



INTERNAL AUDIT DIVISION

REPORT 2015/118

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

Overall results relating to effective management of the regional operations in Panama were initially assessed as partially satisfactory. Implementation of four important recommendations remains in progress.

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

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AUDIT REPORT

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

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the regional operations in Panama for the Office of the United Nations High Commissioner for Refugees (UNHCR).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. The UNHCR Regional Representation in Panama (hereinafter referred to as ‘the Representation’) is responsible for UNHCR operations in Panama, Costa Rica, Mexico, Cuba, and other Central American countries including Nicaragua, El Salvador, Guatemala and Honduras. UNHCR established its initial presence in Panama in 1998, and an independent country office for Panama was created in 2004. In 2012, the Panama office was consolidated into a Regional Office with a single budget covering the Regional Legal Unit (RLU) based in Costa Rica, as well as operations in Nicaragua, El Salvador, Guatemala, Honduras and Cuba. The country offices in Mexico and Costa Rica continued to have an independent budget. In 2014, the total population of concern relevant to the Representation across the eight countries was 45,110. This consisted of 39,009 refugees and people in refugee-like situations, 4,896 asylum seekers and 1,203 stateless people.
4. The Representation was headed by a Regional Representative at the D-1 level and had 10 regular staff in Panama, 11 in Costa Rica, 10 in Mexico and 2 in Cuba as of December 2014. The RLU had three international and three national staff. The Representation also had a small presence of international and national United Nations Volunteers in Honduras, Guatemala and El Salvador. The Representation had expenditure of \$8.0 million in 2013 and \$8.3 million in 2014. Of the combined expenditure for the two years, 41 per cent was managed in Panama; 33 per cent in Costa Rica and 26 per cent in Mexico. The Representation worked with 24 partners in the region during 2013 and 27 during 2014. These partners accounted for \$5.1 million or 73 per cent of the programme-related expenditure for 2013 and 2014.
5. Comments provided by UNHCR are incorporated in *italics*.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of UNHCR governance, risk management and control processes in providing reasonable assurance regarding the **effective management of UNHCR regional operations in Panama**.
7. The audit was included in the OIOS 2015 risk-based internal audit work plan for UNHCR due to the risks associated with managing a regional office covering eight countries.
8. The key controls tested for the audit were: (a) strategic planning; (b) project management; and (c) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Strategic planning** - controls that provide reasonable assurance that the Representation's strategic plans for its programme and protection activities are developed in alignment with the UNHCR global strategic priorities.

(b) **Project management** - controls that provide reasonable assurance that there is proper planning and implementation as well as accurate and complete monitoring and reporting of the Representation's project activities.

(c) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the management of UNHCR regional operations in Panama; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

9. The key controls were assessed for the control objectives shown in Table 1.

10. OIOS conducted the audit from March to June 2015. The audit covered the period from 1 January 2013 to 31 December 2014. In addition to Panama, the audit team visited the UNHCR offices in Costa Rica and Guatemala.

11. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews and analytical reviews, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

12. The UNHCR governance, risk management and control processes examined were initially assessed as **partially satisfactory**¹ in providing reasonable assurance regarding the **effective management of UNHCR regional operations in Panama**. OIOS made six recommendations to address issues identified in the audit.

13. The Representation's controls over financial tracking and reporting, payments and petty cash were working effectively. However, there was a need for the Representation to: i) develop a regional protection strategy and operating procedures to enhance delivery of priority protection interventions; ii) establish measurable and relevant performance indicators with baseline data and targets; iii) finalize the regional structure and clarify roles and responsibilities relating to quality control and oversight; iv) put in place appropriate arrangements over monitoring of partnerships; v) strengthen procedures over monitoring of cash assistance provided to refugees and asylum seekers; and vi) strengthen monitoring and supervision arrangements over procurement and vendor management.

14. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **partially satisfactory** as implementation of four important recommendations remains in progress.

