



INTERNAL AUDIT DIVISION

REPORT 2017/096

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

There was a need to strengthen controls
over partnership management, camp
management, livelihoods activities,
procurement and vendor management, and
risk management

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

EXECUTIVE SUMMARY

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the Office of the United Nations High Commissioner for Refugees (UNHCR) operations in Zimbabwe. The audit covered the period from 1 January 2016 to 31 March 2017 and included a review of: planning and resource allocation; partnership management; camp management; livelihoods and self-reliance; financial tracking and reporting; security and staff safety; procurement and vendor management; and enterprise risk management.

The Representation had adequate controls in place for financial tracking and reporting, and security and staff safety. Planning and resource allocation were also generally conducted in a satisfactory manner. However, the Representation needed to strengthen controls over partnership management, camp management, livelihoods activities, procurement and vendor management, and risk management.

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

- Increase staff awareness and strengthen management controls to ensure that the UNHCR requirements for selection and retention of partners, procurement by partners, calculation of project headquarters support costs, and project performance monitoring are systematically complied with, and the associated risks are effectively managed;
- Ensure that the application of age, gender and diversity approach at the Tongogara Refugee Camp is sufficiently documented; and, in close cooperation with the Bureau for Africa and the Regional Representation for Southern Africa, develop an action plan, with sufficient budgetary provisions, to satisfy the education needs in the camp;
- Review the livelihood partner's beneficiary selection criteria and coordination arrangements with the other implementers of livelihoods activities in the Tongogara Refugee Camp to minimize duplication and overlapping;
- Provide supply staff and members of the Local Committee on Contracts training on UNHCR procurement rules and procedures to ensure effective controls are in place over procurement and vendor management and their application is systematically monitored; and
- Increase staff awareness and strengthen management controls to ensure that there is adequate alignment between the risk register and the operations plans, and the risk register is reviewed for consistency and logic, and the treatment plans for priority risks are implemented and monitored.

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

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Audit of the operations in Zimbabwe 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 Zimbabwe for the Office of the United Nations High Commissioner for Refugees (UNHCR).
2. The UNHCR Representation in Zimbabwe (hereinafter referred to as ‘the Representation’) was established in 1978. As of 31 March 2017, the Representation assisted 10,493 persons of concern (7,568 refugees and 2,925 asylum seekers), of whom 74 per cent were from the Democratic Republic of the Congo, followed by Mozambique (8 per cent), Rwanda (7 per cent) and Burundi (7 per cent). Of the 10,493 persons of concern, 8,874 were accommodated in the Tongogara Refugee Camp (TRC), because of the “encampment policy” adopted by the Government of Zimbabwe under which refugees and asylum seekers have to reside only in a designated area (i.e., TRC). The rest of the refugees and asylum seekers resided in urban areas, mostly in Harare, the capital of the country.
3. The Representation gave strategic priority in its 2016 operations plan *inter alia* to the following two areas: (i) enhancement of the Government’s capacity to independently manage refugee status determination (RSD) to allow gradual phase-out of UNHCR operations in the country; and (ii) activities related to the eventual full realization of self-reliance and increased community participation to reduce refugee dependence on UNHCR assistance and food aid.
4. The Representation had its Country Office in Harare, and one Field Office in Tongogara. It was headed by a Representative at the P-5 level, who was reporting to the Regional Representative for Southern Africa. As of 31 March 2017, the Representation had 23 posts and two affiliate staff. The Representation had total expenditure of \$5.0 million in 2016. Its budget for 2017 amounted to \$4.4 million, of which \$1.6 million was spent by 31 March 2017. The Representation worked with five partners in 2016 and three in 2017. The total expenditures of the partners amounted to \$1.9 million in 2016, and accounted for 68 per cent of the Representation’s programme related expenditures.
5. Comments provided by the Representation are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

6. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over UNHCR operations in Zimbabwe.
7. The audit was included in the 2017 risk-based internal audit work plan of OIOS because of risks associated with the implementation of the Representation’s strategic priority to enhance the Government’s capacity to independently manage RSD, and the management of TRC under the encampment policy.
8. OIOS conducted the audit from April to June 2017. The audit covered the period from 1 January 2016 to 31 March 2017. Based on an activity-level risk assessment, the audit covered higher risk, processes and activities pertaining to the operations in Zimbabwe, which included: planning and resource allocation; partnership management; camp management; livelihoods and self-reliance; financial tracking and reporting; security and staff safety; procurement and vendor management; and enterprise risk management.

9. The audit methodology included: (a) interviews of 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) sample testing of controls using systematic and random methods; (e) visits to the Country Office in Harare and Field Office in Tongogara, and the offices of three partners implementing UNHCR projects; and (f) physical observation of activities implemented in TRC.

