



INTERNAL AUDIT DIVISION

REPORT 2018/036

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

There was a need to address control
deficiencies in management of livelihoods
programmes

9 May 2018
Assignment No. AR2017/151/03

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

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the operations in Brazil for the Office of the United Nations High Commissioner for Refugees (UNHCR). The objective of the audit was to assess whether the UNHCR Representation in Brazil was managing the delivery of services to persons of concern in Brazil in a cost-effective manner and in compliance with UNHCR's policy requirements. The audit covered the period from 1 January 2016 to 30 September 2017 and included a review of: (a) partnership management; (b) emergency preparedness and response; (c) procurement and vendor management; (d) fair protection process and documentation; (e) livelihoods and self-reliance; and (f) enterprise risk management (ERM).

The Representation took prompt action to address the control deficiencies that OIOS identified during the audit on partnership management, emergency preparedness and response, procurement and vendor management, fair protection process and documentation, and ERM. However, the Representation needed to take further action to strengthen controls over activities related to management of livelihoods programmes.

OIOS raised one recommendation. To address the issues identified in the audit, the Representation needed to conduct a baseline assessment for its livelihoods programming, complete the livelihoods strategy, and undertake post-distribution monitoring of the livelihoods interventions.

UNHCR accepted the recommendation. Following satisfactory action taken by the Representation, the recommendation has been closed as implemented.

CONTENTS

	<i>Page</i>
I. BACKGROUND	1
II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY	1
III. AUDIT RESULTS	2-9
A. Partnership management	2-3
B. Emergency preparedness and response	3-4
C. Procurement and vendor management	4-5
D. Fair protection process and documentation	6-7
E. Livelihoods and self-reliance	7-8
F. Enterprise risk management	8-9
IV. ACKNOWLEDGEMENT	9
ANNEX I Status of audit recommendations	
APPENDIX I Management response	

Audit of the operations in Brazil 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 Brazil for the Office of the United Nations High Commissioner for Refugees (UNHCR).
2. The role of UNHCR in Brazil is to cooperate with the Government and carry out international protection and humanitarian assistance functions in support of refugees and other persons of concern. UNHCR's strategic priorities in Brazil relate to: strengthening favourable protection environment; building capacity of the Government and partners; and identifying durable solutions through livelihoods programmes, in alignment with the Brazilian Plan of Action (BPA) 2014. The BPA is a framework for cooperation and regional solidarity to strengthen the international protection of refugees, displaced persons and stateless persons in the Latin America and the Caribbean regions. The programme in Brazil is implemented by the UNHCR Representation in Brazil (hereinafter referred to as 'the Representation').
3. The Representation was established in 1977 following significant displacements across South America. As at September 2017, the Representation assisted 18,645 persons of concern. It had a Branch Office in Brasilia and three Field Units in Sao Paulo, Boa Vista and Manaus. The Representation had prepared a protection strategy in alignment with the BPA. The key elements of the protection strategy were: improving legislative guarantees for persons of concern; improving access to territory; border monitoring and prevention of arbitrary detention; supporting the National Commission for Refugees, known as CONARE, in facilitating the quality of asylum systems and procedures; and promoting self-reliance and livelihoods activities.
4. The Representation was headed by a Representative at the P-5 level who was reporting to the Director, Regional Bureau for the Americas. As of September 2017, the Representation had 17 regular posts, including three international posts. Its expenditure in 2016 was \$2.7 million while in 2017 its expenditure, until 30 September, amounted to \$3.1 million. It worked with 10 partners in 2016 and 11 in 2017 through which expenditure of \$1.4 million was incurred in 2016. In 2017 (up to 30 September) expenditure through partners amounted to \$1.8 million. The total expenditure of the partners during the audit period accounted for 87 per cent of the Representation's programme expenditure for 2016 and 2017.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

5. The objective of the audit was to assess whether the UNHCR Representation in Brazil was managing the delivery of services to persons of concern in Brazil in a cost-effective manner and in compliance with UNHCR's policy requirements.
6. The audit was included in the 2017 risk-based internal audit work plan of OIOS due to risks associated with UNHCR's facilitation of establishment of efficient and effective asylum systems and procedures and implementing comprehensive local integration strategies in Brazil within the framework of the BPA.
7. OIOS conducted this audit between September and December 2017 in Brasilia, Sao Paulo, and Rio de Janeiro. The audit covered the period from 1 January 2016 to 30 September 2017. Based on an activity-level risk assessment, the audit included a review of the following risk areas: (a) partnership management;

(b) emergency preparedness and response; (c) procurement and vendor management; (d) fair protection process and documentation; (e) livelihoods and self-reliance; and (f) enterprise risk management (ERM).

