



INTERNAL AUDIT DIVISION

REPORT 2020/052

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

**There was a critical need to address
continued weaknesses in partnership
management and distribution of non-food
items**

**14 December 2020
Assignment No. AR2020-112-01**

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

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the operations in Somalia for the Office of the United Nations High Commissioner for Refugees (UNHCR). The objective of the audit was to assess whether the Representation was managing the delivery of services to its persons of concern (PoCs) in a cost-effective manner and in accordance with UNHCR's policy requirements. The audit covered the period from 1 January 2018 to 31 December 2019 and included review of: planning and resource allocation; partnership management; return and reintegration; education; non-food items (NFIs) distribution; and cash-based interventions.

The Representation operated a highly insecure environment where there was a high risk of diversion of humanitarian aid. These challenges notwithstanding, there were some significant gaps in the Representation's control environment and management of risks, which if unaddressed would impact the Representation's ability to provide assistance to beneficiaries in a timely and cost-effective manner.

OIOS made two critical and five important recommendations. To address issues identified in the audit, UNHCR needed to:

- Reinforce its risk and performance management procedures as well as its overall control environment;
- Strengthen the strategic and operational planning processes in the Representation;
- Ensure staff costs related to meals, laundry services and accommodation are charged in accordance with UNHCR guidelines and institute measures to recover unauthorized costs;
- Implement a sustainable plan of action that addresses the risks and weaknesses in partner selection, procurement designation, and monitoring of project implementation in order to ensure efficient and cost-effective service delivery to PoCs (**critical**);
- Address impediments to timely and cost-effective service delivery to refugee returnees under the return and reintegration programme;
- Take urgent action to strengthen internal controls over the receipt, distribution and accounting for NFIs and to ensure they reach intended beneficiaries (**critical**); and
- Strengthen its planning, management and monitoring of the use of cash as a modality of service assistance to PoCs.

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

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

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the operations in Somalia for the Office of the United Nations High Commissioner for Refugees (UNHCR).

2. The UNHCR Representation in Somalia (hereinafter referred to as ‘the Representation’) was established in 2001 to provide refugees, asylum seekers and other persons of concern (PoCs) with international protection, humanitarian assistance and durable solutions, where feasible. The UNHCR programme in Somalia focused on three key population groups: refugees, returning Somali refugees and Internally Displaced Persons (IDPs) with their 2019 expenditure being \$11, \$16 and \$12 million respectively. As at 31 December 2019, the Representation was assisting 17,883 refugees and 17,789 asylum seekers, primarily from Ethiopia (61 per cent) and Yemen (37 per cent). The Representation also assisted the return of 6,010 Somali refugees in 2019 from neighbouring countries and provided support to 95,049 out of 2.6 million IDPs. Most PoCs resided in urban areas in Somaliland, South Central Somalia and Puntland.

3. Somalia is a federal republic consisting of six states with various degrees of independence and, because Somaliland declared itself an autonomous region of Somalia, the Representation operated in an environment with different legal frameworks, government authorities and operational context. Also, the security environment was very challenging, with an attack on the United Nations compound in Mogadishu in January 2019 necessitating the relocation of most UNHCR staff to other duty stations in Somalia for at least six months. Somalia was ranked by Transparency International’s Corruption Perceptions Index as having the highest risk out of 180 countries in 2019. Security Council resolution 1916 (2010) called for organisations to take all feasible steps to mitigate the misuse and misappropriation of humanitarian assistance in Somalia.

4. The Representation recorded total expenditures of \$65.4 and \$66.3 million in 2018 and 2019 respectively. It worked with 30 and 35 partners in 2018 and 2019 respectively. These partners implemented about 65 per cent of the Representation’s programme related expenditures. The Representation was headed by a Representative at the D-1 level and it had at the end of December 2019, 167 regular staff posts and 30 affiliate staff. It had: (i) a Country Office; (ii) three Sub-Offices in Mogadishu, Galkayo and Hargeisa covering South Central Somalia, Puntland and Somaliland respectively; (iii) one Field Office in Bossaso; and (iv) six Field Units.

5. Comments provided by UNHCR are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

6. The objective of the audit was to assess whether the Representation was managing the delivery of services to its PoCs in a cost-effective manner and in accordance with UNHCR’s policy requirements, with due regard to the risks that it was exposed to in the context in which it was operating.

7. This audit was included in the 2020 risk-based work plan of OIOS due to the risks related to the size and complexity of the operations in Somalia.

8. OIOS conducted this audit from February to May 2020. The audit covered the period from 1 January 2018 to 31 December 2019. Based on an activity-level risk assessment, the audit covered the following higher risk areas: (a) planning and resource allocation; (b) partnership management; (c) return and reintegration; (d) education; and (e) basic and domestic needs through non-food item (NFI) distribution or cash-based interventions (CBI). Through the review of the above-mentioned areas, OIOS also drew overall conclusions about the control environment and the effectiveness of enterprise risk management.

9. The audit methodology included: (a) interviews with key personnel; (b) a review of relevant documentation; (c) analytical review of data, including financial data from Managing for Systems, Resources and People (MSRP), the UNHCR enterprise resource planning system, performance data from Focus, the UNHCR results-based management system, and data on PoCs from proGres, the UNHCR registration tool; (d) sample testing of controls using both systematic and random sampling methods; (e) visits to the Representation's Country Office in Mogadishu, Sub-Offices in Mogadishu and Hargeisa, Field Office Bossaso, and four partners implementing UNHCR projects; and (f) observation of programme activities implemented in Hargeisa, Berbera and Bossaso. OIOS was not able to visit partner projects in South Central Somalia due to the security situation. All partners selected for review brought their relevant original documentation to the UNHCR office for the audit except one that presented copies.

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

III. AUDIT RESULTS

A. Risk management and control environment

The Representation needed to reinforce its risk and performance management procedures

11. The Representation operated in a difficult environment characterized by amongst other things having to work with different legal frameworks co-existing in the country, significant security concerns, and a high risk of diversion of funds. These challenges notwithstanding, there were some significant gaps in the Representation's control environment and management of risks. The Representation also faced challenges in attracting and retaining staff and did not have dedicated resources overseeing key programmes such as education. The monthly rest and recuperation cycles coupled with the relatively short assignment length of 18 months also impacted staff availability and continuity. The Country Office's relocation from Nairobi to Mogadishu in 2016 did not result in significant improvement in oversight of its Sub-Offices and programme implementation.

12. The operational context in Somalia dictated that effective management of risks was imperative to meet its strategic objectives. This put regular and ongoing risk identification, assessment, treatment and monitoring at the forefront of operational management and decision-making. However, the Representation did not identify key risks in its core programmes for mitigation, such as the reintegration programme which constituted over 50 per cent of its programme budget. Additionally, despite the high risk of displacements within and from outside its borders, the Representation's risk register did not include its limited emergency preparedness as there was no risk analyses, preparedness actions and scenario based contingency plans.