III. OVERALL CONCLUSION

10. The Representation had adequate controls in place for financial tracking and reporting, and security and staff safety. Planning and resource allocation were also generally conducted in a satisfactory manner. However, there was a need for the Representation to: (a) strengthen controls over selection and retention of partners, procurement by partners, calculation of project headquarters support costs (PHSC), and project performance monitoring; (b) systematically apply the age, gender and diversity (AGD) approach in camp management, and put in place arrangements to satisfy the education needs in TRC; (c) strengthen performance monitoring of livelihoods projects, and avoid duplication of beneficiaries in more than one livelihoods activity; (d) ensure the availability of sufficient supply capacity, train supply staff and members of the Local Committee on Contracts (LCC), and establish effective controls over procurement and vendor management; and (e) strengthen procedures related to risk identification, treatment and monitoring.

IV. AUDIT RESULTS

A. Planning and resource allocation

Planning and resource allocation were generally conducted in a satisfactory manner

11. The Representation's operations plans for 2016 and 2017 were based on adequate and reliable data on population of concern and were aligned with the needs of the population of concern and the UNHCR Global Strategic Priorities. The needs assessment exercise conducted for refugees and asylum seekers in both years followed a participatory approach and was done in cooperation with partners. The Representation also developed a protection strategy as part of the operations plans, as well as Standard Operating Procedures for key protection areas including best interest determination, reception conditions for refugees and asylum seekers in Harare and Tongogara, registration, resettlement, sexual and gender-based violence, emergency travel documents, and RSD.

12. Although the Representation's planning and resource allocation mechanisms were therefore generally working satisfactorily, it was not clear how the Representation intended to achieve its strategic priority to enhance the Government's capacity to independently manage RSD to allow gradual phase-out of UNHCR from the country. This was because the Government had not allocated any budgetary resources to the Governmental department in charge of matters related to refugees and asylum-seekers. Therefore, except for the salary of the Commissioner for Refugees, which was paid by the Government, all costs associated with the provision of assistance to refugees, including Government employee salaries and administrative costs, were funded by UNHCR. As a result, the Governmental department conducted RSD, civil registration and documentation, camp management and other activities, as a partner of UNHCR. There was no documentation describing how the Representation intended to achieve its strategic intentions. The 2017 Project Partnership Agreement (PPA) with the partner remained essentially unchanged from that of the previous year, in respect of the project description, results framework and staffing table. In addition, according to the Key Indicator Report for 2016, the number of Government staff trained on RSD was only one person, against the established target of 10 staff. The Representation agreed to better reflect in its

operations plan the intentions of its agreement with the Governmental department. Therefore, OIOS did not raise a recommendation in this regard at this time.

B. Partnership management

There was a need to strengthen controls over partnership management

13. The UNHCR Enhanced Framework for Implementing with Partners requires the Representation to: (i) establish an Implementing Partnership Management Committee (IPMC) to assist the Representative in making partner selection and retention decisions following a transparent procedure; (ii) limit procurement by partners to those where partners have a proven advantage, and conduct an assessment of the partners' capacity to procure goods and services using UNHCR funds before designating procurement authority to them; (iii) sign PPAs in December for the subsequent project year; and comply with the prescribed calculation methodology related to UNHCR's contribution towards PHSC of international partners; and (iv) ensure that a project monitoring plan is developed and implemented by a multi-functional team.

14. The Representation had established an IPMC in September 2014. It generally followed the UNHCR requirements for selection and retention of partners. However, from 2015 to 2016, one of the four partners was retained without the Representation assessing the partner's performance, and similarly, the required desk reviews were not done to support the retention of three partners from 2016 to 2017. In addition, the Representation did not follow the mandatory selection process for one new partner with whom a PPA with a project budget of \$58,000 was concluded.

15. Although the Representation entrusted procurement to five partners in 2016 and three in 2017, with cumulative procurement values of \$809,682 and \$886,043, respectively, it did not conduct a cost-benefit analysis to determine whether procurement by partners would be advantageous compared to direct implementation. Such an analysis was important in Zimbabwe, as partners were not exempt from value added tax of 15 per cent. In addition, the IPMC did not assess the capacity of partners to undertake procurement on UNHCR's behalf, and formal approval of the Representative for designating procurement to them was not obtained before signing the PPAs, as required. For 2016 and 2017, procurement designated to partners included drugs amounting to \$28,988 and \$51,600 respectively, although UNHCR Manual requires that international procurement be undertaken for drugs wherever it is possible.

16. The conclusion and signing of PPAs was generally timely. However, regarding PHSC, the Representation made five underpayments totalling \$17,479 for 2016 and one overpayment of \$4,214 for 2017. In respect of the five underpayments, the Representation explained that partners had agreed to reduce or waive their PHSC entitlements; however, such agreements were not documented. The overpayment was caused by the misapplication of the calculation methodology.