8. The audit methodology included: (a) interviews of key personnel; (b) review of relevant documentation; (c) analytical reviews of data, including financial data from Managing for Systems, Resources and People (MSRP), the UNHCR enterprise resource planning system, and performance data from Focus, the UNHCR results-based management system; (d) review of data extracted from proGres, the UNHCR enterprise registration tool; (e) sample testing of controls; and (f) visits to selected UNHCR offices, three partner offices, and selected project sites related to livelihoods programmes.

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

III. AUDIT RESULTS

A. Partnership management

The Representation took action to address the remaining deficiencies in partnership management

10. In order to achieve the expected project results through the use of partners, it is essential to: (i) select or retain partners through a process that demonstrates objectivity, transparency, consistency and timeliness; (ii) sign well developed project agreements with partners and transfer instalments to them in a timely manner; (iii) monitor project activities and expenditures through a risk-based and multi-functional approach; and (iv) arrange for building capacity of partners as and when necessary. These requirements are also promulgated in the UNHCR Enhanced Framework for Implementing with Partners and various supporting guidelines and administrative instructions, with the aim to strengthen accountability over UNHCR resources entrusted to partners, and to manage the associated risks including fraud risks.

11. The Representation entered into 19 Project Partnership Agreements (PPAs) during the period under review with a total expenditure of \$1.4 million in 2016 and \$1.9 million in 2017 (until September), and entrusted its partners with procurement for a total of \$106,728 in 2016 and \$137,211 in 2017.

12. The Representation had constituted an Implementing Partnership Management Committee (IPMC) in October 2015. The IPMC conducted a transparent partner selection exercise in November 2015 for the 2016 and 2017 programme cycles and recommended selection of eight partners, including four existing partners. The Representation signed all its PPAs before commencement of the project years. In September 2017, it concluded two additional PPAs worth \$171,211, one with an existing partner and another with a new partner, to implement projects related to emergency activities in the northern border of Brazil after completing the formal selection process. At the time of the audit, the Representation was undertaking a desk review of the performance of the partners for their retention for the programme cycles 2018 and 2019. OIOS concluded that the Representation's controls over selection and retention of partners and preparation of timely PPAs were effective. The Representation had also arranged for capacity building of its partners, and undertaken financial and performance monitoring of partners' project activities through a multi-functional approach using joint monitoring plans established for this purpose.

13. Nevertheless, OIOS review of the Representation's project monitoring arrangements, which included visits to three partners, indicated the following areas for further strengthening:

- a) The Representation did not assess the capacity of its partners to procure on UNHCR's behalf before signing the PPAs. The partners were also not pre-qualified to procure using UNHCR funds.

- b) Although the Representation had prepared risk-based monitoring plans, verification teams did not follow a risk based approach, such as assessing controls over higher risk transactions. For example: the verification teams did not adequately review that the three partners, responsible for disbursing cash to beneficiaries worth \$192,081 in 2016 had: (i) adequate segregation of duties among its staff; (ii) put in place payment tracking sheets to facilitate monitoring; and (iii) met the disbursement criteria stipulated in the standard operating procedures for cash payments. In addition, the verification teams did not detect that a staff member of a partner had procured air tickets worth \$14,000 without conducting a transparent and competitive process.
- c) The Representation signed a PPA worth \$32,525 with an international implementing partner based in Ecuador for implementation of resettlement activities. However, despite its sustained liaison with the partner, the Representation did not ensure that the partner submitted the project implementation status reports as agreed in the PPA. Additionally, it did not undertake financial and performance monitoring of these project activities. The project could not be closed in April 2017, as required by the PPA.

