



## **INTERNAL AUDIT DIVISION**

### **REPORT 2021/083**

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

**The Representation had a multi-year, multi-partner protection and solutions strategy that supported the delivery of services to persons of concern, but it needed to take further action to improve the support being provided in areas related to fair protection, health, livelihoods and cash based interventions**

**31 December 2021**

**Assignment No. AR2021-113-01**

# **Audit of operations in Zambia 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 Zambia for the Office of the United Nations High Commissioner for Refugees (UNHCR). The objective of the audit was to assess whether the UNHCR Representation in Zambia was managing the delivery of services to persons of concern (PoCs) in a cost-effective manner and in compliance with UNHCR's policy requirements. The audit covered the period from 1 January 2019 to 31 December 2020 and included: (a) planning and resource allocation, (b) fair protection processes and documentation, (c) health, (d) livelihoods, (e) cash-based interventions (CBIs), and (f) procurement including construction work.

The Representation had a multi-year, multi-partner protection and solutions strategy that supported, the delivery of services to PoCs, but its implementation was constrained by inadequate funding, restrictions due to Zambia's reservations to the 1951 Refugee Convention and the COVID-19 pandemic. The Representation needed to further strengthen its delivery of services to PoCs in areas related to fair protection, health, livelihoods, and CBIs. Additionally, some irregularities were noted in procurement-related activities and therefore, OIOS will conduct an in-depth review of this area in 2022.

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

- Revise its durable solution strategy and risk management processes to ensure they are responsive to prevailing circumstances; conduct needs assessments for targeting the most vulnerable; and take action to reduce inefficiencies in programme implementation;
- Address data inaccuracies in proGres and conduct a physical verification of PoCs, and strengthen Government's capacity to reduce backlogs in registration, refugee status determination and issuance of identity documents;
- Review and revise its livelihood and economic inclusion strategy to ensure it is relevant taking into account restrictions imposed by the Government and conduct an impact assessment of the livelihoods programme to ensure that PoCs skills match job opportunities;
- Update its standard operating procedures to ensure the CBI programme is targeting the most vulnerable and increase its capacity to manage the programme; and
- Clarify the roles and responsibilities with the Government partner in providing health services to PoCs and monitor the quality, timeliness and cost-effectiveness of provided services.

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

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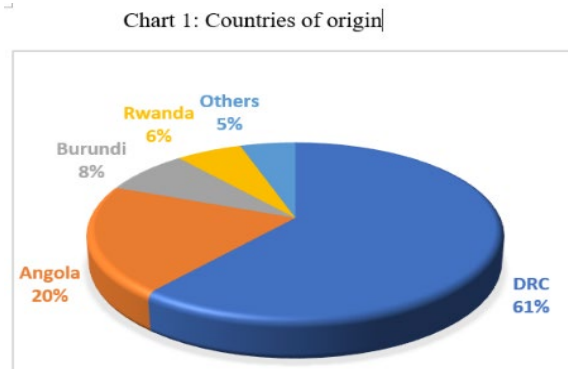
# Audit of operations in Zambia for the Office of the United Nations High Commissioner for Refugees

## I. BACKGROUND

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

2. The UNHCR Representation in Zambia (hereinafter referred to as ‘the Representation’) was established in 1968 to provide refugees, asylum seekers and other persons of concern (PoCs) with protection and humanitarian assistance. Zambia is a transit and destination country for PoCs and economic migrants en-route to South Africa. As of January 2021, the total population of concern was 94,577, representing a seven per cent increase since June 2020. This number included 66,711 refugees, 4,617 asylum seekers and 24,219 Angolan and Rwandan former refugees whose status had ceased in 2012 and 2013 respectively.

3. As reflected in Chart 1, most PoCs were from the Democratic Republic of Congo and comprised of an estimated 23,000 from the 2017 influx and another 35,000 that had arrived in Zambia much earlier and were part of the protracted refugee caseload that still relied on UNHCR for assistance. Ninety-five per cent of the PoCs lived in settlements in Meheba, Mayukwayukwa and Mantapala, with the rest in Lusaka.



4. Zambia is a signatory to the 1951 Refugee Convention and its 1967 Protocol<sup>1</sup>, but it made four reservations related to employment, education, freedom of movement and travel documents for refugees. Despite the Government’s commitment to align its national legislation to the 1951 Refugee Convention, the refugee bill enacted in April 2017 upheld the encampment policy. The Comprehensive Refugee Response Framework (CRRF) for Zambia was launched in 2018 to harness a whole-of-society approach in responding and finding solutions for refugees. This resulted in line Ministries of Agriculture, Health, Education and Community services having to contribute to services delivered under UNHCR’s Government counterpart, the Commissioner for Refugees in the Ministry of Home Affairs.