13. The Representation did not have a risk and compliance advisor to support the risk management process and to advise and assist management in ensuring that a sound internal control framework was in place. The challenging operating environment also called for an effective second line of defense to support, assist, back-stop and oversee the first line. But the Representation did not receive any support missions from the former Bureau for Africa during the audit period.

14. UNHCR's performance management system, Focus, did not have accurate and complete information for assessing the effectiveness of the Representation's programme and protection interventions and for decision-making. The Representation had also not analyzed the root causes (to take appropriate action) of its failure to meet established targets in key project areas such as education, reintegration and CBIs. The 2018 targets and incorrect baselines were not adjusted to reflect changing circumstances and therefore, did not provide an accurate basis against which to measure performance results. Also, the accuracy of results was questioned as some 2018 mid-year performance numbers were higher than those reported at the year-end. For example, at mid-year, 161 reintegration cash grants were given against a target of 800, with the year-end result reported as 80.

15. Some of the control deficiencies raised in this audit were recurring and reported already in the previous OIOS audit report 2017/068, dated 13 July 2017. This included partnership management, monitoring of CBIs and performance data, but the measures implemented were either not sustained or never properly put in place. This was attributed to amongst other things the lack of technical personnel as elaborated in section E (education) of this report. If weaknesses in the risk and control environment are not addressed, the Representation may not deliver services to PoCs cost-effectively and safeguard its resources as well as its integrity and reputation.

(1) The UNHCR Representation in Somalia, in cooperation with the Regional Bureau for East, Horn of Africa and the Great Lakes, should develop and implement a comprehensive action plan to strengthen the implementation of risk management and performance management procedures and the overall control environment in the operation.

UNHCR accepted recommendation 1 and stated that the Representation: (i) developed contingency plans and emergency preparedness and response plans for refugees and IDPs; (ii) developed action plans to embed risk management and enhance the internal control environment; (iii) had made a provision for a G7 post dedicated to the education programme in its 2021 organisation structure; (iv) would ensure that Multi-Functional Teams follow up partners' performance management especially aspects mentioned in this report. Recommendation 1 remains open pending receipt of documentary evidence of the implementation of: (i) action plan embedding risk management in management processes; (ii) action to address its low capacity to manage the education programme; and (iii) action plan to strengthen performance management including for education, reintegration projects and CBIs.

B. Planning and resource allocation

The Representation needed to strengthen its strategic and operational planning

16. In line with UNHCR requirements, the Representation prepared an annual plan to guide its operations. However, it lacked a multi-year, multi partner protection and solutions strategy (MYMPPSS) detailing its longer-term vision for resolving problematic PoC issues in a sustainable manner. These issues included the protracted refugee situation, reintegration of Somali returnees and implementation of the Comprehensive Refugee Response Framework (CRRF) within the different legal frameworks in Somalia. The Representation was preparing an MYMPPSS at the time of the audit.

17. The Representation had not developed operational strategies to drive the achievement of its overall goals and strategic objectives in public health, education, return and reintegration, sexual and gender-based violence (SGBV) and child protection. Also, its livelihoods strategy had not been adjusted to reflect the results of an impact assessment that concluded that the Representation's \$8.1 million project had not created the desired impact of beneficiaries becoming self-reliant. The Representation's standard operating

procedures (SOPs) in several locations were also not updated to guide programme implementation in areas such as SGBV, fraud committed by PoCs and resettlement.

18. The Representation acknowledged the lack of comprehensive refugee data to inform strategic and operational decision making and had embarked on an exercise to verify and update population figures. Preliminary results from the verification exercise showed a 35 per cent drop in the refugee population size, with investigations yet to be done so programmes could be adjusted accordingly.

19. The Representation also had significant backlogs in assessing refugee status determination (RSD) claims. There were 17,789 outstanding claims at the time of audit, some of which dated as far back as 20 years. This was partly attributed to the slow processing pace of eligibility officers, with those in Hargeisa and Puntland only processing 129 and 46 RSD cases in 2019 against the UNHCR annual benchmark of 600 and 300 cases respectively. There was also a drop in the acceptance rate of asylum claims in Somaliland and Puntland in 2019, which meant that a large number of asylum seekers were not recognized as refugees, and this raised questions on whether the Representation was assisting persons that were not of concern to UNHCR. The delayed resolution of RSD claims had resource implications for the Representation (\$4.4 million in 2019 alone) since it was assisting asylum seekers until their status was established. The Representation lacked an RSD strategy that addressed amongst other things, this backlog.

20. In line with the Global Compact on Refugees, the Representation was supporting the CRRF set up in Somalia. However, key structures such as, the steering and technical committees and a national action plan were not in place due to challenges in coordination between and aligning the priorities of federal and state governments. Despite this limited progress, the Representation made headway in instituting programmes that were aligned to CRRF principles. For example, in 2019 it moved away from running parallel health and education facilities to paying public facilities for services offered to refugees in Somaliland and Puntland. This however turned out to be costlier and was perceived by the local population as offering preferential treatment to PoCs and thus, raised a risk of tensions between the two groups.

21. The Representation's operating costs in Somalia were high with the administrative and staffing costs in 2018 and 2019 covering 44 and 55 per cent of the operating level budget respectively. This excluded the cost of the construction of the new UNHCR office in Mogadishu budgeted at \$7.5 million. These high costs significantly reduced available funding for service delivery and called for the Representation to manage its resources in a robust manner if it was to meet its mandate.

22. The Representation obtained an exemption from UNHCR Headquarters to subsidize commercially rented accommodation for staff in Mogadishu at a cost of \$2.5 million in 2019. However, it paid and did not recover costs estimated at \$700,000 which related to meals and laundry services provided to staff in 2019, that were not covered under the exemption. The Representation also recovered only \$641 of the \$850 monthly accommodation rate for Hargeisa staff although this was not covered in the exemption. While there was communication between the Representation and UNHCR Headquarters on this matter, it remained unresolved at the time of the audit.

23. The main reason for the weaknesses above was inadequate management oversight which was evidenced by the Representation's lack of strategies to support prioritization of needs and inadequate allocation of limited resources in a complex operating environment. As noted above, this impacted the Representation's delivery of services to PoCs and the achievement of its strategic objectives.

(2) The UNHCR Representation in Somalia should strengthen its strategic planning processes including by: (i) finalizing the multi-year, multi-partner protection and solutions strategy; (ii) developing key operational strategies and standard operating procedures; and (iii) implementing an action plan to be a catalyst to the Comprehensive Refugee Response

Framework to ensure proper prioritization of needs and targeted delivery of services to persons of concern in a cost-effective manner.

UNHCR accepted recommendation 2 and stated that: (i) the MYMPPSS had been finalized. An action plan to address livelihoods shortcomings was in place; (ii) Somalia's RSD strategy had been finalized and would be updated to consider the cost implications arising from significant number of asylum seekers. The Representation would develop a public health strategy with the support of the Regional Bureau; and (iii) in the Somalia context, UNHCR cannot develop an action plan on its own for the implementation of CRRF. This should be seen in the challenging context of the Somalia Operation where the refugee/asylum seeker caseload is only 22,000 when compared to 2.6 million IDPs. Recommendation 2 remains open pending receipt of documentary evidence of: (i) finalization of the public health and RSD strategies including consideration of resource implications given that half the population are asylum seekers; (ii) agreed plan of action to catalyze the implementation of CRRF structures including national action plan, and relevant structures for coordination; and (iii) implemented plan to address the shortcomings reported in the livelihoods programme.

