBM system in order to facilitate ease and accuracy of reporting</p> <p>d) Develop new ways of handling populations in operations management in order to facilitate comparable indicator reporting</p>
5	The UNHCR Regional Bureaux for East and Horn of Africa, and Great Lakes, West Africa and Central Africa, Asia and the Pacific, Middle East and North Africa should: (a) implement capacity building programmes to address the identified capacity gaps and enhance the capabilities of health sector staff including partners in the execution of health programmes; and (b) periodically review and highlight for the attention of senior management any notable deficiency in the allocation of resources for health programmes.	Important	Yes	<p>a) Chief Public Health Section (DPSM);</p> <p>b) Senior Situation Coordinator- MENA Bureau ; Oversight Officer and Senior Public Health Officer EHA Bureau; Senior Public Health Officer and Senior Risk Management and Compliance Officer, WCA Bureau; Senior Public Health Officer and Senior Risk Management and</p>	<p>a)September 2020</p> <p>b) June 2020</p>	<p>a) UNHCR accepts this recommendation. Capacity building has always been an essential element of the work of the Public Health Section. To enhance the capacity building efforts further, the Bureaux and PHS will work together to analyse and identify knowledge gaps in public health in the country operations and identify or support training opportunities to address identified gaps. The following steps will be taken:</p> <ol style="list-style-type: none"> <li>i. An online survey will assess the main capacity building needs of UNHCR’s public health and health partner staff. It will be conducted by April 2020 (DPSM/Regional Bureaux )</li> <li>ii. A resource of internally and externally available trainings that are relevant to public health will be developed and circulated to staff and partners by June 2020 (DPSM/Regional Bureaux)</li> <li>iii. Communities of practice in main thematic areas will be started by September 2020 (DPSM/Regional Bureaux)</li> <li>iv. Webinars in main thematic areas have started and will continue (DPSM/Regional Bureaux)</li> </ol> <p>b) In line with the revised Resources and Accountabilities Framework, the Regional Bureaux have the authority to</p>

## Management Response

### Audit of health programmes at the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
				Compliance Advisor (RBAP)		review and approve country and multi-country operational plans including the allocation of resources to health programmes as a part of the annual programme/planning review, and against the available budget. Regional Bureaux will highlight any notable deficiencies and bring them to the attention of Headquarters Senior Management.
6	The UNHCR Regional Bureaux for East and Horn of Africa, and Great Lakes, West Africa and Central Africa, Asia and the Pacific, Middle East and North Africa should strengthen monitoring and oversight of country operations to ensure that partners implementing health referral schemes accurately report on referral numbers and costs, and further that referrals are in line with the Standard Operating Procedures developed for each country operation.	Important	Yes	Chief Public Health Section (DPSM); Senior Situation Coordinator-MENA Bureau; Oversight Officer and Senior Public Health Officer EHA Bureau; Senior Public Health Officer and Senior Risk Management and Compliance Officer, WCA Bureau; Senior Public Health Officer and Senior Risk Management and Compliance Advisor (RBAP)	June 2020	UNHCR accepts this recommendation. While appropriate policies are in place, the following actions will be taken to strengthen the response: <ul style="list-style-type: none"> <li>a) DPSM will update the annex to the standard project partnership agreement to specify a requirement for health partners with a medical referral budget to accurately report on referral numbers and costs, and ensure that referrals are in line with country SOPs for referral care (June 2020)</li> <li>b) Regional Bureaux will support country operations to review, develop and/or update medical referral SOPs in countries with a medical referral budget (by June 2020).</li> </ul>