¹ A rating of "**partially satisfactory**" means that important (but not critical or pervasive) deficiencies exist in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Table 1
Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of UNHCR regional operations in Panama	(a) Strategic planning	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Project management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(c) Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Strategic planning

A regional protection strategy and operating procedures were needed to enhance delivery of priority protection interventions

15. The UNHCR Global Management and Accountability Framework for the International Protection Function requires the Representation to maximize protection interventions in the region through research and advocacy initiatives, to have a coherent regional protection strategy to ensure quality protection for all populations of concern, and to ensure that country-level protection strategies are harmonized across the region. The UNHCR Protection Manual further requires the Representation to develop country specific standard operating procedures (SOPs) and implementation plans to ensure that all identified protection priorities are implemented and monitored.

16. The Representation initiated actions to strengthen its protection presence in the Central American region. It brought the issue of displacement in the “Northern Triangle” to the attention of the authorities through research and advocacy initiatives. The inter-agency cluster system for Honduras was also activated in September 2014 and UNHCR actively participated in the work of the protection cluster. The Representation developed sexual and gender-based violence and child protection SOPs for Costa Rica and assisted the national institutes to work in line with those SOPs. However, the Representation did not have an approved protection strategy for the region and it had not developed and finalized country-specific SOPs and implementation plans for the management of the protection caseload, sexual and gender-based violence, child protection, and prevention of *refoulement* in all countries in the region. As a result, it could not ensure harmonization of the protection strategies for all the countries and that the protection interventions reflecting the priorities for the region were implemented and monitored.

17. The above shortcomings were attributed to a lack of an action plan for finalizing the regional protection strategy and developing SOPs and related implementation plans for all priority protection areas. The Representation stated that its Protection Unit, consisting of only two positions, did not have adequate capacity to ensure compliance with all the protection requirements. As a consequence, the Representation was at risk of not being able to adequately address the protection needs of the population of concern in the region.

(1) The UNHCR Regional Representation in Panama should develop and implement an action plan with clear deliverables and milestones for: a) finalizing the regional protection strategy; and b) developing standard operating procedures and implementation plans for all identified protection priorities.

UNHCR accepted recommendation 1 and stated that it finalized the regional protection /solutions strategy for El Salvador, Guatemala and Honduras and Mexico. The other countries under the Regional Representation, namely Nicaragua, Costa Rica, Panama and Cuba would also be incorporated in a broader regional document. SOPs were also being developed for the main protection priorities identified. Recommendation 1 remains open pending receipt of a copy of the regional protection strategy covering all eight countries and SOPs and implementation plans for all identified protection priorities.

Measurable and relevant performance indicators with baseline data and targets needed to be established

18. The UNHCR planning methodology and annual budget instructions require the Representation to establish Operations Plans, which must include a protection and operational strategy for each population planning group as well as impact and output indicators with baseline and target performance levels. These indicators should be reported on through the FOCUS system, which is used by UNHCR for results-based management.

19. The Representation's Operations Plan for 2014 did not feature any analysis or performance indicators with baseline data and targets for forced displacement. Although the Representation included a section on forced displacement in its 2015 Operations Plan, it did not create a separate population planning group in FOCUS. Therefore, no impact or output targets on forced displacement were included in the 2015 Operations Plan. In addition, the Representation had only one population planning group covering the four countries in Central America (Nicaragua, El Salvador, Guatemala and Honduras). Therefore, it faced challenges related to reporting on the operations of four different operations under one population planning group.

20. As a result, the Representation was unable to objectively measure its performance and the extent to which it was addressing the identified priority needs it sought to meet. This reduced the Representation's ability to focus on priority needs and to take corrective action if it was not on course to achieve the impact it aimed for. The root cause for this shortcoming was that the Representation had not dedicated sufficient attention to the UNHCR planning requirements.

(2) The UNHCR Regional Representation in Panama should establish measurable and relevant performance indicators with baseline data and specific, achievable and time bound targets for each operation in Central America, including its response to the situation relating to forced displacement, and report on these through its results-based management system.

UNHCR accepted recommendation 2 and stated that the Regional Representation established a 2016-2018 Solutions and Protection Strategy including impact indicators, baselines and targets as part of its protection and solutions strategy for the Central American countries and Mexico. Based on the action taken and documentation provided by UNHCR, recommendation 2 has been closed.

There was a need to finalize the regional structure and clarify the roles and responsibilities of regional positions

21. The UNHCR Terms of Reference for a Regional Office require the concerned Representation to provide quality control and oversight for the countries under its responsibility. This includes overseeing the areas of protection, programme, security, external relations, administration, human resources and finance.