17. In respect of project monitoring, except for three 2016 PPAs with a small budget ranging from \$10,000 to \$60,000, the Representation prepared risk-based monitoring plans which were agreed with partners. The Representation verified the quarterly financial reports submitted by partners and adequately followed up on recommendations raised in four project audit reports covering 2015 activities. OIOS visits to three partners found no material weaknesses related to payment and procurement procedures. However, OIOS observed the following:

- The Representation prepared only three performance monitoring reports in 2016. For four PPAs, no performance monitoring reports were prepared. In the three reports available, only one verified the performance data reported by the partner against the agreed targets.

- OIOS visit to a warehouse in TRC indicated the following deficiencies that the Representation's performance monitoring had not identified that: (i) goods in the warehouse were not segregated by partner, although the warehouse was shared by three partners, items were stacked on the floor or on broken wooden pallets, and there were no bin cards; and (ii) chicken and pig feeds were stored together with pesticides, fertilizers and cement which could contaminate the feeds.

18. The main reason for these control deficiencies was the lack of awareness of the Representation's staff of the changes in UNHCR policies and procedures related to partnership management and the importance of risk-based financial and performance monitoring. As a result, the Representation was exposed to the risk of failure to achieve the intended project objectives and to obtain best value from projects implemented by partners.

(1) The UNHCR Representation in Zimbabwe should develop and implement an action plan to increase staff awareness and strengthen management controls to ensure that the UNHCR requirements for selection and retention of partners, procurement by partners, calculation of project headquarters support costs, and project performance monitoring are systematically complied with, and the associated risks are effectively managed.

UNHCR accepted recommendation 1 and stated that the Representation had developed an action plan to increase staff awareness and strengthen management controls over partnership management. Recommendation 1 remains open pending receipt of: (i) evidence of completion of staff training on partnership management; (ii) documentation of management controls established to ensure implementation of the selection and retention of partners in line with UNHCR requirements; (iii) evidence of controls put in place to ensure that a cost-benefit analysis and assessment of capacity of partners are undertaken before entrusting procurement to them; (iv) documentation on how the under- and overpayments of PHSC to international partners as identified in this audit have been resolved; and (v) copies of performance monitoring reports prepared at mid-year to verify partners' performance against targets.

C. Camp management

There was a need to enhance the application of Age, Gender and Diversity Policy approach in camp management and to satisfy the camp education needs

19. UNHCR Age, Gender and Diversity Policy requires the Representation to systematically apply an AGD approach in its operations including camp management. UNHCR Emergency Handbook requires the Representation to ensure that TRC satisfies the minimum standards so that the refugee community can live with security and dignity in a healthy environment which improves their quality of life.

20. The Representation's operations plan for 2016 stated that: "To enhance the active participation of diverse groups throughout programme activities, representatives of persons of various diversities, such as women, men, girls and boys with disability, elderly women and men, persons of different nationalities, ethnicities and linguistic minorities, were included in the monthly consultative meetings that are held in the camp as part of camp management activities." However, the Representation did not have any evidence supporting the implementation of this activity, such as meeting agendas, list of participants in attendance and minutes of decisions made.

21. According to the Representation, it changed the approach, as it was not practical to invite all representatives of different groups at once and, hence, the Representation held several meetings with different groups. As a result of this approach, the Representation did not include the reference to the

monthly consultative meetings in its 2017 operations. However, the alternative solution to apply the AGD approach was not mentioned either, and the Representation did not have a schedule covering the meetings planned with different groups, and there were only three minutes of meetings held in 2016 and 2017. Therefore, the Representation was unable to provide assurance that it was meeting its obligations for ensuring that the voices of different groups were periodically listened to.

22. Regarding AGD, although TRC met most of the minimum standards, those related to education were not met. UNHCR standards for education require one school per sector (preprimary, primary and secondary) per 5,000 persons; however, TRC was accommodating 8,874 persons and only had one school per sector. The shortage of classrooms in the primary school was serious, as OIOS observed that nearly 60 children were accommodated in one classroom. Also, at the beginning of 2016, seven primary school classes had to be accommodated in the open. Although during 2016 the Representation successfully invited the nearby horticultural college to provide six additional class rooms, this did not provide a sustainable solution, because a new arrival of refugees from Mozambique in December 2016 resulted in an increase of 300 school-age children.

23. The shortcomings mentioned above were caused by the Representation not having planned how to systematically apply AGD approach in the camp management, and the severe budgetary constraints related to education facilities. As a result, the refugee community was exposed to the risk of not living with sufficient security and dignity and in a healthy environment.

(2) The UNHCR Representation in Zimbabwe should: (i) ensure that the application of the age, gender and diversity approach at the Tongogara camp is sufficiently documented; and (ii) in close cooperation with the Bureau for Africa and the Regional Representation for Southern Africa, develop an action plan, with sufficient budgetary provisions, to satisfy the education needs in the camp.