5. The Representation was headed by a Representative at the D-1 level and had a total of 73 positions comprising of 19 professional posts, 54 national posts and 29 affiliate personnel. The Representation had a branch office in Lusaka, two field offices (Kawambwa and Solwezi) and one field unit in Kaoma. The Representation is accountable to the office of the Regional Director of the Bureau for Southern Africa, with the latter providing support and oversight over the former’s operations. The Representation recorded \$13.9 and \$13.5 million of expenditures under the refugee pillar in 2019 and 2020 respectively. This included \$2.1 million of emergency funds received in 2020 for the COVID-19 pandemic. It also worked with 7 and 6 partners, who implemented 58 and 40 per cent of the operating level budget in 2019 and 2020 respectively.

6. Comments provided by UNHCR are incorporated in italics.

<sup>1</sup> They define who a refugee is and their rights and the legal obligations of the state.

## II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

7. The objective of the audit was to assess whether the UNHCR Representation in Zambia was managing the delivery of services to PoCs in a cost-effective manner and in compliance with UNHCR's policy requirements.

8. This audit was included in the 2021 risk-based work plan of OIOS due to the criticality of the previous audit results (report 2018/081, dated 10 September 2018) and the resultant impact on the Representation's results if higher risk areas were not successfully mitigated. The audit also covered other high-risk areas identified during the planning stage of this assignment.

9. OIOS conducted this audit from May to September 2021. The audit covered the period from 1 January 2019 to 31 December 2020. Based on an activity-level risk assessment, the audit covered higher and medium risk areas, which are reflected in the Table 1:

**Table 1: Expenditure included in the audit scope from 1 January 2019 to 31 December 2020**

	<b>Expenditure \$ millions</b>	<b>Percentage of overall programme expenditure (%)</b>
Fair protection process and documentation	2.15	15
Health	0.92	6
Community empowerment and self-reliance	1.63	11
Cash based interventions	2.42	17
Procurement including constructions	3.67	25
<b>Total</b>	<b>10.8</b>	<b>74</b>

10. The audit methodology included: (a) interviews with key personnel, (b) review of relevant documentation, (c) analytical review of data, including financial data from Managing for Systems, Resources and People (MSRP), the UNHCR enterprise resource planning system, and performance data from FOCUS, the UNHCR results-based management system, (d) review of data extracted from proGres, the UNHCR registration and case management system; and (e) sample testing of controls. The audit was conducted remotely due to travel restrictions and therefore, OIOS was unable to assess controls that required physical observation.

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

## III. AUDIT RESULTS

### A. Strategic planning and resource allocation

#### Need to strengthen strategic planning as well as partnership and performance management

12. The Representation had a multi-year, multi-partner protection and solutions strategy (MYMPSS) for 2019-2021 that provided a longer-term vision regarding its protection priorities. The country's MYMPSS was aligned to the UNHCR's Global Compact for Refugees, the country's United Nations Sustainable Development Partnerships Framework and the Government-led CRRF. The Representation also had sector-level strategies for its core programmes including in registration, refugee status determination (RSD) and reception, cash-based interventions (CBIs), child protection, health, education and livelihoods. Although, the Representation was a member and co-led several sectors in inter-agency

groups, they did not consistently conduct needs assessments to support the annual planning processes and when they were conducted, recommendations raised regarding vulnerability and targeting of the PoC population were not addressed.

13. The Representation identified inadequate funding as a major constraint to its implementation of the MYMPSS. This was because there was a steady increase in PoC numbers from the end of 2017 to January 2021 (46,791 to 94,577) but its funding increased by 12 per cent, including the \$2.1 million given as emergency funds for the COVID-19 pandemic. It also only received 64 and 56 per cent of its comprehensive operating plan budget in 2019 and 2020 respectively.

14. Due to budgetary constraints, the Representation needed to find ways to deliver its programmes more cost-effectively and find areas where funding to PoCs could be reduced or discontinued. For instance, the Representation: (a) spent 46 per cent (\$637,265) of the fair protection partner's budget on Government staff salary top ups; (b) continued to support health services for PoCs at about \$0.4 million per year without an exit strategy even though PoCs obtain health care directly from Government clinics; and (c) had not established criteria to ensure cash paid under its CBI programme were targeting those most in need. Moreover, the Representation's annual operation plans were not informed by participatory needs assessments, which impacted the Representation's ability to identify the most vulnerable PoCs for directing its assistance and ensuring funding was directed to those most in need.