14. The above weaknesses happened as the Representation did not identify and prioritize the controls required to address risks inherent in partnership management. 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. However, whilst the audit was ongoing, the Representation took action to request the project implementation reports from the international partner in Ecuador, which were subsequently received. The partner also reimbursed the unspent balance of \$4,500, and the Representation confirmed that the project was closed. The Representation also took prompt action to assess the partners' capacity to undertake procurement using UNHCR funds before signing PPAs with them for 2018 and to undertake monitoring of project activities through a multi-functional and risk-based approach. Based on the action taken, OIOS did not raise a recommendation.

B. Emergency preparedness and response

The Representation took action to strengthen controls over emergency preparedness and response

15. In order to proactively anticipate, prepare for and respond to emergencies with urgency and speed, the Representation is required to establish a set of minimum preparedness actions in the pre-emergency phase that includes undertaking risk assessments with partners and updating the preparedness actions at least annually, and share them together with the finalized contingency plans and the results of a gap analysis with the Bureau for the Americas and the Division of Emergency, Security and Supply. It is also required to develop a business continuity plan and have an effective local supply chain strategy for emergencies, which includes putting in place adequate arrangements for: establishing criteria for selection of beneficiaries for distribution of non-food items (NFIs); developing distribution plans; undertaking regular on-site monitoring and post distribution monitoring; updating the actual quantities distributed in an electronic system; and preparing reconciliation reports.

16. To respond to the potential impacts of emergency declared in Venezuela in May 2017, the Representation, in coordination with the Government of Brazil and other humanitarian agencies: ensured that an emergency coordination structure was established; initiated efforts to get the contingency plan prepared by the Government; established its presence in the northern border through its Field Units; undertook regular missions to the border to support and monitor the protection solutions; and provided budgetary support of over \$500,000 for emergency related activities. At the time of the audit, 17,763 Venezuelan persons of concern had applied for asylum while 1,680 had applied for temporary residence. In May 2017, the UNHCR Division of Emergency, Security and Supply and the Bureau for the Americas

undertook an advanced preparedness mission to review the overall operational capacity of UNHCR and its partners to effectively respond to the Venezuela situation.

17. OIOS review of the Representation's emergency preparedness and response mechanisms, however, indicated the following areas for further strengthening:

- a) The Representation had initiated the process of preparing the required minimum emergency preparedness actions only in August 2017. They were eventually completed, together with the advanced preparedness actions, in October 2017. However, at the time of the audit, the Representation still had nine advance preparedness actions and five minimum preparedness actions to be implemented.
- b) The Representation did not develop a business continuity plan.
- c) In response to a NFI needs assessment process undertaken by the Government, the Representation had prepared a monthly plan of NFIs required, and procured and distributed NFIs worth \$35,310 through the Government and one partner. Although it had reconciled the stock procured and distributed, it did not develop a specific NFI strategy containing criteria for selection of beneficiaries, distribution plans, and arrangements for regular on-site monitoring and post distribution monitoring. Additionally, despite its sustained efforts, it could not establish frame agreements to augment the NFI supplies in view of the projected new arrivals due to lack of a well-developed market in the northern region. At the time of the audit, the Representation was exploring the other available options.
- d) Although the Representation placed the country operation on the High Alert List for Emergency Preparedness in January 2017 to assist in emergency preparedness through early warning and assessment of potential risks of displacement, it had not updated the High Alert List for Emergency Preparedness status since May 2017.

18. The Representation explained that although it had no presence in the northern border up to mid-June 2017, it had put in place a robust coordination mechanism with the Government, partners and other humanitarian agencies from the beginning of the Venezuela situation. While appreciating the Representation's explanation, OIOS was of the view that the Venezuela situation started emerging gradually since 2013 and this early warning information could have assisted the Representation in developing an appropriate scenario-based emergency preparedness plan.

19. Before the completion of the audit fieldwork, the Representation managed to ensure that the contingency plan was finalised by the Government. The plan included sector-level roles and responsibilities of various Government ministries, UNHCR and other humanitarian agencies. In addition, the Representation promptly updated its High Alert List for Emergency Preparedness status, completed the remaining preparedness actions, developed a business continuity plan, and prepared an NFI strategy. Based on the corrective action taken, OIOS did not raise a recommendation.