UNHCR accepted recommendation 2 and stated that the Representation would develop a schedule of planned meetings to be conducted from September to December 2017. The monthly meetings would ensure that the application of the AGD approach is systematically followed in TRC. The Representation, in close cooperation with the Bureau for Africa and the Regional Representation for Southern Africa, had received additional funding for the construction of two additional classroom blocks with four classrooms each. The Representation had also identified funding for the recruitment of teachers for the Primary School, in order to satisfy the education needs in the camp. Recommendation 2 remains open pending receipt of the schedule of meetings with the different beneficiary groups, and several samples of minutes of such meetings.

D. Livelihoods and self-reliance

There was a need to strengthen performance monitoring of livelihoods projects and avoid the duplication of beneficiaries in more than one activity

24. UNHCR Operational Guidelines on the Minimum Criteria for Livelihoods Programming require the Representation to conduct socio-economic baseline assessments and market assessments to target beneficiaries and develop a context specific livelihoods strategic plan. The Representation is also required to assess the capacity and impact of livelihoods partners; and monitor the performance and impact of livelihoods programmes.

25. The Representation's livelihoods expenditure for 2016 was \$473,867 and the budget for 2017 was \$423,510. All livelihoods and self-reliance programmes were implemented at TRC by a partner and

consisted of farming, rearing of livestock and construction of a slaughter house incorporating a cold room and butchery. OIOS visited TRC, held discussions with persons of concerns engaged in self-reliance activities and reviewed on a sample basis payment vouchers and procurements related to livelihoods projects implemented by partners.

26. The Representation's livelihoods and self-reliance programme recorded a compliance score of 95.83 per cent on the minimum criteria compliance assessment conducted by the Livelihoods Unit at headquarters for 2016, with only the beneficiary targeting criterion being assessed as not fully compliant. For this criterion, the Representation had already developed an action plan. The Representation had assessed the capacity of the partner to implement livelihoods activities, and the partner had conducted the requisite baseline and market assessments and developed a five-year strategic plan.

27. However, there was no documentary evidence that the Representation had reviewed the performance data reported by the partner against the agreed targets. In addition, OIOS observed that the partner's selection of beneficiaries for a livelihoods project included persons of concerns already engaged in another activity within the project. Eleven refugee households were engaged in both farming and livestock rearing activities, while the majority of persons of concern were not included in any livelihoods activity. According to the Representation, this was because of the initially low interest by the refugees engaged in the livestock rearing leading to the partner having to select some of the beneficiaries who had already been engaged in farming activity. Further, as there were also other Non-Governmental Organizations (NGOs) implementing livelihoods and self-reliance projects in TRC using their own funds, the Representation did not ensure that its partner adequately coordinated its activities with those NGOs to avoid the selection of the same beneficiaries. OIOS could not assess the extent of any duplication, because the list of beneficiaries maintained by the other NGOs could not be obtained.

28. The shortcomings mentioned above were caused by the lack of awareness of the Representation's staff of the importance of risk-based performance monitoring and coordination between the partner and other NGOs. As a result, there was a risk of creating a perception of inequality among persons of concern. OIOS is not raising a separate recommendation on performance monitoring as this is covered by recommendation 1 in this report.

(3) The UNHCR Representation in Zimbabwe should review the livelihoods partner's beneficiary selection criteria and coordination arrangements with the other implementers of livelihoods activities in the Tongogara camp to minimize duplication and overlapping.

UNHCR accepted recommendation 3 and stated that the Representation in Zimbabwe had set up a Livelihoods Committee in TRC to plan, implement and monitor livelihoods activities in the camp. The Committee was comprised of all partners implementing livelihoods activities in the camp, including UNHCR and the Government. The Representation would also conduct a livelihoods mapping exercise in the camp to see who does what in terms of livelihoods. A review of the livelihoods partner's beneficiary selection criteria would also be conducted. Recommendation 3 remains open pending receipt of evidence indicating that the Representation: (i) has reviewed the livelihoods partner's beneficiary selection criteria; and (ii) has reviewed the coordination mechanisms established to prevent one beneficiary engaging in more than one livelihoods activity.

E. Financial tracking and reporting

The Representation had effective controls over financial management

29. The UNHCR policies and procedures over financial management require the Representation to put in place adequate controls over delegation of financial authority; management of cash and bank accounts;

disbursements of administrative expenditures; monitoring of open items (accounts receivable); and submission of monthly financial reports to UNHCR headquarters.

30. The Representation prepared a delegation of authority plan that OIOS assessed as adequate. It also effectively managed its cash and bank accounts, monitored its administrative budget and open items, and submitted monthly financial reports to headquarters. OIOS reviewed 30 payment vouchers for adequacy of the supporting documentation. No material weaknesses were identified. Therefore, OIOS concluded that the Representation had effective controls over financial management.

F. Security and staff safety

The Representation had adequate and effective controls over security and staff safety

31. The UNHCR Security Management Policy requires the Representation to actively participate in the country United Nations Security Management System, comply with Minimum Operating Security Standards (MOSS), and fulfil the accountabilities including those related to security coordination and staff training and awareness-building.