15. The MYMPSS identified durable solutions for PoCs. It however, incorrectly listed livelihoods as a durable solution, yet it was a means of sustenance for PoCs. Finding durable solutions was challenging because: (a) most PoCs were unwilling to be repatriated to their countries of origin; (b) of insufficient quotas for resettlement in third party countries; and (c) of the limited progress made in locally integrating PoCs. Therefore, most PoCs remained dependent on the Representation and other humanitarian actors for assistance. Consequently, the Representation needed to develop further initiatives to assist PoCs in finding durable solutions such as increasing resettlement opportunities and advocating for further changes in Zambian legislation for their integration into national systems.

16. The Representation's risk register did not identify for mitigation key challenges that impeded the achievement of its strategic objectives, which included: (i) inadequate funding; (ii) restrictions arising from the country's reservations to the 1951 Refugee Convention; (iii) the COVID-19 pandemic; (iv) inadequate access to durable solutions; and (v) registration and civil documentation challenges. Instead, only one of its 18 risks was rated as high risk, and this related to bad media exposure. Thus, the Representation did not consider for mitigation key risks to the timely and cost-effective delivery of services to PoCs.

**(1) The UNHCR Representation in Zambia should, in cooperation with the Regional Bureau for Southern Africa: (i) revise its MYMPSS to address prevailing durable solutions challenges; (ii) participate in inter-agency needs assessments to identify and target the most vulnerable; (iii) take action to reduce inefficiencies in programme implementation; and (iv) review its risk register so it identifies key strategic risks for mitigation.**

*UNHCR accepted recommendation 1 and stated that the Representation has adjusted the 2022-2024 MYMPSS to address the challenges related to durable solutions. The Representation has also participated in several inter-agency needs assessments. Further, the risk register was updated in November 2021 and it reflects the strategic risks related to the MYMPSS.*

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

### Need to strengthen data management and address RSD backlogs and documentation for PoCs

17. The Government partner was responsible for implementing fair protection activities including registration of asylum seekers, conducting refugee status determination (RSD) processes and issuance of identification documentation. The Representation's registration, RSD and reception strategy provided direction on related processes and standard operating procedures (SOPs) had been developed to assist the partner in programme implementation.

18. The Government partner maintained its data on PoCs in UNHCR's proGres system. However, this data had not been verified since November 2017 and was not sufficiently current and reliable for UNHCR programme planning. For example: (a) 153 births in 2019 were only recorded in 2021; and (b) 12 per cent of disabled PoCs did not list the type of disability, yet this was central to determining what assistance would be provided.

19. The Representation provided \$122,185 to the Government partner to facilitate the RSD process through the hiring of 11 legal officers. The additional capacity provided did not result in a meaningful reduction of RSD backlogs with the most recent partner report (mid-2020) showing that there were 4,448 pending cases. This was also because the partner suspended RSD at all entry points due to the COVID-19 pandemic and for instance, only 25 PoCs were registered against a target of 1,000 in Kaoma. The suspension also meant that PoCs had to stay in transit centers for more than a year as they awaited their status to be determined. It had been well-reported that transit centers' conditions were poor; they were overcrowded and in need of renovation, and did not have adequate lighting, sanitary facilities and sufficient access to clean water. The Government partner had also not yet fully accounted for the money provided to facilitate RSD process.

20. The Representation funded the Government's issuance of identity documents to PoCs, but the process was hindered by the partner's decision to increase the price of a permit from \$94 to \$750. This had an impact on the number of permits being funded, and for example, in 2019, the Representation only funded permits for 4,889 out of the 24,219 Rwandans and Angolan PoCs. Moreover, a decision by the Government to digitalize permits meant that all previously issued permits were invalid and not recognized by authorities. There were also: (a) 1,220 Angolan PoCs unable to get permits because they could not meet the Government's prerequisite of presenting a passport from their country of origin; (b) 516 permits expired before they were issued by the Government partner; and (c) 362 permits had not been collected, which raised doubts over the whereabouts of the PoCs.

21. The Representation had at the time of the audit engaged the wider United Nations community to advocate for a revision of the fees for permits and to address associated issues due to the protection risks related to those individuals without valid permits. The increasing backlog created protection risks to PoCs as they were arrested when they were unable to provide police with proper identity documents.

22. The Representation attributed the gaps to inadequate Government capacity, although it had been providing capacity building initiatives for several years. The Government partner received a qualified audit opinion on their project financial report because of unsupported payments and failure to follow procurement guidelines. It had also not submitted mid and year end narrative reports on its activities in Lusaka and Solwezi and thus its performance in providing services to PoCs could not be assessed. Therefore, the Representation needed to evaluate the effectiveness of its capacity building efforts to further support the Government in improving its registration and RSD of PoCs. Despite these issues, the Representation rated the Government partner as low risk in its monitoring plan for 2020.