22. The country operations in Costa Rica and Mexico undertook their protection and programme work independently as the regional protection and programme officers in Panama did not provide any quality control and oversight over their work. The Representation received two additional staff resources under a capacity building initiative to strengthen its ability to undertake its regional responsibilities. This initiative was launched by the UNHCR High Commissioner to build functional capacity at both the entry and mid-career level where gaps were identified in UNHCR capacity. In total, the Representation had five regional posts in Panama and the RLU had two regional posts for refugee status determination and sexual and gender-based violence/child protection. However, five of these seven posts were vacant at the time of audit. Two of them, i.e. those funded under the capacity building initiative, had been vacant for over a year.

23. As a result of the vacancies, the Representation was not able to effectively undertake its regional responsibilities relating to quality control and oversight. This situation arose because the Representation was still reorganizing its regional structure and was in the process of articulating the roles and responsibilities of its regional positions. The Representation was also not involved in the hiring process of the posts funded under the capacity building initiative, as the process was managed from UNHCR headquarters, and getting the right candidates with demonstrated professional experience and fluency in Spanish had been a challenge.

(3) The UNHCR Regional Representation in Panama should finalize its regional structure and clarify the roles and responsibilities of the regional positions to ensure that they provide adequate depth and coverage in terms of quality control and oversight in the region.

UNHCR accepted recommendation 3 and stated that the regional structure was updated in terms of supervision, communication and support lines. The Regional Representation had seven regional posts to support the different offices in the region. Only two regional positions were vacant, but these had been advertised. Based on the action taken and documentation provided by UNHCR, recommendation 3 has been closed.

B. Project management

Arrangements for monitoring of partnerships required strengthening

24. The UNHCR Manual requires the Representation to monitor and report on programme activities performed through partners. The requirements include, *inter alia*, the following: (a) periodic performance monitoring of partners with reference to the deliverables and milestones agreed in the relevant partnership agreements; (b) verification of expenditures reported by partners in the quarterly financial monitoring reports that are provided to UNHCR before the release of further instalments of funds; and (c) monitoring of procurement and construction activities undertaken by partners to ensure that UNHCR gets value for its money. Further, in order to set contribution levels for partner personnel costs in a fair, consistent and transparent manner, the Representation needs to develop a contribution scale for such costs.

25. The Representation worked closely with partners and had continuous informal communication with them. However, it did not have a risk-based monitoring plan in place. In addition, although the Representation ensured that each partner was visited at least once a year, these performance monitoring visits were undertaken by programme and protection staff, and not by a multi-functional team. Review of a sample of 20 financial verifications undertaken by the Programme Unit indicated that verification reports were not prepared in six cases. In addition, the verification tests conducted were not documented in seven cases and there were no conclusions on assessment of internal controls. The Representation therefore paid installments to some partners in Central America and Costa Rica without adequate evidence of periodic monitoring of the deliverables and expenditures reported in the intermediate financial reports. Further, the Representation did not develop a contribution scale to fund the staff costs of the partners in a fair, consistent and transparent manner. In addition, there was no evidence that the Representation had ensured that the partners entrusted with construction activities had adequate arrangements in place to comply with the requirements of the project partnership agreements.

26. As a consequence, the Representation did not identify and rectify control weaknesses in accounting and procurement systems and procedures of partners, although the verification teams reported having reviewed them. The control weaknesses observed at five partners that OIOS visited included the following:

- Three partners undertook procurement of \$125,000 without competitive bidding.
- One partner constructed and renovated shelters amounting to \$96,000 without entering into any formal contract with a local contractor defining the scope of work. Although the works were completed by the contractors, the partner released payments without technical certification and verification of the bill of quantities. This partner also advanced \$19,690 to a government agency to renovate a shelter run by them, but the partner did not have any documentation on the actual use of the funds.
- Contributions towards staff costs for the post of a project coordinator at two partners in Panama differed by 78 per cent without any explanation. In addition, the Representation allowed a local partner in Costa Rica to increase annual staff costs by 8.5 and 7.5 per cent during 2013 and 2014, respectively without the necessary justification. In the absence of a contribution scale to fund the staff costs, the Representation did not have a yardstick to measure its contribution to this partner.