- (3) The UNHCR Regional Bureau for East, Horn of Africa and the Great Lakes, in cooperation with the Representation in Somalia, should review costs incurred on staff meals, laundry services and accommodation in accordance with UNHCR guidelines and institute measures to recover unauthorized costs.**

UNHCR accepted recommendation 3 and stated that cost recovery started in accordance with UNHCR guidelines for accommodation, meals and laundry services from 1 September 2020. The Regional Bureau sent a memorandum to Headquarters requesting for a waiver from recovering costs prior to 1 September 2019 and was waiting for endorsement by the Controller. Recommendation 3 remains open pending receipt of evidence of review and proper resolution and authorization of the issue of costs incurred, estimated at \$700,000, on staff meals, laundry services and accommodation and evidence of recoveries if a decision is taken to recover unauthorized costs.

C. Partnership management

The Representation needed to address persistent critical control gaps in partnership management

24. The Representation worked with 30, 35 and 33 partners in 2018, 2019 and 2020 respectively. The high-risk security concerns resulted in difficulties in obtaining partners to work in Somalia. It also affected the level of access staff and partners had to implementation sites and PoCs, particularly in South Central Somalia. Thus, it could not closely monitor programme activities yet there were high risks related to misuse and misappropriation of funds.

25. UNHCR exempted the Representation from conducting a full selection process for specific projects but required that it establish rosters from which partners would be picked. However, in cases where it had not established rosters, the Representation selected partners from other unrelated project lists and regions instead of going through the required selection process. For example, a partner for basic needs in Somaliland was selected from the livelihoods roster of South-Central Somalia. The Representation also did not conduct the full selection process for areas for which it did not have this exemption, such as for third party monitoring. This raised the risk that selected partners would not be able to deliver quality services cost-effectively. Further, despite a 38 per cent reduction in budgets between 2018 and 2020, the Representation continued to work with the same number of partners, affecting the availability of funding for service delivery.

26. The Representation as part of the selection process did not assess Government partners' capacity to implement programmes nor the adequacy of their controls in safeguarding UNHCR resources. The Representation's decision to appoint five partners at the state level contravened the Country Protocol which required that it only work with the federal Government. This decision was also not approved by the Implementing Partnership Management Committee (IPMC). The Representation did not define the responsibilities of the federal and state Government partners thus increasing the risk of duplication of roles. It was also unable to justify the \$2.7 million paid as staff costs which represented 62 per cent of the 2019 government partner budgets. The Representation could also not support its decision to transfer ownership of 12 fully depreciated and 25 new vehicles worth about \$600,000 to several Government entities in 2019. Also, in contravention of rules, it continued to pay fuel and maintenance costs for these donated vehicles.

27. The Representation designated procurement to partners amounting to \$36.1 million without conducting proper due diligence. Eleven partners designated to procure goods and services worth \$2.6 million in 2019 were not prequalified by UNHCR and had significant control weaknesses. For example, a Government partner was permitted to procure commodities worth \$300,000 in 2019 despite a capacity assessment concluding that their procurement unit was dysfunctional and receiving a qualified audit opinion in 2018 due to procurement irregularities. In this case, the Representation did not institute compensating controls to mitigate against identified risks prior to signing the 2019 agreement nor was close monitoring enforced thereafter.

28. In its review of a sample of partner procurements, OIOS noted that one partner provided dubious supporting documentation for food and cleaning items worth \$91,000, with purported suppliers denying having placed bids for the goods. This partner did not have documentation to evidence the distribution of food to intended beneficiaries. Partners also selected vehicle rental companies without conducting competitive bidding processes. For example, one partner had not completed a competitive bidding exercise for annual car rental services worth \$43,200 since 2016. The rental rates of another partner operating in the same region were 58 per cent lower.

29. Project monitoring by multifunctional teams was primarily conducted through desk reviews, with limited physical verification of implementation sites, even for locations that were relatively secure like Somaliland. The robustness of the Representation's risk-based monitoring plans was questionable since over 85 per cent of its partners in 2019 were rated as low and medium risk despite its inability to access implementation sites and well-known risks inherent to the environment they operated in. For instance, a Government partner that lacked capacity to deliver registration services and had not implemented 80 per cent of the 2018 project audit recommendations, was assessed as low risk. Consequently, project monitoring was ineffective in identifying key risks to programmes and taking timely mitigation measures.

30. The Representation's financial monitoring was also impacted by its limited coverage, with only five to nine transactions reviewed per partner. Restrictions on movement of international staff due to security meant that financial monitoring was primarily conducted by national staff who were more susceptible to undue influence. The Representation did not work around the security restrictions for example by requesting partners to bring their documentation to UNHCR offices. Consequently, the superficial reviews were unable to identify key issues such as misclassification of Government partners' expenditure under unrelated UNHCR budgeting pillars, which had implications on the accuracy of country financial results. The Representation's follow-up on the 2018 project audit report recommendations was also slow, with 49 out of 95 recommendations still outstanding at the time of audit.

31. In August 2019, the Representation piloted the use of a third-party monitor for project sites it had limited access to. The findings in monitoring reports were useful, however these were not used to inform decisions, for example those relating to further disbursement of funds to partners. The effectiveness of the third-party monitoring was affected by limited coverage, with only 7 partner projects visited out of the 32

in South Central Somalia and Puntland. Also, measures recommended by the third-party monitor to address identified programme risks had not been implemented at the time of the audit. Despite having no other alternative for partner monitoring, the Representation had not reached a decision on whether to continue with third party monitoring in 2020 at the time of the audit.

32. These issues were caused by the Representation not undertaking the necessary due diligence in response to the heightened risks related to working in Somalia. Whilst improvements were observed since the last OIOS audit, the mitigating measures for partner selection, retention, designation of partner procurement and project monitoring remained ineffective and unsustainable. If unaddressed, there is a continued risk that PoCs will not receive the intended services and the Representation continues to be exposed to a high risk of fraud.

(4) The UNHCR Representation in Somalia, in cooperation with the Regional Bureau for East, Horn of Africa and the Great Lakes, should implement an action plan addressing the risks and recurring control gaps associated with partner selection, procurement designation, and monitoring of project implementation to ensure efficient and cost effective service delivery to persons of concern.

UNHCR accepted recommendation 4 and stated that the Representation: (i) had completed a partner selection exercise in compliance with the policy; (ii) would ensure the proper alignment of expenditures in accordance with budgeting pillars for Government partners; (iii) reduced Government counterparts from 11 to 8 in 2021; (iv) had assessed all partners' capacity for procurement; (v) would ensure assessment of partner's vehicle needs; and (vi) would prepare risk-based monitoring plans for 2021 project partnership agreements (PPAs) by 31 March 2021. Recommendation 4 remains open pending receipt of documentary evidence of implementation of: (i) proper alignment of expenditures with budgeting pillars for Government projects; (ii) capacity assessments of Government partners and clarity of roles and responsibilities for federal and state Government partners and review of staff costs; (iii) assessment of partners procurement capacity; (iv) vehicle needs assessment for projects and cost benefit analysis to justify the decision to transfer ownership and for continued payment of operating costs; and (v) partner risk-based monitoring plans reflective of the country context and utilizing third party monitoring reports.