- (2) The UNHCR Representation in Zambia should work with the Government partner to: (i) address data inaccuracies in proGres and conduct a physical verification of persons of concern; and (ii) strengthen its capacity to reduce backlogs in registration, refugee status determination and issuance of identity documents.**

*UNHCR accepted recommendation 2 and stated that the Representation was collaborating with the Department of National Registration, Passport and Citizenship under the Ministry of Home Affairs and Internal Security to issue birth certificates & alien cards. The verification exercise that is scheduled for first half of the year 2022 will also ensure that the data is accurate and well presented. The Representation is also in discussions with the Government partner to address the backlog of 5,500 asylum seekers as per current statistics.*

## C. Livelihoods

### Need to review the livelihood strategy for relevance to the country contextual challenges

23. Due to the challenges faced by PoCs in finding durable solutions, the Representation prioritized livelihoods to assist self-reliance and reduced dependency on relief assistance. The Representation's livelihoods and economic inclusion strategy (2021-2023) had clear objectives and planned project interventions, as well as key initiatives to promote livelihoods such as the: (i) inclusion of refugee households in the national farmer support programme; and (ii) partnering with several private sector companies to support production and marketing of items produced by refugees.

24. However, the strategy did not consider challenges to effective implementation due to the Zambian Refugee Act regarding PoC employment, education and freedom of movement. For instance, an employment permit cost \$900 and was only granted after proving that no qualified Zambian could fill the vacancy. To invest in a business, an investor permit cost \$600 with the individual having to demonstrate that they could invest up to \$250,000 if starting a new company and \$150,000 if joining an existing company. This made it almost prohibitive for PoCs to work and/or start businesses.

25. The livelihoods programme and budget of \$1.4 million in the audit period was implemented through two partners that provided agricultural and business-related training as well as agricultural inputs to farmers, e.g., seeds, fertilizers and pesticides. The Representation conducted some key initiatives that promoted livelihoods such as the: (i) inclusion of refugee households in the national farmer support programme; (ii) partnering with several private sector companies to support production and marketing of items produced by refugees; and (iii) piloting the graduation approach that supported 373 refugees and host community living in extreme poverty in Lusaka, Meheba and Mayukwayukwa.

26. The Representation's delivery of livelihood programmes was affected by funding constraints with only a limited number of PoCs supported within the available resource envelope. For instance, the funding available under CBIs for livelihoods was \$131,619, which was very small to create the desired impact of PoCs attaining self-reliance. Additionally, COVID 19 restrictions negatively impacted the delivery of planned livelihood programmes such as agricultural assessments, food preservation demonstrations, and cattle vaccination exercises, since the Government prohibited large gatherings. Thus, many PoCs were no longer engaged in any income generating activity. For instance, 43 per cent of all households in Mantapala settlement were reported as not being engaged in income generating activities by September 2020.

27. The Representation reported that it had reached 5,086 PoCs with livelihood support in 2020 through partners. Such support included both short term training and capital support/asset transfer. Vocational training had a limited coverage, with only 279 PoCs trained in the audit period on various trades which



included auto mechanics, food production, carpentry, bricklaying and tailoring. Further, monitoring reports and interviews with PoCs indicated that there was a mismatch between skills set to be provided through training and available business opportunities. For example, auto-mechanics could not get employment after the training. A joint needs assessment conducted with another United Nations agency in Mantapala settlement also concluded that despite the livelihood interventions, almost 90 per cent of PoCs remained highly vulnerable and entirely dependent on assistance.

28. An impact assessment of the livelihood interventions particularly the agricultural projects had not been conducted to determine whether they were creating the desired impact of making PoCs more self-reliant. The Representation and the project partner were in discussion to conduct in 2022 an in-depth impact assessment exercise covering the last three years.

29. The livelihoods strategy did not articulate performance indicators that facilitated the measurement of the success of the programme. Additionally, the Representation's livelihood programme performance in FOCUS showed that most targets had not been met. For instance: (a) in 2019, one small business association was formed against the target of 20, (b) in 2019 the number of refugees receiving production kits or inputs for agriculture, livestock and fisheries was 733 versus a target of 1,275 and (c) in 2020, the urban PoCs that were provided with guidance on business market opportunities was 137 against a target of 200. The shortfalls were attributed to the challenges elaborated above but the Representation had not adjusted its targets in 2021 to make them more realistic in the context of its operating environment.

30. Despite livelihoods being a strategic priority and considering the challenges faced in the implementation of the programme, this area was not prioritized in the risk register for mitigation. Therefore, there were limited opportunities for PoCs to become self-reliant, leaving them vulnerable and dependent on humanitarian assistance. It also meant that some PoCs resorted to work in informal markets for low wages, with reports made that this exposed them to harassment and exploitation.