27. The reason for the above shortcomings was that the Representation had not dedicated sufficient attention to the monitoring of partnerships and was not ensuring that its financial and performance monitoring activities were adequately resourced.

(4) The UNHCR Regional Representation in Panama should put in place arrangements to ensure that the project control function is adequately resourced and a risk-based monitoring plan for financial and performance monitoring of partners is implemented.

UNHCR accepted recommendation 4 and stated that the implementation of this recommendation would start upon arrival of the Project Control Officer. Recommendation 4 remains open pending receipt of documentary evidence of systematic implementation of a risk-based monitoring plan for financial and performance monitoring of partners.

There was a need to strengthen procedures over monitoring of cash assistance provided to refugees and asylum seekers

28. The UNHCR Manual and Operational Guidelines for Cash-based Interventions require the Representation to establish adequate controls, including SOPs, for delivering its cash assistance programmes. The requirements include the need to ensure that limited resources are targeted at the most vulnerable beneficiaries and that these persons are accurately identified and receive the assistance as intended. The Representation should also conduct a post distribution assessment of the impact of its cash assistance programmes.

29. The Representation spent approximately \$1.0 million through its partners on providing material and financial assistance to vulnerable refugees and asylum seekers. It established cash assistance SOPs for Panama, Cuba and Central America. The Representation did not adequately monitor if the beneficiary selections done by partners were in line with the criteria specified in the SOPs. The Representation further assisted some beneficiaries with seed capital to start productive projects for becoming self-reliant. However, controls over this type of assistance were not included in the SOPs and the Representation did not ensure that the partner implementing this programme undertook monitoring visits to all the cases assisted to assess their post distribution impact and success rates.

30. In Costa Rica, the partner implementing the cash assistance programme developed an assistance manual. However, the manual did not specify the period of the assistance to be provided. Also, the Representation did not set any maximum limit of the value of assistance to be provided under the Graduation Model that started in mid-2014. This model aimed to “graduate” persons of concern out of poverty through interventions that included cash assistance, capacity-building and microfinance. As a result, the partner continued to give assistance to beneficiaries beyond the basic levels for extended periods and provide dental treatment which was normally not covered by UNHCR. The partner also provided multiple assistance under the Graduation Model to 101 households during a six-month period, averaging \$800 per case, which adversely affected the effective targeting of its limited resources.

31. The above weaknesses happened because the Representation did not define clear procedures for the provision and monitoring of cash assistance in each country and did not establish a post implementation monitoring plan to assess the impact of the interventions and the lessons learnt. As a result, it was exposed to financial risks, as some of the cash assistance may not have reached the most vulnerable refugees and asylum seekers.

(5) The UNHCR Regional Representation in Panama should develop local operating procedures for cash assistance provided to the refugees and asylum seekers and conduct post implementation reviews and lessons learned exercises of its cash assistance programmes.

UNHCR accepted recommendation 5 and stated that the local operating procedures for cash-based interventions would be finalized by the end of the year in coordination with partners. Multi-functional teams were also being established to ensure effective monitoring of cash assistance programmes and implementation of the assistance criteria. Recommendation 5 remains open pending receipt of a copy of the local procedures for cash assistance in all locations and the results of the post implementation reviews and lessons learned exercises undertaken.

C. Regulatory framework

Monitoring and supervision arrangements over procurement and vendor management needed strengthening

32. UNHCR procurement rules and procedures require the Representation to: (a) establish an effective vendor management system; (b) prepare annual procurement plans according to identified needs; (c) initiate timely procurement activities in accordance with annual procurement plans to facilitate transparent and competitive procurement; and (d) ensure adequate oversight of procurement activities.

33. In 2013 and 2014, the Representation procured approximately \$2.3 million worth of goods and services in Costa Rica and Panama. A review of 28 procurement cases totalling \$1.3 million (or 57 per cent of the total value of procurement undertaken) indicated control weaknesses as described in the following paragraphs.

34. The Representation created a Vendor Review Committee in 2012; however, it did not hold any meetings since its establishment to register qualified vendors and to evaluate their performance. As a result, the Representation directly sourced or requested quotations from a limited number of vendors with which it regularly transacted. For example, in seven cases the Representation did not invite the required number of vendors for the solicitation process. This happened because the Representation did not: establish a calendar of Vendor Review Committee meetings; maintain files for its 619 vendors in Panama and Costa Rica; and adequately monitor the implementation of its vendor management process.