32. The security level was “2: Low” for Harare and “1: Minimal” for Tongogara. The Representative regularly participated in inter-agency security and contingency planning activities including Security Management Team meetings. In addition, international staff members were allowed to reside only in premises which had been approved by United Nations Department of Safety and Security. Nevertheless, OIOS observed the following weaknesses in the existing arrangements for security and staff safety:

- According to the MOSS compliance report submitted to headquarters in December 2016, Country Office Harare was rated as “Compliant” and Field Office Tongogara as “Compliant with limitations”. Although the Representation identified the action necessary to reach full MOSS compliance in Tongogara and the related budget requirement (\$20,699), it did not have the financial resources to undertake this work. However, whilst the audit was still in progress, the Representation allocated the necessary budget for this purpose.
- Although MOSS in Zimbabwe required that copies of certificates for completed mandatory security training courses were to be held in personnel files of staff members, the Representation did not comply with this requirement. In addition, according to the MOSS compliance report submitted to headquarters in December 2016, of 22 staff members, only 17 had completed the “Basic Security in the Field” course and only 8 had completed the “Advanced Security in the Field” course. Whilst the audit was in progress, however, the Representation collected copies of the certificates from almost all staff.

33. Based on the above, OIOS concluded that the Representation had adequate and effective controls over security and staff safety.

G. Procurement and vendor management

There was a need to ensure availability of sufficient supply capacity, train supply staff and members of LCC, and establish effective controls over procurement and vendor management

34. The Representation is required to comply with the UNHCR procurement rules and procedures, which include: (i) establishing an effective vendor management system; (ii) preparing an annual procurement plan according to the identified needs; (iii) initiating timely procurement activities in

accordance with the procurement plan to facilitate transparent and competitive procurement; and (iv) ensuring adequate oversight over the procurement activities through LCC.

35. The Representation's Vendor Review Committee (VRC) was established in 2012, and updated annually. However, during the period of audit, the VRC met only twice, on 7 February 2017 and 13 March 2017 (whilst another meeting was held on 21 April 2017). These meetings discussed mainly the existing vendor database, and included a review of the 667 vendors who had been inactive in the past three years. After the clean-up of the database, the Representation had 321 active vendors in the database, which included one duplicate vendor account. However, there was no evidence that the VRC had determined the suitability of any new vendors added to the database or evaluated the performance of existing active vendors. In addition, there were no vendor files containing the required registration forms, company registration certificates, and financial reports.

36. OIOS reviewed the procurement procedures put in place by the Representation, reviewed the minutes of all LCC meetings held between January 2016 and March 2017, and tested in detail 19 non-purchase order vouchers totaling \$122,048 and 25 purchase orders worth \$1.0 million from the total procurement volume of \$2.7 million during the period. The following weaknesses were observed in controls over the procurement process:

- The Representation did not prepare a procurement plan for 2016. Although the procurement plan for 2017 was in place, it was prepared and signed only in February 2017 as opposed to November 2016 as per UNHCR requirements. Furthermore, the plan for 2017 did not include key procurement items such as soaps, construction services, and printing of travel documents for refugees, as would have been expected.
- The Representation conducted seven procurements amounting to \$53,002 without raising the required purchase orders, although the value of procurement in each case exceeded \$4,000. In addition, the Representation carried out a competitive bidding process only for one of these seven cases and concluded contracts with vendors in only three of them. The Representation did not have any documented justification for procuring a business class flight ticket worth \$4,698 from a travel agency that was not on the list of travel agencies approved under the "One UN" scheme in Zimbabwe.
- Due to staff constraints, a locally recruited Supply Associate in the general service staff category was in charge of procurement. In addition, although the Representation had established an LCC composed of four members and four alternates, two of the members were in the general service staff category, which was not in line with the UNHCR requirements for establishment of LCCs.
- The LCC reviewed and approved a frame agreement to procure firewood valued at \$155,503 without forwarding the request to the Regional Committee on Contracts in the UNHCR Representation for Southern Africa for review. UNHCR rules and procedures required that all contracts valued at \$150,000 and up to a maximum of \$500,000 were to be forwarded to the Regional Committee on Contracts for approval.
- The Representation did not have a technical evaluation committee to carry out the mandatory technical evaluations of bids for goods and services worth \$10,000 and above for 2016 and \$40,000 and above for 2017. Consequently, nine procurement actions totalling \$397,785 did not fulfil the requirement of the two-envelope system where a technical evaluation was to be carried out before the financial proposal was analysed.