**(3) The UNHCR Representation in Zambia should: (i) based on the results of the joint assessment, review and revise its livelihood and economic inclusion strategy to ensure it is relevant taking into account restrictions imposed by the Government; and (ii) conduct an impact assessment of livelihoods programme to ensure that the skills of persons of concern match job opportunities.**

*UNHCR accepted recommendation 3 and stated that the Representation would conduct joint needs assessments in quarter two of 2022 for Meheba and Mayukwayukwa. An impact assessment would also be conducted after these joint needs assessments. These reviews would inform the review and revision of the livelihoods strategy.*

## **D. Cash-based interventions**

### Need to strengthen the identification and delivery of cash assistance to PoCs

31. The Representation was implementing the CBI programme directly and provided cash to PoCs worth \$2.4 million in the audit period, including \$1.5 million under COVID-19 pandemic emergency. Multi-purpose grants were given to new arrivals and persons with specific needs and cash assistance was also provided for education, livelihoods and local integration of former Angolan and Rwandan refugees. The Representation reported it assisted 25,000 PoCs in the audit period but had not verified the beneficiaries listed to receive cash assistance.

32. There were challenges in the programme, as the primary objective of CBIs was to assist PoCs during a transitional period from their arrival to becoming economically self-reliant or accessing a durable solution. However, attaining durable solutions was difficult, and meant that when the CBI ended (maximum period was three years), PoCs were unable to support themselves and meet basic needs.

33. In 2019 and 2020, the Representation provided PoCs with \$10 per person per month, but this was not determined on defined eligibility criteria. There were inequities in the length of payment of cash, with those in the Mantapala settlement given assistance for up to three years and those in Meheba and Mayukwayukwa for only one year. Also, in response to a market survey (conducted in October 2020) that concluded CBIs were insufficient to cover PoC needs, the Representation increased cash assistance for PoCs in Meheba by 67 per cent and reduced those in Mayukwayukwa by 38 per cent.

34. Additionally, the Representation had only conducted a vulnerability assessment per settlement level and for individuals and therefore, the results were not sufficiently meaningful to identify the most vulnerable for targeting. Considering its financial constraints, the Representation needed to establish criteria to guide decisions regarding possible early phasing-out of cash assistance to certain PoCs (there were cases where beneficiaries had already left settlements and returned only to collect cash assistance), and in other cases extending it for the most vulnerable.

35. Controls over the issuance of cash to PoCs were weak, with the Representation not: (a) reconciling payments by the bank with beneficiary lists; (b) identifying anomalies through monitoring cash payments; and (c) following up on failed bank transfers and those beneficiaries that did not have bank activity for three months. Instead, the Representation only followed up exceptions identified by the bank. The Representation also did not conduct real-time and post distribution monitoring to ensure beneficiaries received their money. PoCs complained that there were challenges faced in withdrawing funds and reports from UNHCR and the Refugee Central Committee indicated cases of harassment and requests for bribes, which were not investigated and addressed. The Representation stated that it was at the early stages of establishing an anti-fraud committee that would address these issues.

36. The above resulted mainly due to the capacity of the Representation to directly implement the CBI programme, but also because of a lack of up-to-date and clear procedures and guidance on its implementation. As a result, the programme was not effective in targeting the most vulnerable, and susceptible to inefficiencies and misuse due to lax controls over the process.

**(4) The UNHCR Representation in Zambia should: (i) update its standard operating procedures to ensure the programme is targeting the most vulnerable, and controls are strengthened over the process; and (ii) increase its capacity to manage the CBI programme.**

*UNHCR accepted recommendation 4 and stated that the Representation had updated the SOPs and they came into force on 1 December 2021. Additional Guidance Notes are available in the sectors that use CBI as a modality for service delivery i.e., livelihood and protection. Further sector specific guidance will be developed every time the Representation decides to use CBI under another sector. The Representation's recruitment of two CBI staff is underway.*

## **E. Health**

### Need to clarify and monitor the implementation arrangements for delivery of health services

37. Health care is one of the prioritized services under the CRRF approach, and because of this, the Representation had discontinued the direct delivery of health services as PoCs were provided health care

from Government-run clinics. The Representation, however, provided support of \$0.92 million for medicines and supplies and continued to pay salaries and incentives to PoC health care workers. The Representation had a health strategy (2020-2024) that was aligned with the UNHCR global strategy, but it was not updated to reflect that the Representation was no longer directly responsible for service delivery, or to make any provisions for the scaling down and discontinuance of the support it was providing related to medicines and salaries for PoC health workers.