35. The Representation duly established the Regional Committee on Contracts in Panama; however, its composition was not in compliance with UNHCR requirements, as the Representation did not have a Supply Officer as a member of the Committee. As a result, the Regional Committee on Contracts reviewed two contracts whose value exceeded \$150,000 for private sector fundraising and website maintenance (the combined value of the two contracts was \$432,318), without the required expertise in reviewing such large contracts. The Representation also established a Local Committee on Contracts in Costa Rica. However, out of 18 procurement cases exceeding \$20,000, the Representation did not submit eight cases having an aggregated value of \$725,255 to the Committee for review and approval. Further, the Representation did not undertake competitive selection procedures in seven of these eight cases totalling \$382,476 for services such as air travel, cleaning services, conference services and telecommunication. This was due to inadequate oversight by the Local Committee on Contracts.

36. As a result of lack of adequate monitoring and oversight, the Representation could not fully ensure that all its vendors were genuine and complied with basic procurement requirements, and that it was receiving value for money for goods and services acquired.

(6) The UNHCR Regional Representation in Panama should develop an action plan, including monitoring and supervision arrangements over the functioning of the Vendor Review Committee and the Committees on Contracts, in order to address existing deficiencies in vendor registration and evaluation and compliance with rules and procedures with respect to solicitation and bidding.

UNHCR accepted recommendation 6 and stated that in Panama, the Vendor Review Committee reviewed vendor registration and had inactivated all vendors that were not used for more than three years. In Costa Rica, a Vendor Review Committee would be created, and unused vendors had already been inactivated. The procurement plan for 2015 had been prepared and the one for 2016 would be prepared during the detailed planning exercise to take place in November 2015.

Recommendation 6 remains open pending receipt of an action plan developed to strengthen the functioning of the Committees on Contracts in the region.

Controls over financial tracking and reporting, payments and petty cash were working as intended

37. The UNHCR Manual requires the Representation to implement effective controls over delegation of authority in financial management, monitoring of administrative expenditures, processing of payments, management of petty cash, preparation and review of bank reconciliations, follow-up and closure of open items (accounts receivable), and monthly financial reporting.

38. A review of general financial controls at Panama, Costa Rica and Guatemala and a sample of month-end closing reports, bank reconciliations and payment vouchers indicated that the Representation had adequate controls over monitoring of administrative expenditures, management of petty cash, preparation and review of bank reconciliations, follow-up and closure of open items, and monthly financial reporting. The Representation also updated its delegation of authority protocol and ensured that payment vouchers were physically signed by the preparer, verifier and approver, as required. OIOS concluded that the Representation had implemented adequate arrangements over financial tracking and reporting, payments and petty cash.

IV. ACKNOWLEDGEMENT

39. 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) David Kanja
Assistant Secretary-General, Acting Head
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

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

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	The UNHCR Regional Representation in Panama should develop and implement an action plan with clear deliverables and milestones for: a) finalizing the regional protection strategy; and b) developing standard operating procedures and implementation plans for all identified protection priorities.	Important	O	Submission to OIOS of: a) a copy of the regional protection strategy covering all eight countries; and b) SOPs and implementation plans for all identified protection priorities.	30 June 2016
2	The UNHCR Regional Representation in Panama should: establish measurable and relevant performance indicators with baseline data and specific, achievable and time bound targets for each operation in Central America including its response to the situation relating to forced displacement and report on these through its results-based management system.	Important	C	Action completed.	Implemented
3	The UNHCR Regional Representation in Panama should finalize its organization structure and clarify the roles and responsibilities of the regional positions to ensure that they provide adequate depth and coverage in terms of quality control and oversight in the region.	Important	C	Action completed.	Implemented
4	The UNHCR Regional Representation in Panama should put in place arrangements to ensure that the project control function is adequately resourced and a risk-based monitoring plan for financial and performance monitoring of partners is implemented.	Important	O	Submission to OIOS of documentary evidence of systematic implementation of a risk-based monitoring plan for financial and performance monitoring of partners.	30 June 2016

² Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

³ Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

⁴ C = closed, O = open

⁵ Date provided by UNHCR in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

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

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
5	The UNHCR Regional Representation in Panama should develop local operating procedures for cash assistance provided to the refugees and asylum seekers in all operations where such assistance programmes are implemented and conduct post implementation reviews and lessons learned exercises of the its cash assistance programmes.	Important	O	Submission to OIOS of: a) a copy of the local procedures for cash assistance in all locations; and b) the results of the post implementation reviews and lessons learned exercises undertaken.	31 December 2015
6	The UNHCR Regional Representation in Panama should develop an action plan, including monitoring and supervision arrangements over the functioning of the Vendor Review Committee and the Committees on Contracts, in order to address existing deficiencies in vendor registration and evaluation and compliance with rules and procedures with respect to solicitation and bidding.	Important	O	Submission to OIOS of an action plan to strengthen the functioning of the Committees on Contracts in the region.	31 December 2015

APPENDIX I

Management Response

Management Response

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

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						management (country level); 4) SOPS for refoulement (country level); 5) SOPs for Refugee Status Determination and Resettlement for Cuba
2	The UNHCR Regional Representation in Panama should: establish measurable and relevant performance indicators with baseline data and specific, achievable and time bound targets for each operation in Central America including its response to the situation relating to forced displacement and report on these through its results based management system.	Important	Yes	Regional Programme Officer, in conjunction with Regional Deputy and Regional Protection Officer	Implemented	The Regional Representation in Panama has established a 2016-2018 Solutions and Protection Strategy including impact indicators and milestones as part of its protection and solutions strategy for the NTCA countries and Mexico.
3	The UNHCR Regional Representation in Panama should finalize its organization structure and clarify the roles and responsibilities of the regional positions to ensure that they provide adequate depth and coverage in terms of quality control and oversight in the region.	Important	Yes	Regional Representative	Implemented	The Regional Office in Panama has currently five regional posts, to support the different offices in the region with strategic, operational, programme and protection related issues. Two additional regional positions are already advertised but are still to be filled. Supervision and communication lines have been redefined. So, although certain posts still have to be filled, the office organigram is updated in terms of supervision, communication and support lines; In terms of oversight on Mexico and Costa Rica offices, both offices rely on their internal structure to support their respective

Management Response

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Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						country operations and oversight from the Regional Office will be ensured upon the strengthening of the office structure with the arrival of the additional regional positions.
4	The UNHCR Regional Representation in Panama should put in place arrangements to ensure that the project control function is adequately resourced and a risk-based monitoring plan for financial and performance monitoring of partners is implemented.	Important	Yes	Project Control Officer / with support from Regional Programme Officer	June 2016	The Regional Representation has carried out an enterprise risk assessment, however, implementation of this recommendation will start only upon arrival of the Project Control Officer expected in November 2015.
5	The UNHCR Regional Representation in Panama should develop local operating procedures for cash assistance provided to the refugees and asylum seekers in all operations where such assistance programmes are implemented and conduct post implementation reviews and lessons learned exercises of the its cash assistance programmes.	Important	Yes	Programme Officer in Costa Rica/Regional Programme Officer in Panama	December 2015	Existing Standard Operating Procedures (SOP) for cash-based interventions (CBI) targeting urban refugees and asylum seekers will be updated in coordination with partners, for their further implementation as of 2016. Furthermore, Multi-functional teams are being established to ensure effective monitoring of CBI programmes and implementation of its assistance criteria. The SOPs will be finalized by the end of the year.
6	The UNHCR Regional Representation in Panama should develop an action plan, including monitoring and supervision arrangements over the functioning of the Vendor Review Committee and the	Important	Yes	Admin/Finance Officer	December 2015	In Panama, the Vendor Review Committee (VCR) is functioning, meeting as necessary to approve new vendors. The list of vendors has been reviewed and all those that have not

Management Response

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

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	Committees on Contracts, in order to address existing deficiencies in vendor registration and evaluation and compliance with rules and procedures with respect to solicitation and bidding.					<p>been used for a period longer than three years have been inactivated.</p> <p>In Costa Rica, a Vendor Review Committee is being created, nevertheless, unused vendors have been inactivated according to the Vendor Management Policy.</p> <p>The procurement plan for 2015 has been prepared and the one for 2016 will be prepared during the detailed planning exercise that will take place in November 2015.</p>