D. Return and reintegration

The Representation needed to strengthen its management oversight over the return and reintegration programmes

33. The Representation spent about half of its resources totaling \$25.5 million in the two years under audit on reintegration of returnees. However, it did not have a reintegration strategy and plan to ensure that the programme was implemented in a systematic, strategic and integrated manner. Additionally, the Representation lacked an exit strategy to mitigate against the risk of beneficiaries remaining perpetually dependent on handouts and ensure programme sustainability once funding was no longer available. For example, an estimated 62 per cent of returnee children dropped out of school in 2019 (80 per cent in 2020) once the education component of this programme ceased after nine months.

34. The reintegration programme was not informed by a situational assessment and this as reflected below, impacted the delivery of services to PoCs in a cost-effective manner. The Representation offered standardized return packages regardless of the place of return and family sizes. For example, the cash payments made, and shelter provided to returnees in Bossaso did not consider household family size nor vulnerabilities. There were also significant delays in processing the return benefits to beneficiaries and

cash payments due to returnees in February 2018 were only processed in March 2020. A post return assessment conducted in Kismayo in November 2019 reported that 92 per cent of all sampled returnee respondents had not received their full return entitlements. In Puntland and Somaliland, the education component of the reintegration package was not paid.

35. The Representation's reintegration budget increased from \$10.4 to \$15.1 million despite the decline in the number of returnees by 93 per cent between 2018 and 2019. This increase was primarily driven by the Representation charging the reintegration budget with projects that were unrelated to reintegration, for example, shelter projects in Berbera and Bossaso for refugees, IDPs and host community. The misclassification of expenditure had implications on the accuracy of country results reported under the respective budget pillars in the performance framework and financial reports and raised a reputational risk.

36. The Representation's ineffective management of the programme raised the risk that returnees would not be reintegrated in conditions of safety and dignity and their protection needs would not be met. Limitations in providing returnees with livelihoods, access to basic services, and full integration into communities also raised the risk that they would become dependent on assistance and/or return to countries of asylum as refugees. These risks were not reflected in the Representation's risk register. The lack of a strategy is covered recommendation 2.

(5) The UNHCR Representation in Somalia should review its return and reintegration programme and institute measures which in addition to the existing inadequacies in planning and monitoring also address impediments to delivery of timely services to refugee returnees.

UNHCR accepted recommendation 5 and stated that the Representation: (i) finalized a return and reintegration strategy for returnees from Kenya to guide the returns and reintegration programme; (ii) would strengthen the oversight role in receiving returnees, transporting them to final destinations and preparing payment lists to ensure timely payments to returnee beneficiaries; (iii) would ensure proper realignment of budgets and spending according to population planning groups in 2021; and (iv) revised the return protection packages, including the education grant. Recommendation 5 remains open pending receipt of evidence of: (i) an approved return and reintegration strategy covering all returnees irrespective of country of asylum; (ii) timely processing of the return benefits and entitlements to the beneficiaries including the education component of the return package in Puntland and Somaliland regions; (iii) proper accountability for funds allocated to the reintegration budget; and (iv) detailed assessments of the packages given with consideration of vulnerabilities and family size of PoCs.

E. Education

The Representation needed to enhance planning and delivery of its education programme

37. In the audit period, the Representation spent \$8.8 million on education projects, without having a strategy to direct related interventions. Consequently, it did not have a structured and harmonized approach to addressing identified obstacles, for example, access to and quality of education across the different regions. The Representation reported low enrolments for students in all population groups, but with worse statistics among returnees. As of 31 January 2020, only 11 per cent of children of school-going age were attending schools. Other statistics on key performance indicators, for example school attendance, gender parity, teacher-student ratio and number of children in classrooms were not available. Education sustainability was also not thought through with returnees dropping out of school once support stopped.

38. The Representation's decision to transition refugee children from parallel run structures to public schools without conducting proper due diligence presented challenges once implementation was underway. It assumed that transitioning PoCs to public schools would be a cheaper option, but this was not the case. Upon transitioning, the Representation discovered that over 90 per cent of schools in Somalia were privately operated and fees were paid for all students, including public ones. Also, school curricula and languages of instruction differed by region, with Yemeni refugees that were offered education in Arabic affected by the transition to public schools that ran on the Somaliland curriculum. Ethiopian refugees were also unable to attend school in Berbera due to language constraints.

39. The Representation did not perform the required cost-benefit analyses to determine whether it was more advantageous to directly implement the programme or do so through partners. Consequently, the partner that processed the payment of school fees spent \$1.8 million (57 per cent) of their budget in 2019 on staff salaries and indirect costs. Also, contrary to UNHCR policy, the Representation developed infrastructure at private schools in Puntland and despite this, fees for refugee children were still paid. These issues reduced available funding for the delivery of education services to PoCs.

40. The Representation had not prepared a performance report consolidating education results across the country. A review of available reports reflected inconsistencies in the Representation's performance reports undermining the reliability of data reported. For example, the number of students enrolled in schools in 2018 lacked underlying reliable data to support reported results. This was also the case with one partner that distributed more scholastic kits than school uniforms, with the disparity not identified for resolution at the time of the audit. The limited prioritization of interventions in a resource constrained environment and lack of technical personnel affected the implementation of the education programme. The issue relating to the lack of an education strategy has been covered under recommendation 2. Inadequate performance management and reporting for education projects has been covered under recommendation 1. Therefore, no separate recommendation is raised.

F. Basic and domestic needs

The Representation needed to significantly strengthen controls over the distribution of NFIs

41. The Representation supported PoCs' basic and domestic needs through the distribution of NFIs worth \$4.1 million in the audit period. However, the Representation was unable to account for the \$4.1 million reported as received and distributed because mandatory NFI records such as stock cards, goods received notes, delivery notes, inventory counting sheets and reconciliations were not maintained. OIOS attempted but could not reconcile NFIs received to distributions and stock on hand for 22 items sampled. Additionally, the Representation was holding slow-moving stock worth \$206,289 for which it had no plans for distribution.

42. The Representation did not have SOPs to guide the management and distribution of NFIs. The risks related to the lack of proper guidance were compounded in instances where the Representation released NFIs to partners for distribution without a project partnership agreement, as was noted in the case of 500 NFI kits worth \$24,702 issued to one partner. Consequently, the Representation did not have evidence that NFIs reached intended beneficiaries as partner distribution reports, signed beneficiary listings and reconciliations were not available. Gaps in the Representation's management were also evident in its issuance of larger quantities of items than defined in the standard NFI kit, which resulted in losses. For example, the Representation lost \$5,315 when it issued 1,500 kits due to the release of larger quantities per kit than was mandated.