38. PoCs reported shortfalls in the services provided by the Government such as reduced supplementary feeding, insufficient essential medicines, and an ineffective referral mechanism. Moreover, as clinics in settlements were run by the Government, there was no disaggregated data on services provided to PoCs as information was consolidated with those provided to the host community. This hindered the Representation in its ability to report against its established performance indicators in FOCUS.

39. The Representation's funding was primarily spent on medicines and medicinal supplies, i.e., 70 per cent of its budget (\$1.4 million). The medicines and supplies were primarily purchased through UNHCR Headquarters. There were delays in their delivery, with orders placed in July 2020 and not fully delivered by September 2021. Further, the Representation received the medicines and then distributed them in smaller quantities to Government clinics. There was however no clarity on whether the Representation had a role to play in monitoring supplied medicines and so it only relied on monthly stock balances and listings of medicine consumptions for information.

40. The Representation signed a Project Partnership Agreement with the Government counterpart although the Ministry of Health was responsible for delivering health services to PoCs. Therefore, entering into a memorandum of understanding (MoU) may be a better approach to outline how the mutual goals of the Ministry of Health and the Representation will be achieved. This MoU could also be the opportunity to: (a) make clear the interventions expected by the Representation to better support PoCs; and (b) the quality and frequency of data needed to improve future strategic decision making for programme delivery.

**(5) The UNHCR Representation in Zambia should sign a memorandum of understanding with the Government of Zambia that clarifies the roles and responsibilities of the two parties in providing health services to persons of concern and monitoring arrangements to ensure quality health services are provided in a timely manner.**

*UNHCR accepted recommendation 5 and stated that the Representation will work together with the health focal point at the Regional Bureau to develop a strategy to support persons with specific needs, including the chronically ill in terms of access to health services. The Representation will also engage Government partners over the memorandum of understanding which will outline roles and responsibilities in the provision of healthcare services to PoCs.*

## **F. Procurement including constructions**

### Controls over procurement-related activities needed improvement

41. The Representation had developed procurement plans and, during the audit period, had issued 247 local purchase orders valued at \$3.67 million, mainly for construction work, fuel, security, soap and school furniture.

42. A review of a sample of 30 contracts totaling \$1.06 million identified the following irregularities:

- Three cases (\$165,140) where bids were not evaluated against the criteria established in the solicitation documents;
- Two cases (\$172,018) where contractors' invoices were paid in full despite documentation showing poor-quality work had been delivered; and
- Seven cases (\$170,367) where post facto approval of purchases had not been sought from the Local Committee on Contracts.

43. Similar weaknesses had been identified in previous OIOS audits conducted in 2016 (2016/025) and 2018 (2018/081). OIOS had recommended in the 2018 audit that the Representation, in collaboration with the Regional Bureau, conduct a comprehensive review of its procurement processes to strengthen controls over procurement and construction works. This recommendation was closed in October 2019 following completion by the Representation of the comprehensive review, except for the recovery of overpayments made to two contractors that subsequently defaulted on their commitments. The current audit findings demonstrated that inadequate action had been taken, and controls over procurement-related activities still needed improvement.

44. Instead of making any further recommendations in this report, OIOS will schedule a dedicated audit of the Representation's procurement and construction activities to further explore and address the weaknesses identified in this audit. In the meantime, OIOS considers that the Regional Bureau should strengthen its oversight over the Representation's procurement activities.

#### **IV. ACKNOWLEDGEMENT**

45. 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  
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Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical <sup>2</sup> / Important <sup>3</sup>	C/ O <sup>4</sup>	Actions needed to close recommendation	Implementation date <sup>5</sup>
1	The UNHCR Representation in Zambia should, in cooperation with the Regional Bureau for Southern Africa: (i) revise its MYMPPSS to address prevailing durable solutions challenges; (ii) participate in inter-agency needs assessments to identify and target the most vulnerable; (iii) take action to reduce inefficiencies in programme implementation; and (iv) review its risk register so it identifies key strategic risks for mitigation.	Important	O	Receipt of evidence of an agreed plan to address the address the unsustainable payment of Government staff salary top ups.	30 September 2022
2	The UNHCR Representation in Zambia should work with the Government partner to: (i) address data inaccuracies in proGres and conduct a physical verification of persons of concern; and (ii) strengthen its capacity to reduce backlogs in registration, refugee status determination and issuance of identity documents.	Important	O	Receipt of evidence that: (i) that data inaccuracies have been addressed in proGres including the physical verification of PoCs; and (ii) action has been taken to address registration and RSD backlogs and issuance of identity documents.	30 September 2022
3	The UNHCR Representation in Zambia should: (i) based on the results of the joint assessment, review and revise its livelihood and economic inclusion strategy to ensure it is relevant taking into account restrictions imposed by the Government; and (ii) conduct an impact assessment of livelihoods programme to ensure that the skills of persons of concern match job opportunities.	Important	O	Receipt of evidence that: (i) revised livelihoods strategy address the issues in the joint assessment and the restrictions imposed by the Government; and (ii) an evaluation of the impact of livelihood interventions to ensure amongst other things, market linkages.	30 September 2022
4	The UNHCR Representation in Zambia should (i) update its standard operating procedures to ensure the programme is targeting the most vulnerable, and	Important	O	Receipt of evidence that dedicated resources to manage CBI activities have been recruited.	30 June 2022