- The Representation procured iron sheets for a contract valued at \$63,617 through an Invitation to Bid (ITB). The LCC selected the three cheapest bidders for further assessment. The cheapest bidder who owned two companies was disqualified for having participated in previous ITBs for different items by using the name of the other company, which, in OIOS opinion, was not a valid justification for disqualification. The second cheapest bidder was also disqualified, because it was located 200 kilometers from the capital and the Representation decided that it was difficult to visit it. However, this bidder had distinct advantages of being located closer to TRC where the iron sheets were to be delivered. It also did not charge transportation costs unlike the other two bidders. The bidding documents showed that this vendor had previously supplied construction materials including iron sheets to various international non-governmental organizations worth over \$500,000.
- For procurement of furniture and gym equipment amounting to \$30,276, the ITB was selectively sent to only eight vendors without justification as to why it was not advertised widely. In addition, no explanation was documented on the selection process or the criteria used to invite these eight vendors.

37. The control weaknesses cited above were not only the result of staffing constraints but also the lack of adequate training of LCC members. As a result, the Representation was exposed to the risk of not receiving value for money from the procurement of goods and services.

(4) The UNHCR Representation in Zimbabwe, in collaboration with the Regional Representation for Southern Africa, should implement an action plan to ensure that: (i) the Representation has sufficient supply capacity; (ii) supply staff and members of the Local Committee on Contracts are sufficiently trained on UNHCR procurement rules and procedures; and (iii) effective controls over procurement and vendor management are in place and their application is systematically monitored.

UNHCR accepted recommendation 4 and stated that the Representation would enhance the capacity of its Supply Unit by creating the position of Supply Assistant. The Representation had also received various material from the UNHCR Global Learning Centre to provide training to LCC chairs and members. Recommendation 4 remains open pending receipt of: (i) confirmation that sufficient supply capacity has been secured; (ii) evidence of training of staff and LCC members on procurement and vendor management; (iii) a sample of VRC minutes demonstrating the Committee's deliberations on suitability of new vendors and performance evaluation of existing vendors; (iv) evidence of completion of vendor files; (v) an updated procurement plan for 2017; (vi) the composition memorandum of the Technical Evaluation Committee; and (vii) evidence of management controls established to ensure the procurement thresholds are systematically respected.

H. Enterprise risk management

There was a need to strengthen procedures related to risk identification, treatment and monitoring

38. To effectively manage risks to its operational objectives, the UNHCR Enterprise Risk Management Framework requires the Representation to: (i) understand its operational context; (ii) identify its key risks; (iii) analyze and evaluate these risks; (iv) develop and implement a plan to treat these risks; (v) monitor and report on its risk management processes; and (vi) ensure that these processes are sufficiently communicated and that relevant staff are effectively trained and consulted.

39. The Representation's operations plans provided sufficient information on the operational context as the basis for risk identification. However, although the operations plan for 2016 gave strategic priority to

strengthening the asylum regime and enhancing the capacity of the Government to independently manage RSD to allow gradual phase-out of UNHCR from the country, related risks were not included in the Representation's risk register. In addition, the Representation's operations plan for 2016 stated that: "The increased refugee population in TRC has placed significant strain on the education system in the camp. A number of gaps and protection risks have been identified through various assessments. Due to funding limitations, however, challenges will remain unaddressed." Nevertheless, this issue was also not mentioned in the risk register. Furthermore, although during this audit the Representation frequently referred to severe funding gaps hampering its ability to implement its programmes and as the reason for the control deficiencies observed by OIOS, "limited funding" was not considered a priority risk in the risk register. Moreover, some columns in the Representation's risk register had not been updated. For example, target dates for the treatment of some risks were set for 31 March 2016. The risk register therefore needed to be reviewed for consistency and logic.

40. There was also no evidence that the implementation of risk treatment plans was regularly and adequately monitored or reviewed, not even for those risks identified as priority.

41. The main reason for the deficiencies cited above was that despite the training and capacity-building activities provided to key personnel, including the risk management focal point, they were still not sufficiently familiar with the requirements of the UNHCR Enterprise Risk Management Framework. As a result, all potential risks were not identified and recorded and measures had not been put in place to mitigate them.

(5) The UNHCR Representation in Zimbabwe should increase staff awareness and strengthen management controls to ensure that: (i) there is adequate alignment between the risk register and the operations plans and the risk register is reviewed for consistency and logic; and (ii) the implementation of treatment plans at least for priority risks is actively monitored.

UNHCR accepted recommendation 5 and stated that the Representation had developed an action plan to implement it. Recommendation 5 remains open pending receipt of: (i) analysis of alignment between the risk register and the operations plan, together with an updated country risk register, and (ii) documentary evidence of monitoring of the implementation of the risk treatments at least for priority risks.