43. The Representation had not established criteria to support the identification of beneficiaries and prioritization of persons during NFI distributions. Beneficiary selection and distribution of NFIs for IDPs

was left to partners with no supervision or monitoring by the Representation to ensure PoC needs were met and resources properly spent. This resulted in inconsistencies in NFIs distributed with the number given to refugee returnees being dependent on family size whereas IDPs got only one kit per family regardless of size. Additionally, the Representation did not conduct the mandatory on-site and post-distribution monitoring of NFIs to confirm that items reached intended beneficiaries.

44. The lack of SOPs to provide guidance compounded with the Representation's inadequate oversight of the relevant partners contributed to the significant control weaknesses noted across all stages of the management and distribution of NFIs. Consequently, the Representation could not properly account for NFIs under its stewardship. Overall, OIOS could not obtain assurance that NFIs reached the intended beneficiaries especially considering the high risk of diversion of humanitarian aid given the operational context in Somalia.

(6) The UNHCR Representation in Somalia should take urgent action to implement standard operating procedures to strengthen its management of the receipt, distribution and storage of non-food items, strengthen documentation to drive proper accountability and institute monitoring to ensure programme inputs reach intended beneficiaries.

UNHCR accepted recommendation 6 and stated that the Representation: (i) implements SOPs for IDPs developed by the Shelter and NFIs Cluster led by UNHCR and would develop SOPs for refugees/asylum seekers and returnees in 2021; (ii) conducts needs assessments for NFIs as part of the cluster; (iii) documents all distributions conducted either by partners or UNHCR; (iv) noted that due to Somalia's security context, on-site monitoring was only possible in some locations; (v) has a well-established system of managing procurement, receiving, issuance and reconciliation of inventories from the warehouse; and (vi) developed a plan for distribution of slow-moving items. Recommendation 6 remains open pending receipt of documentary evidence of: (i) development and implementation of SOPs aligned to UNHCR policies and guidance on inventory management and distribution including an established complaints and response mechanism; (ii) needs assessment at the planning stage in order to prioritize allocation of resources; (iii) on-site monitoring during NFI distributions for accountability; (iv) reconciliation of NFIs received, issued from the warehouse to beneficiary listings and partner distribution reports and stock at hand.

The Representation needed to enhance controls over cash-based interventions

45. The Representation distributed multi-purpose cash grants worth \$20.6 million in the audit period. The Representation had not conducted a cost-benefit analysis or needs assessment regarding the viability, extent and effectiveness of using CBI instead of NFIs to provide for PoCs basic and domestic needs. For example, delays by several months in making cash payments in South Central Somalia worth \$727,900 raised questions on whether CBI was more effective as a modality of service delivery than NFIs.

46. The Representation developed country-wide CBI SOPs in January 2019, but they were not fully operationalized because they referenced the use of the CashAssist tool that had not yet been implemented. These SOPs were not applied consistently across the country, with Puntland having developed their own that were not aligned, nor approved by the Representative. Contrary to UNHCR requirements, the Representation did not have an exit strategy outlining criteria and information collection to inform decisions regarding expansion or contraction of the CBI programme and plans to guide communication to PoCs. The lack of an exit strategy created the risk that PoCs would become increasingly reliant on humanitarian assistance.

47. There were gaps in the Representation's payment of monthly subsistence allowances worth \$4 million to half of the refugee population in the audit period. Contrary to its SOPs, the Representation had

not, for a couple of years, reassessed refugees' vulnerability and therefore their entitlement to the subsistence allowance every three to six months. This was not only inefficient but also created refugee dependency on UNHCR which was not sustainable. The design of this allowance did not favor refugees with large family sizes, with a single person in Somaliland receiving \$60 per month and a 12-member family size household getting only \$150. In Puntland, because the principal applicant received \$100 and additional family members \$20 each, this drove beneficiaries to register as single households in order to receive more benefits. This allowance was also not linked to other assistance provided, such as for health, education, livelihoods and so raised a risk of duplication.

48. The Representation did not conduct any on-site distribution monitoring for CBIs to ensure proper programme implementation and did not properly reconcile the amounts transferred to the bank and actually disbursed by the bank to beneficiaries. The Representation did not follow up on PoCs that did not pick up their monthly cash payments and instead removed them from the list. Post-distribution monitoring for CBIs was normally conducted once a year, and so resultant reports could not be linked to specific cash distributions and therefore were unable to support any meaningful decision making. Also, this meant that the Representation lacked feedback on the adequacy and effectiveness (quality, sufficiency and utilization) of CBI as a modality of service delivery in mitigating protection risks.

49. The above issues were attributed to weaknesses in the Representation's oversight as evidenced by inadequate planning, management and monitoring of the use of CBI as a modality for meeting PoC basic and domestic needs. This resulted in non-compliance with some controls instituted by UNHCR to ensure PoC needs were met in an efficient and cost-effective manner.

(7) The UNHCR Representation in Somalia should strengthen its planning, management and monitoring of the use of cash as a modality of assistance and ensure compliance with UNHCR requirements including for the payment of the monthly subsistence allowances to refugees.

UNHCR accepted recommendation 7 and stated that:(i) the Representation now prepares reconciliations between the bank and approved beneficiaries monthly at Sub Office level; with discrepancies detected and resolved;(ii) some field offices had already started implementing revised CBI SOPs; and (iii) due to the security context, on-site monitoring of CBI payments was only possible in some locations. Recommendation 7 remains open pending receipt of documentary evidence of: (i) regular re-assessments of vulnerability to justify continuation of CBI subsistence payments; and (ii) on-site monitoring reports.

IV. ACKNOWLEDGEMENT

50. OIOS wishes to express its appreciation to the management and staff of Representation in Somalia for the assistance and cooperation extended to the auditors during this assignment.

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

STATUS OF AUDIT RECOMMENDATIONS

Audit of the operations in Somalia 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 Representation in Somalia, in cooperation with the Regional Bureau for East, Horn of Africa and the Great Lakes, should develop and implement a comprehensive action plan to strengthen the implementation of risk management and performance management procedures and the overall control environment in the operation.	Important	O	Receipt of documentary evidence of the implementation of: (i) action plan embedding risk management in management processes; (ii) action to address its low capacity to manage the education programme; and (iii) action plan to strengthen performance management including for education, reintegration projects and CBIs.	31 March 2021
2	The UNHCR Representation in Somalia should strengthen its strategic planning processes including by: (i) finalizing the multi-year, multi-partner protection and solutions strategy; (ii) developing key operational strategies and standard operating procedures; and (iii) implementing an action plan to be a catalyst to the Comprehensive Refugee Response Framework to ensure proper prioritization of needs and targeted delivery of services to persons of concern in a cost-effective manner.	Important	O	Receipt of documentary evidence of: (i) finalization of the public health and RSD strategies including consideration of resource implications given that half the population are asylum seekers; (ii) agreed plan of action to catalyze the implementation of CRRF structures including national action plan, and relevant structures for coordination; and (iii) implemented plan to address the shortcomings reported in the livelihoods programme.	31 March 2021
3	The UNHCR Regional Bureau for East, Horn of Africa and the Great Lakes, in cooperation with the Representation in Somalia, should review costs incurred on staff meals, laundry services and accommodation in accordance with UNHCR guidelines and institute measures to recover unauthorized costs.	Important	O	Receipt of documentary evidence of review and proper resolution and authorization of the issue of costs incurred, estimated at \$700,000, on staff meals, laundry services and accommodation and evidence of recoveries if a decision is taken to recover unauthorized costs.	31 December 2020
4	The UNHCR Representation in Somalia, in cooperation with the Regional Bureau for East, Horn of Africa and the Great Lakes, should implement an	Critical	O	Receipt of documentary evidence of implementation of: (i) proper alignment of expenditures with budgeting pillars for	31 March 2021