<sup>2</sup> Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

<sup>3</sup> Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

<sup>4</sup> Please note the value C denotes closed recommendations whereas O refers to open recommendations.

<sup>5</sup> Date provided by UNHCR in response to recommendations.

## STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical <sup>2</sup> / Important <sup>3</sup>	C/ O <sup>4</sup>	Actions needed to close recommendation	Implementation date <sup>5</sup>
	controls are strengthened over the process; and (ii) increase its capacity to manage the CBI programme.				
5	The UNHCR Representation in Zambia should sign a memorandum of understanding with the Government of Zambia that clarifies the roles and responsibilities of the two parties in providing health services to persons of concern and monitoring arrangements to ensure quality health services are provided in a timely manner.	Important	O	Receipt of evidence of an agreement clarifying the roles and responsibilities between UNHCR and the Government of Zambia in providing health services to PoCs	30 June 2022

# **APPENDIX I**

## **Management Response**

## Management Response

## Audit of operations in Zambia for the Office of the United Nations High Commissioner for Refugee

Rec. no.	Recommendation	Critical <sup>6</sup> / Important <sup>7</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Representation in Zambia should, in cooperation with the Regional Bureau for Southern Africa: (i) revise its MYMPSS to address prevailing durable solutions challenges; (ii) participate in inter-agency needs assessments to identify and target the most vulnerable; (iii) take action to reduce inefficiencies in programme implementation; and (iv) review its risk register so it identifies key strategic risks for mitigation.	Important	Yes	Representative	30 September 2022	<p>i) The Operation has reviewed the 2019 – 2021 MYMPSS and its implementation, held consultations with stakeholders and developed a new multi-year strategy covering the period 2022 – 2024. Relevant information from the strategy has since been loaded in the new results-based management tool, COMPASS. Attaining an improved protection environment and durable solutions for PoCs constitutes one of the four strategic areas of focus of the strategy.</p> <p>To address the challenges related to attainment of solutions, measures have been articulated within the new strategy and in COMPASS. These are further complimented and linked to the revised risk register, which identifies key strategic risks and puts forward mitigation measures.</p> <p>ii) The Operation has participated in several inter-agency needs assessments undertaken within the UN inter-agency framework and UN-government collaboration. These include:</p> <ul style="list-style-type: none"> <li>• A rapid assessment of the COVID-19 impact on food security, livelihoods and markets in refugee settlements and refugees which was done in collaboration with UNDP and other stakeholders at settlement level, whose findings informed the crafting of interventions to</li> </ul>

<sup>6</sup> Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

<sup>7</sup> Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.



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						<p>mitigate the impact of COVID-19 on PoCs in various sectors and contributed to the UN Zambia's publication of the UN Zambia socio-economic response to COVID-19 report.</p> <ul style="list-style-type: none"> <li>• COVID-19 Socio-economic Study undertaken by the Government of the Republic of Zambia under the leadership of the Zambia Statistics Agency, with support from the UN family. Findings of this study would contribute to the articulation of mitigation and recovery measures</li> <li>• Joint Assessment Mission (JAM) in 2019 and a more comprehensive Joint Needs Assessment (JNA) in 2020 conducted in collaboration with WFP with the support of the Joint UNHCR-WFP Programme Excellence and Targeting Hub (Hub) which sought to understand the impact of the COVID-19 pandemic on the humanitarian and livelihoods needs of refugees and its secondary socio-economic impact in Mantapala Refugee Settlement. A joint livelihoods programme has since been developed and the agencies have embarked on joint resource mobilization for the programme.</li> <li>• COVID-19 Recovery Needs Assessments (CRNA), to inform PoC-inclusive recovery needs programming, going forward. The report is completed awaiting publication.</li> <li>• Common Country Analysis to inform UN-Zambia cooperation framework for the period 2022 – 2026. UNHCR championed refugee inclusion and did not only participate but led the drafting of the Humanitarian Development Nexus section, while contributing to sections on health, education, leaving no one behind and normative standards and human rights, among other sections.</li> </ul>