V. ACKNOWLEDGEMENT

42. 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 the operations in Zimbabwe 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 Zimbabwe should develop and implement an action plan to increase staff awareness and strengthen management controls to ensure that the UNHCR requirements for selection and retention of partners, procurement by partners, calculation of project headquarters support costs, and project performance monitoring are systematically complied with, and the associated risks are effectively managed.	Important	O	Submission to OIOS of: (i) evidence of completion of staff training on partnership management; (ii) documentation of management controls established to ensure implementation of the selection and retention of partners in line with UNHCR requirements; (iii) evidence of controls put in place to ensure that a cost-benefit analysis and assessment of capacity of partners are undertaken before entrusting procurement to them; (iv) documentation on how the under- and overpayments of PHSC to international partners as identified in this audit have been resolved; and (v) copies of performance monitoring reports prepared at mid-year to verify partners' performance against targets.	30 November 2017
2	The UNHCR Representation in Zimbabwe should: (i) ensure that the application of the age, gender and diversity approach at the Tongogara camp is sufficiently documented; and (ii) in close cooperation with the Bureau for Africa and the Regional Representation for Southern Africa, develop an action plan, with sufficient budgetary provisions, to satisfy the education needs in the camp.	Important	O	Submission to OIOS of the schedule of meetings with the different beneficiary groups, and several samples of minutes of such meetings.	31 December 2017
3	The UNHCR Representation in Zimbabwe should review the livelihoods partner's beneficiary	Important	O	Submission to OIOS of evidence indicating that the Representation: (i) has reviewed the	31 December 2017

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

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

³ C = closed, O = open

⁴ Date provided by UNHCR in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the operations in Zimbabwe 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
	selection criteria and coordination arrangements with the other implementers of livelihoods activities in the Tongogara camp to minimize duplication and overlapping.			livelihoods partner's beneficiary selection criteria; and (ii) has reviewed the coordination mechanisms established to prevent one beneficiary engaging in more than one livelihoods activity.	
4	The UNHCR Representation in Zimbabwe, in close collaboration with the Regional Representation for Southern Africa, should implement an action plan to ensure that: (i) the Representation has sufficient supply capacity; (ii) supply staff and members of the Local Committee on Contracts are sufficiently trained on UNHCR procurement rules and procedures; and (iii) effective controls over procurement and vendor management are in place and their application is systematically monitored.	Important	O	Submission to OIOS of: (i) confirmation that sufficient supply capacity has been secured; (ii) evidence of training of staff and LCC members on procurement and vendor management; (iii) a sample of VRC minutes demonstrating the Committee's deliberations on suitability of new vendors and performance evaluation of existing vendors; (iv) evidence of completion of vendor files; (v) an updated procurement plan for 2017; (vi) the composition memorandum of the Technical Evaluation Committee; and (vii) evidence of management controls established to ensure the procurement thresholds are systematically respected.	31 March 2018
5	The UNHCR Representation in Zimbabwe should increase staff awareness and strengthen management controls to ensure that: (i) there is adequate alignment between the risk register and the operations plans and the risk register is reviewed for consistency and logic; and (ii) the implementation of treatment plans at least for priority risks is actively monitored.	Important	O	Submission to OIOS of: (i) analysis of alignment between the risk register and the operations plan, together with an updated country risk register, and (ii) documentary evidence of monitoring of the implementation of the risk treatments at least for priority risks.	30 November 2017

APPENDIX I

Management Response

Management Response

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

c. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Representation in Zimbabwe should develop and implement an action plan to increase staff awareness and strengthen management controls to ensure that the UNHCR requirements for selection and retention of partners, procurement by partners, calculation of project headquarters support costs, and project performance monitoring are systematically complied with, and the associated risks are effectively managed.	Important	Yes	Programme Officer, Assistant Programme Officer	30 November 2017	<p>The Representation in Zimbabwe has developed an action plan to increase staff awareness and strengthen management controls to ensure that the UNHCR requirements for selection and retention of partners, procurement by partners, calculation of Project Headquarters Support Costs, and project performance monitoring are systematically complied with, and the associated risks are effectively managed.</p> <p>The Implementing Partnership Management Committee (IPMC) in Zimbabwe will hold a meeting in September to review the Partner Performance and Implementation for the year 2017. The IPMC will also discuss issuance of a Call for expression of interest for 2017/2018 partner selection and retention. The process will be done in concordance with Implementing Partnership Management Guidance Note No. 1 - Selection and Retention of Partners for Project Partnership Agreements -July 2013.</p>

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

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

Management Response

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

c. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>A cost benefit analysis will be done to ascertain whether to delegate procurement to partners or not. The process and outcomes will be well documented.</p> <p>The calculation of Project Headquarters Support Costs (PHSC) will be done for all disbursement proportionate to each Instalment transfer in accordance to the Toolkit for calculating Project Headquarters Support Costs. The Representation in Zimbabwe reserves the right to appeal to Implementing Partners to waive PHSCs in which case it will ensure that documentary evidence signed by both UNHCR and the partner is available if the partner waives payment of PHSC.</p> <p>Documentary evidence will be provided to the auditors upon full implementation of the selection and retention of partners for 2018 by 30 November.</p>
2	The UNHCR Representation in Zimbabwe should: (i) ensure that the application of the age, gender and diversity approach at the Tongogara camp is sufficiently documented; and (ii) in close cooperation with the Bureau for Africa and the Regional Representation for Southern	Important	Yes	Head of Field Office, Tongogara, Protection Officer	31 December 2017	(i) The Representation in Zimbabwe will develop a schedule of planned meetings to be conducted from September to December 2017. The meetings, which will be conducted once every month, will ensure that the application of the Age, Gender and