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

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

³ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁴ Date provided by UNHCR in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the operations in Somalia 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
	action plan addressing the risks and recurring control gaps associated with partner selection, procurement designation, and monitoring of project implementation, to ensure efficient and cost effective service delivery to persons of concern.			Government projects; (ii) capacity assessments of Government partners and clarity of roles and responsibilities for federal and state Government partners and review of staff costs; (iii) assessment of partners procurement capacity; (iv) vehicle needs assessment for projects and cost benefit analysis to justify the decision to transfer ownership and for continued payment of operating costs; and (v) partner risk-based monitoring plans reflective of the country context and utilizing third party monitoring reports.	
5	The UNHCR Representation in Somalia should review its return and reintegration programme and institute measures which in addition to the existing inadequacies in planning and monitoring also address impediments to delivery of timely services to refugee returnees.	Important	O	Receipt of documentary evidence of: (i) an approved return and reintegration strategy covering all returnees irrespective of country of asylum; (ii) timely processing of the return benefits and entitlements to the beneficiaries including the education component of the return package in Puntland and Somaliland regions; (iii) proper accountability for funds allocated to the reintegration budget; and (iv) detailed assessments of the packages given with consideration of vulnerabilities and family size of PoCs.	31 March 2021
6	The UNHCR Representation in Somalia should take urgent action to implement standard operating procedures to strengthen its management of the receipt, distribution and storage of non-food items, strengthen documentation to drive proper accountability and institute monitoring to ensure programme inputs reach intended beneficiaries.	Critical	O	Receipt of documentary evidence of: (i) development and implementation of SOPs aligned to UNHCR policies and guidance on inventory management and distribution including an established complaints and response mechanism; (ii) needs assessment at the planning stage in order to prioritize allocation of resources; (iii) on-site monitoring during NFI distributions for accountability; (iv) reconciliation of NFIs received, issued from the warehouse to	31 March 2021

STATUS OF AUDIT RECOMMENDATIONS

Audit of the operations in Somalia 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
				beneficiary listings and partner distribution reports and stock at hand.	
7	The UNHCR Representation in Somalia should strengthen its planning, management and monitoring of the use of cash as a modality of assistance and ensure compliance with UNHCR requirements including for the payment of the monthly subsistence allowances to refugees.	Important	O	Receipt of documentary evidence of: (i) regular re-assessments of vulnerability to justify continuation of CBI subsistence payments; and (ii) on-site monitoring reports.	31 March 2021

APPENDIX I

Management Response

Management Response

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

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Representation in Somalia, in cooperation with the Regional Bureau for East, Horn of Africa and the Great Lakes, should develop and implement a comprehensive action plan to strengthen the implementation of risk management and performance management procedures and the overall control environment in the operation.	Important	Yes	Deputy Representative (Operations)	31 March 2021	<p>(i) Contingency plans and emergency preparedness and response plans for refugees and IDPs had been developed. These contingency plans and emergency preparedness and response plans were developed in consultation with and endorsed by Regional Bureau and Headquarters. The Bureau commended the Operation's proactive actions and provided feedback for the future development of CPs.</p> <p>(ii) Specific action plans embedding the Risk Management and Enhancement of Internal Control Environment to each of the three sub-offices in UNHCR Somalia has been developed by the Operation and shared with OIOS during UNHCR Somalia's response to the Detailed Audit Result. As committed during the response to the Detailed Audit Result, the Operation has now completed the overarching Action Plan for Operational Management and Decision Making in close</p>

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

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

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>consultation with the Regional Bureau.</p> <p>(iii) UNHCR Somalia has accepted the recommendation regarding the technical capacity to manage the education programme and has reprioritized its staffing table for 2021 to create a G7 post dedicated to Education.</p> <p>To date, the referenced memorandum to the Annual Review and Budget Analysis Service, para. 5, provides instruction to: “create a new Snr Education Associate in Mogadishu [...] effective 1 April 2021. There is a critical need to assign a dedicated staff to oversee the education programme in the operation. This function has been handled by assigning a focal person from Protection team which is not effective and sustainable.” Further, and in the spirit of Regionalization, it should be acknowledged that the Regional Bureau will provide oversight of all UNHCR Somalia’s education activities, with all necessary support provided by the Regional Bureau.</p> <p>The Operation will provide evidence of recruitment by June 30th 2021.</p> <p>(iv) UNHCR Somalia has taken notice of this recommendation; the</p>

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>Operation has since updated its Focus indicator values for 2019 and 2020 to accurately reflect performance achieved. Documentary evidence is attached.</p> <p>Additionally, as per UNHCR guidance on partners' performance management, UNHCR Multi-Functional Teams (MFTs) composed of Program, Project Control, supply and Protection will take charge to consistently follow up on partners' performance management for different components of the 2021 UNHCR program. More evidence will be provided by 31st March 2021.</p> <p>As for CBI, the post has been vacant for more than a year – for reasons beyond the control of the Operation and which clearly impacted the programme. While an external candidate was found, and appointed as the CBI Officer through the regular process, the candidate declined the offer citing personal reasons. The position had to be re-advertised for a second time while efforts were made to find suitable candidates on a temporary basis to fill the gap. Unfortunately, a couple of candidates declined offers for temporary appointment after a time-consuming selection process. This is attributed partly to the fact that the expertise is</p>

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						not adequately available internally, and identifying suitable external candidates proved to be time consuming and very challenging. The recruitment of a suitable candidate was finally achieved, and announced in the HC's Summary Decisions of 12 th November 2020. The appointed Officer is expected to join the Operation at the beginning of 2021. An action plan to strengthen CBI performance management will be shared by 31 st March 2021.
2	The UNHCR Representation in Somalia should strengthen its strategic planning processes including by: (i) finalizing the multi-year, multi-partner protection and solutions strategy; (ii) developing key operational strategies and standard operating procedures; and implementing an action plan to implement the Comprehensive Refugee Response Framework to ensure proper prioritization of needs and targeted delivery of services to persons of concern in a cost-effective manner.	Important	Yes	Snr Protection Officer (Head of Protection of Unit)	31 arch 2021	<p>(i) The Multi-Year, Multi-Partner Protection and Solutions Strategy (MYMPPSS) is finalized. The MYMPPSS strategy and a Note for File on the process of how it was developed based on an extensive consultation process with all stakeholders at federal and sub-national levels are available.</p> <p>All the newly developed SOPs and strategies are brought together under the MYMPPSS which acts as "chapeau", the former being annexed and embedded within the broader strategic direction. This strategy was drafted and finalized in close consultation with the Regional Bureau</p> <p>(ii) UNHCR Somalia's RSD Strategy has been developed, finalized and approved by the Representative in line with the UNHCR RSD Strategic</p>