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						<p>The Operation, working with other agencies, has also advocated for inclusion of refugees in key government data gathering exercises/assessments such as the Living Conditions Monitoring Survey and the Census, to which the Government has positively responded.</p> <p>iii) During the planning and budgeting process for 2022, the priorities of the operation were discussed and negotiated intensely. The operation has a multi-year plan which will allow for the further engagement of other actors and to refocus UNHCR's programme to areas which will allow for more impact.</p> <p>iv) Find attached Risk Register for Zambia Operation revised in line with the operational planning for 2022</p>
2	The UNHCR Representation in Zambia should work with the Government partner to: (i) address data inaccuracies in proGres and conduct a physical verification of PoCs; and (ii) strengthen its capacity to reduce backlogs in registration, refugee status determination and issuance of identity documents.	Important	Yes	SGBV Officer - Protection	30 September 2022	<p>i) UNHCR is collaborating with the Department of National Registration, Passport and Citizenship under the Ministry of Home Affairs and Internal Security to issue birth certificates &amp; alien cards. The UNHCR registration team conducts monthly audits with the government counterpart to address data inaccuracies in proGres and generates reports on the same.</p> <p>ii) There are discussions between UNHCR &amp; the government partner to address the backlog of 5,500 asylum seekers as per current statistics, this will also be supported by the Regional Bureau to establish a roadmap to reduce the backlog in the year 2022. The verification exercise that is scheduled for first half of the year 2022 will also look at ensuring that the data is accurate and well presented. This will be an interagency activity</p>

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						spearheaded by the government and support of the Hub.
3	The UNHCR Representation in Zambia should: (i) based on the results of the joint assessment, review and revise its livelihood and economic inclusion strategy to ensure it is relevant taking into account restrictions imposed by the Government; and (ii) conduct an impact assessment of livelihoods programme to ensure that PoCs skills match job opportunities.	Important	Yes	Livelihood and Inclusion Officer	30 September 2022	<p>i) The UNHCR-WFP joint needs assessment in Mantapala was completed in 2019, and joint needs assessments (JNA) are planned in quarter two of 2022 for Meheba and Mayukwayukwa. This will inform the review and revision of the strategy.</p> <p>ii) The impact assessment will be conducted after the joint needs' assessment.</p>
4	The UNHCR Representation in Zambia should (i) update its standard operating procedures to ensure the programme is targeting the most vulnerable, and controls are strengthened over the process; and (ii) increase its capacity to manage the CBI programme.	Important	Yes	CBI Officer	30 June 2022	<p>i) SOP is updated which has come into force as of 1st December 2021. A second revision is expected in the first quarter of 2022. Additional Guidance Notes would be added for each sector whenever there is sector specific CBI. So far, the Operation is working in livelihood and cash for protection sector – and the guidance note is attached for each sector</p> <p>The Operation, through the CBI MFT established by the Representative, has phased out of a blanket disbursement of multipurpose cash for new arrivals in line with reprioritization of assistance and a re-definition of “new arrivals”. The Operation is maintaining the implementation of a Multipurpose Cash programme, targeting Persons with Specific Needs; and the CBI MFT has designed separate Guidelines for the implementation of this programme that have added to the updated CBI SOP. The Operation expects a transitional period to duly adapt the programme to the fragile and volatile context that Persons with specific needs are enduring to ensure assistance to the most vulnerable from a protection lens while pursuing “value for</p>

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						<p>money”. A Cash for Livelihood programme is also implemented, and the CBI MFT designed separate Guidelines for implementation attached to the updated SOP. Other CBIs, monetizing assistance to cover sectoral needs shall be designed and implemented within the next years.</p> <p>ii) Regarding the recruitment of a dedicated staff member to monitor the implementation of cash programmes in Zambia. P3 CBI Officer and G6 CBI Associate positions have been advertised; and applications were received; screening is ongoing.</p>
5	The UNHCR Representation in Zambia should sign a memorandum of understanding with the Government of Zambia that clarifies the roles and responsibilities of the two parties in providing health services to persons of concern and monitoring arrangements to ensure quality health services are provided in a timely manner.	Important	Yes	Associate Health and Nutrition Officer	30 June 2022	The Operation will work together with the health focal point at the Regional Bureau to develop a strategy to support the persons with specific needs, including the chronically ill in terms of access to health services. Currently the government has a national insurance scheme which the Operation wishes to discuss with the government to include the persons with specific needs. The Representation will engage Government partners (COR and MOH) over the MOU which will outline roles and responsibilities in the provision of healthcare services to POCs.