## Management Response

### Audit of health programmes at the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
7	The UNHCR Division of Emergency, Security and Supply should develop a mechanism for the monitoring of Headquarters frame agreements for the purchase of medicines with close attention to prices paid, maintenance of updated delivery records and reduction in delivery times.	Important	Yes	<p>For a) and c) Head of HQ Procurement Unit</p> <p>For b) Senior Situation Coordinator- MENA Bureau; Oversight Officer and Senior Public Health Officer EHA Bureau; Senior Public Health Officer and Senior Risk Management and Compliance Officer WCA Bureau; Senior Public Health Officer and Senior Risk Management and Compliance Advisor (RBAP)</p>	<p>a) Implemented</p> <p>b) October 2020 for Regional Bureaux</p> <p>c) Partially implemented with full implementation by October 2020</p>	<p>Following our comments regarding the three parts of the recommendation:</p> <p><b>a) Headquarters Frame Agreement monitoring</b> UNHCR Division of Emergency, Security and Supply (DESS) already has a monitoring mechanism in place for Frame Agreements (FAs) for the purchase of essential medicines and medical items. Our contracting tool allows monitoring of FAs for quoted prices, expenditure level, expiry date and renewal plan. As an additional risk mitigating measure, DESS sent a message to suppliers in October 2019 stressing that for any deviance in prices under FAs, the requesting Operations must be notified and explanations provided. We are already seeing the positive change in practice.</p> <p><b>b) Maintenance of updated delivery records</b> All documents pertaining to shipment and goods delivery are received and retained by the operations, while invoices are usually sent directly to DFAM/Accounts Payable (HQ POs) or to the operations for local purchase orders (POs). DESS is, therefore, liaising with the Regional Bureaux to inform countries in the region on the need to maintain and update delivery records. Regional Bureaux will provide evidence of delivery records for deliveries received between November 2019 and October 2020.</p> <p><b>c) Monitoring of delivery times</b> Since 2013, UNHCR has worked to improve the delivery time in international procurement of Essential Medicines. DESS, in close collaboration with FA holders, has adopted several solutions to the acquisition process. In the last quarter of 2018, it implemented a change of order process</p>



## Management Response

### Audit of health programmes at the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						with 20 Operations to facilitate direct PO placement and access to suppliers, shorten the communication time and simplify the process. This allowed FA holders to organize bi-weekly/monthly order monitoring with Operations directly. HQ Procurement has subsequently allocated more resources on strategic interventions with the suppliers. In November 2019, the Head of Unit of HQ Procurement organized a mission in Amsterdam with IDA (supplier with lengthiest lead time) with the objective of reviewing all the pending orders and implementing an improved action plan (relevant documents attached). This new approach has resulted in the reduction in lead time for the 2018 orders, from a lengthy two-year delivery process (longest lead time in the past), to an average of 11 months for 2018 POs.
8	The UNHCR Regional Bureaux for East and Horn of Africa, and Great Lakes, West Africa and Central Africa, Asia and the Pacific, Middle East and North Africa should strengthen management oversight of country operations by ensuring: (a) procurement planning of medical items to minimize the incidence of overstocking, stockouts and increases in the quantity of expired	Important	Yes	Chief Public Health Section, (DPSM); Project Control Officer MENA Bureau; Oversight Officer and Senior Public Health Officer EHA Bureau; Senior Public Health Officer and Senior Risk Management and Compliance Officer, WCA Bureau; Senior	a) June 2020 b) December 2019 c) March 2020	UNHCR accepts this recommendation and the following actions will be taken: a) In support of the Regional Bureaux, DPSM will add to the annexes of the standard partnership agreement expectations relating to partner medicines and medical supplies stock management, including frequency of physical inventory, maintenance and reporting of accurate consumption data and stock levels (June 2020)  b) In support of the Regional Bureaux, DPSM will continue to conduct webinars on various aspects of pharmacy management for country public health and partner staff (December 2019 and ongoing)

## Management Response

### Audit of health programmes at the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical/ Important <small>2</small>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	medicines; (b) consistent and accurate medical stock records and reconciliation of physical stocks with inventory records; and (c) the adequacy of medical storage arrangements.			Public Health Officer and Senior Programme Coordinator, RBAP (TBC)		<ul style="list-style-type: none"> <li>c) Regional Bureaux will provide oversight to ensure country offices:               <ul style="list-style-type: none"> <li>i. Develop a monitoring plan to provide regular oversight and monitoring of partners stock management, including random physical inventory checks, review of consumption records, rational drug use, and storage arrangements by March 2020.</li> <li>ii. Regarding procurement planning, UNHCR has in place an Annual Procurement Plan that ensures the inclusion and planning for all procurement at country level, including for medicines and medical supplies procurement.</li> </ul> </li> </ul>