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>Directions 2015 and based on the guidance/review from Regional Bureau and Headquarters.</p> <p>Additionally, considering OIOS' advice to more strongly reflect the resource implications for the programme given that half the population are asylum seekers, the RSD Strategy has been further developed with a new section, which entails that conducting regular and rigorous vulnerability assessments are required to ensure those not eligible for services and CBI assistance (strictly on a needs/vulnerability basis) are screened out. The Operation will use a newly introduced scoring system for this.</p> <p>Moreover, the Operation is strengthening its capacity to reduce the RSD backlog. For example, the operation successfully requested that HQ supports with review of RSD cases remotely. As for the extensive consultations with the Bureau and HQ on the issue of resource implication, which was then factored into the RSD Strategy, this is in minutes of the meeting with a MFT from HQ and Bureau on 12 August 2020 and email correspondence, including with the head of the RSD section in HQ.</p>

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>Regarding a Public Health Strategy, the Operation, with the support of the Regional Bureau, has developed guidelines for implementation of decentralized medical assistance for refugees in Hargeisa, where the vast majority of refugees and asylum seekers (RAS) are settled.</p> <p>The Operation does not have a public health post but with the support of the Regional Bureau, as per the spirit of Regionalization, will develop a public health strategy for the rest of the Operation (aside from Hargeisa where it has been noted that health guidelines already exists, covering the bulk of the RAS population) by 31st Mach, 2021.</p> <p>(iii) In the Somalia context, UNHCR as an agency cannot develop its own action plan for implementation of CRRF. Rather, UNHCR like all partners, are part of the government's action plan which UNHCR fully and extensively participated in developing. This should be seen in the challenging context of the Somalia Operation vis-à-vis the HCT/UNCT where the refugee/asylum seeker caseload amounts to only 22,000 as compared to 2.6 million IDPs. With UNHCR's support, a number of developments in the implementation of CRRF coordinated by the Federal</p>

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>Government of Somalia (FGS) have occurred.</p> <p>(iv) An action plan to address shortcomings in livelihoods in the Operation is in place, its implementation is projected up to 31st March 2021. One of the actions is the drafting of a new livelihoods' strategy for the period 2021-2024. The new strategy will reflect the results of impact assessments as well as the current socio-economic condition of people of concern. The development of the strategy will involve consultations with the sub-offices with technical guidance from the Regional Bureau. Following the consultations, the draft strategy will be available for comments from different stakeholders before it is finalized and approved by the Representative. At the cross-border meeting with Kenya (both governments and both UNHCR attending) on 4 November, the communications strategy for Somali Refugees abroad and cross-border concept note on collaboration in the areas of education and livelihoods were also discussed and validated to enhance sustainability of returns.</p>
3	The UNHCR Regional Bureau for East, Horn of Africa and the Great Lakes, in cooperation with the Representation in Somalia, should review costs incurred on staff meals, laundry services and	Important	Yes	Bureau/ Representation	31 st December 2020	Accommodation cost recovery has been taking place in accordance with UNHCR guidelines. Recovery for Meals & Laundry services have been instituted as of 1 st September 2020. A

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	accommodation in accordance with UNHCR guidelines and institute measures to recover unauthorized costs.					memorandum signed by the Regional Director was sent to the HQ to waive cost recovery prior to 1 st September pending endorsement by the Controller.
4	The UNHCR Representation in Somalia, in cooperation with the Regional Bureau for East, Horn of Africa and the Great Lakes, should implement an action plan addressing the risks and recurring control gaps associated with partner selection, procurement designation, and monitoring of project implementation, to ensure efficient and cost effective service delivery to persons of concern.	Critical	Yes	Deputy Representative (Ops)	31 March 2021	<p>(i) UNHCR Somalia has completed a thorough partner selection exercise for 2021-2022, which started with the appointment of a new IPMC, following which MFTs at the Representation Office and the three Sub Offices continued with the detailed discussions on the sectors and implementation modalities, development and public advertisement of calls for Expression of Interest, analysis of applications by MFTs, meetings of IPMC, approvals by the Representative, and eventual communication to successful and unsuccessful applicants in full compliance with Global UNHCR policy on partner selection and retention.</p> <p>(ii) The representation takes note of this recommendation and will ensure proper alignment of expenditures with budgeting pillars for government partners in 2021.</p> <p>Evidence of compliance will be shared by 31st March 2021.</p> <p>(iii) The Representation takes note of this recommendation. During the recently completed Partner Selection</p>

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>process referred to above, the number of government counterparts have been reduced from eleven in 2020 to eight in 2021. The eight government partners include: two under the Federal Government of Somalia (FGS), including NCRI and the Office of the Prime Minister-Department of Mixed Migration; one in Hargeisa for Somaliland (NDRA); and one partner for each of the Federal Member States of Puntland, Galmudug, Jubbaland, Hirshabelle and South West State.</p> <p>The compelling reason for eight government counterparts is necessitated by Somalia's political structure, whereby the authority of the federal government is not centralized, and significant tensions remain between the FGS and the Federal Member States (FMSs). Additionally, it is a pre-requisite given the need for the Offices in the field to work with the local authorities and their counterparts at the state level. The reduction in the number of government counterparts will also reduce the size of the government's staffing. Evidence will be shared by 31st March 2021, once the staffing positions are decided upon and the 2021 PPAs are signed.</p> <p>(iv) This recommendation is noted and action taken as the Operation</p>

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>assessed all partners' capacity for procurement.</p> <p>(v) The Operation takes notice of this recommendation and will ensure assessment of relevant partner's vehicle needs before any transfer of ownership in 2021.</p> <p>Also, allocation of budgets to vehicle operational costs will be thoroughly reviewed during the detailed planning for 2021 Projects. Should the operational realities dictate that UNHCR Somalia pay for the running cost of the already transferred vehicles to the government, a signed NFF will be put in place for future reference.</p> <p>(vi) The Operation prepared partner risk-based monitoring plans for all PPAs in 2020 and synthesizes all third-party monitoring reports for follow up action by Sub Offices and respective Units of RO.</p> <p>Risk-based monitoring plans for all 2021 PPAs will be prepared and shared by 31st March 2021.</p>
5	The UNHCR Representation in Somalia should review its return and reintegration programme and institute measures which in addition to the existing inadequacies in planning and monitoring also address impediments to delivery of timely services to refugee returnees.	Important	Yes	Snr Protection Officer (Head of Protection Unit)	31 March 2021	(i) The return and reintegration strategy, in conjunction with the new Multi-Year-Multi-Partner Protection and Solutions Strategy 2020-2022, corresponding Matrix and annexed specific SOPs, lay out a new basis for the return and reintegration