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

c. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	Africa, develop an action plan, with sufficient budgetary provisions, to satisfy the education needs in the camp.					<p>Diversity approach is systematically followed in Tongogara Refugee Camp. The Representation in Zimbabwe, through its staff based in Tongogara Refugee Camp, will meet with different groups of people in the camp. The Representation will ensure that all processes are adequately documented with the agenda, participants list, discussions, minutes and follow up points</p> <p>(ii)The Representation in Zimbabwe in close cooperation with the Bureau for Africa and the Regional Representation for Southern Africa has received additional funding for the construction of two additional classroom blocks. In 2017, the Representation, through its Implementing Partner, will construct two additional school blocks with four classrooms each. This will reduce the number of children without classrooms. The Representation has also identified funding for the recruitment of teachers for the Primary School in order to satisfy the education needs in the camp. UNHCR has communicated with the responsible Ministry in Zimbabwe to facilitate the recruitment process of teachers for the school in Tongogara Refugee Camp.</p>

Management Response

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

c. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
3	The UNHCR Representation in Zimbabwe should review the livelihoods partner's beneficiary selection criteria and coordination arrangements with the other implementers of livelihoods activities in the Tongogara camp to minimize duplication and overlapping.	Important	Yes	Head of Field Office, Tongogara	31 December 2017	The Representation in Zimbabwe set up a livelihoods committee in Tongogara Refugee Camp, to plan, implement and monitor livelihood activities in the camp. The committee is comprised of all partners implementing livelihood activities in the camp including UNHCR and the Government. The Representation in Zimbabwe will also conduct a livelihoods mapping exercise in the camp to see who does what in terms of livelihoods. A review of the livelihood partner's beneficiary selection criteria will also be conducted. The mapping and review exercise will enhance coordination mechanisms between implementers of livelihoods activities in Tongogara camp. This will minimize the risk of duplication and overlapping of livelihood beneficiaries and activities. As a compensatory control before the review is done, the Representation in Zimbabwe will amend the Beneficiary Selection Committee Terms of reference to include all stakeholders who were initially not included in the selection committee. This will enable all stakeholders to know which individuals have been selected for which projects. A consolidated livelihood register with all livelihood

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c. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>beneficiaries will be managed by UNHCR Head of Field Office</p> <p>Documentary evidence for amended Terms of Reference including all stakeholders will be shared with the auditors.</p>
4	<p>The UNHCR Representation in Zimbabwe, in close collaboration with the Regional Representation for Southern Africa, should implement an action plan to ensure that: (i) the Representation has sufficient supply capacity; (ii) supply staff and members of the Local Committee on Contracts are sufficiently trained on UNHCR procurement rules and procedures; and (iii) effective controls over procurement and vendor management are in place and their application is systematically monitored.</p>	Important	Yes	<p>Programme Officer, Assistant Programme Officer, Assistant Admin / Finance Officer, Supply Associate</p>	31 March 2018	<p>(i)The Representation in Zimbabwe totally agrees with the capacitation of the supply unit through the creation of the position of Supply Assistant to further strengthen the supply unit. The request will be communicated through the Regional Representation for Southern Africa and Bureau in line with the Resource Allocation Framework.</p> <p>(ii)The Representation in Zimbabwe agrees with the recommendation that supply staff and members of the Local Committee on Contracts are sufficiently trained on UNHCR procurement rules and procedures. The Representation through Learn & Connect has received various material from the Global Learning Centre to provide training to LCC chairs and members directly. A training of all Local Committee on Contracts members will be held in September 2017.</p>

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c. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						(iii)The Representation in Zimbabwe will ensure that effective controls over procurement and vendor management are in place and their application is systematically monitored. All procurements done through Invitation to Bid & Request for Proposals will have the two bid envelop system systematically applied. All vendor registrations will also be subject to review by the Vendor Review Committee. Vendor files will be opened for all suppliers that the Representation in Zimbabwe engages with adequate supporting documents such as Financial Statements, Company registration documents and a valid tax clearance certificate.
5	The UNHCR Representation in Zimbabwe should increase staff awareness and strengthen management controls to ensure that: (i) there is adequate alignment between the risk register and the operations plans and the risk register is reviewed for consistency and logic; and (ii) the implementation of treatment plans at least for priority risks is actively monitored.	Important	Yes	Programme Officer, Assistant Programme Officer	30 November 2017	(i)This learning opportunity is welcome. An action plan to capacitate staff, align risk to operations plan and monitor risks has been developed by the Representation in Zimbabwe. The action plan will ensure that the Representation in Zimbabwe increases staff awareness and strengthens management controls in risk management.