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>programme. The strategy and related components also detail how return/reintegration support is being gradually disengaged from, by transitioning into longer-term development type of assistance across the humanitarian-development-peace nexus and by inclusion of POCs into national systems. The return and reintegration strategy was developed based on extensive consultations (within Somalia and cross-border), finalized and formally validated. Part III of the Return and Reintegration Strategy as shared with OIOS entails, as its title says, a detailed “Context and Situational Analysis”.</p> <p>Based on participatory assessments and post return monitoring analysis, The Operation has further strengthened the Situation Analysis, as per OIOS advice. The Bureau commended the strategy precisely for the situational approach taken: email quote “this is an excellent document and, if agreeable to all concerned, it would be helpful for other Operations seeking to adopt a situational approach to returns to learn from it – so we would be very keen to share more broadly.”</p> <p>The specific issue of school drop-outs of returnee children after the education grant ends has been acknowledged and addressed. A new</p>

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>UNHCR Somalia Education Strategy was finalized in this regard and the approach was further specified in the “Guidance Note on Education Support to Refugee Returnees in Somalia - Ensuring Disengagement and Longer-Term Sustainability”. Consultations at federal and member state levels with governments and partners were conducted and the Regional Bureau reviewed the documents.</p> <p>At the cross-border meeting with Kenya (both governments and both UNHCR attending) on 4 November, the communications strategy for Somali refugees abroad and cross-border concept note on collaboration in the areas of education and livelihoods were also discussed and validated to enhance sustainability of returns. As part of the regular programming cycle, a new comprehensive participatory assessment with a focus on return and reintegration will be done by 31 March 2021 and results will be shared with OIOS. If based on the findings there is a need to amend the Return and Reintegration Strategy, such revision will be undertaken as the strategy is a living document.</p> <p>(ii) The Representation has taken note of this recommendation and will strengthen the oversight role in</p>

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>receiving returnees, transporting them to final destinations and preparing payment lists. However, from a technical point of view, the payment process has been improved and the process of entitlements for returnees is seamless. The Representation in Somalia overcame the technical glitch which resulted from the bank operationalization of the cash-disbursement-platform, affecting payments to all its clients including UNHCR and its beneficiaries.</p> <p>(iii) Recommendation accepted. In 2021, the Operation will ensure proper realignment of budgets and spending according to population planning groups.</p> <p>(iv) Evidence previously submitted to OIOS demonstrates that the return protection package has been revised and is currently issued based on OIOS recommendations.</p> <p>The Deputy Representative wrote on 1 June 2020, following our consultations with the various relevant colleagues:” Indeed, it is a good time now to try and address the OIOS audit findings before the issuance of the Audit Report in a manner that will not compromise the protection and assistance we deliver to our PoCs. And I am glad that this</p>

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>change can be factored in the voluntary repatriation strategy [Return and Reintegration Strategy]. Hence, I have approved the proposed changes in the financial assistance as proposed in your email below.”</p> <p>It is also reflected in the Return and Reintegration Strategy (as formally validated during the recent cross border meeting by the governments).</p> <p>As such, the Return and Reintegration Strategy constitutes a new framework governing returns and reintegration, given that the Tripartite Agreement has expired.</p> <p>For education grants, specifically, the “Guidance Note: Education Support to Refugee Returnees in Somalia - Ensuring Disengagement and Longer-Term Sustainability” was developed and shared with OIOS. It depicts the tailored amounts of education grants in line with OIOS recommendations. It is logical to continue with the practice of providing education grants to each school-going child in the returnee household rather than basing the assistance on family size in general.</p>
6	The UNHCR Representation in Somalia should take urgent action to implement standard operating procedures to strengthen its management of the receipt, distribution	Critical	Yes	Deputy Representative (Ops)	31 March 2021	(i) The Representation implements SOPs for IDPs developed at the beginning of 2020 by the Shelter and NFIs Cluster led by UNHCR that are

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	and storage of non-food items, strengthen documentation to drive proper accountability and institute monitoring to ensure programme inputs reach intended beneficiaries.					<p>aligned to its policies and guidelines on inventory management, with an established complaints and response mechanism.</p> <p>The Operation is also in the process of developing UNHCR SOPs for NFI management for refugees/asylum seekers and returnees in 2021. The process is to be completed by 31st March 2021.</p> <p>(ii) The Operation conducts needs assessments for non-food items as part of the Shelter/NFI Cluster. In addition, needs assessments are also conducted at the Sub Office level which guide allocation of resources to procurement of non-food items.</p> <p>(iii) The Operation documents all distributions conducted either by partners or UNHCR directly.</p> <p>(iv) Due to Somalia's security context, on-site monitoring during distribution of NFIs is only possible in some locations (Somaliland). Aside from Somaliland, the security context does not permit the on-site presence of UNHCR, hence, as much as possible, partner staff witness distributions on-site. UNHCR also conducts third-party monitoring and post distribution monitoring to mitigate any risks of diversion or</p>

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>beneficiaries failing to receive their entitlements.</p> <p>(v) The Representation has a well-established system of managing procurement and receiving and issuance of inventories from the warehouse. A weakness acknowledged by the Operation is at the point of dispatch to beneficiaries from the Sub Offices. To address the same, beginning on January 2020, the Operation began a system of reconciling NFIs received and issued for distribution at Sub Office level on a monthly basis. The reconciliation is done against the beneficiary lists. The system also generates stock at hand automatically at each Sub Office.</p> <p>(vi) The Operation has developed a plan for distribution of slow-moving items which are 776 bales of used clothes and 7,400 toilet pans. For the toilet pans, the plan is to hand them over to the WASH Cluster for use by IDPs.</p>
7	The UNHCR Representation in Somalia should strengthen its planning, management and monitoring of the use of cash as a modality of assistance and ensure compliance with UNHCR requirements including for the payment of the monthly subsistence allowances to refugees.	Important	Yes	Deputy Representative (Ops)	31 March 2021	(i) The Operation has a system of reconciling actual payments made by the bank and listed approved beneficiaries. Bank statements are shared with Sub Offices on a monthly basis where reconciliations are done using proof of payment allowing for any discrepancies to be detected and immediately resolved.

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>On an exit strategy, UNHCR Somalia reiterates what has already been clarified to OIOS, namely, that CBI is a modality that does not require an exit strategy. The Operation is adamant that the exit strategy would be for the overall assistance to either be continued or discontinued, which would be informed by the vulnerability assessment conducted by the Sub-Offices, which is responded to in the next line.</p> <p>(ii) Some of UNHCR field offices have already started implementing revised CBI SOPs that have vulnerability assessment forms / scoring cards.</p> <p>(iii) Due to the security context of the Somalia Operation, on-site monitoring of CBI payments is only possible in some locations (Somaliland). On-site monitoring has been made even more difficult by COVID –19 pandemic.</p> <p>As previously stated, to address this limitation stemming from the security context, the Operation conducts post-distribution monitoring.</p>