C. Procurement and vendor management

Action was taken to strengthen management supervision and oversight arrangements over procurement

20. In order to ensure the integrity of the procurement process and that the Representation receives value for money for the acquisition of goods and services to support its operations, it is essential to: (i) prepare an annual procurement plan according to the identified needs; (ii) establish an effective vendor management system; (iii) initiate timely procurement activities in accordance with the procurement plan; and (iv) ensure adequate oversight over the procurement activities through establishment of a Local Committee on Contracts (LCC). These requirements are promulgated in the UNHCR Manual on Supply

Management, with the aim to ensure consistency in the application of procurement rules and procedures and economical and efficient procurement, and to mitigate the associated risks including fraud risks.

21. Between January 2016 and September 2017, the Representation issued 48 purchase orders to procure goods and services totalling \$1.0 million. It constituted a Vendor Review Committee in January 2016 and revised it in August 2017. The Vendor Review Committee took appropriate action to review the vendor database for duplicate records and other discrepancies, deactivate inactive vendors, and assess the performance of vendors. The Representation also established an LCC in January 2016 which was revised in April 2016. During the audit period, the LCC convened four meetings and deliberated on seven cases.

22. OIOS review of the Representation's procurement activities, including a sample of 24 purchase orders, identified the following areas that needed strengthening:

- a) Although the Representation prepared annual procurement plans, the plan for 2017 was not reflective of the operational requirements. For instance, by June 2017, the Representation had spent \$100,339 on the cost of travel services, and \$22,574 on consultancy services, but these had not been included in the procurement plan. Similarly, the Representation had spent \$38,685 on purchase of mattresses against the budgeted amount of \$14,384, without an explanation.
- b) In seven procurement cases involving \$479,152, the Representation did not invite the minimum required number of bids to ensure competitive bidding.
- c) In one case involving \$270,023 for procurement of travel services, the Representation neither followed a competitive procurement process, nor obtained a waiver from competitive bidding from the Headquarter Committee on Contracts, as required.
- d) In six cases involving procurement worth \$520,298, the Representation did not obtain the required authorization from the relevant committees on contracts. For instance, in five cases totalling \$249,274, the Representation did not seek approval of the LCC. Also, although the Representation had piggy-backed on the contract of another humanitarian agency for the procurement of travel services worth \$100,229, it had not sought approval of the LCC for this contract, as required. Similarly, in one case amounting to \$270,923, the Representation did not seek the approval of the Headquarters Committee on Contracts.

23. The Representation explained that these weaknesses were due to the shortage of staff. However, OIOS was of the view that management supervision and oversight arrangements over procurement activities also needed strengthening. Additionally, the LCC members were not sufficiently aware of their roles and responsibilities and were not adequately trained in UNHCR procurement rules and procedures. This exposed the Representation to an increased risk of financial loss, inefficient operations, and not receiving value for money on procurement of goods and services.

24. Whilst the audit was ongoing, the Representation arranged for capacity building of the members of the LCC on UNHCR procurement rules and procedures and organised a special LCC session for the review of ex-post facto notifications of contracts requiring approval. It also: updated the procurement plan; deactivated all inactive vendors from the vendor database; obtained the appropriate approvals from the relevant committees on contracts; and ensured that minimum number of bids were obtained to facilitate competitive procurement processes. Based on the action taken, OIOS did not raise a recommendation.

D. Fair protection process and documentation

The Representation took action to strengthen controls over fair protection process and documentation

25. UNHCR field operations are required, as per the UNHCR Protection Manual, to: (i) ensure that orderly and dignified reception conditions are maintained for persons of concern, including in the immediate period following their arrival in the country of asylum; (ii) undertake registration and profiling of persons of concern and, where applicable and appropriate, conduct mandate Refugee Status Determination (RSD) while ensuring confidentiality and respect for the applicable international legal standards, and monitor these activities continuously; (iii) ensure data integrity, physical security and safe storage of records; and (iv) establish anti-fraud controls for the activities related to fair protection process and documentation.

26. According to the Brazilian legislative arrangements, the Federal Police of Brazil is mandated to undertake registration of the asylum seekers, while CONARE undertakes RSD. The Representation had ensured that the principles of UNHCR procedures on registration and RSD were integrated in the asylum procedures followed by the Government, including anti-fraud measures and data storage. Through its partners, the Representation had: established reception centres in the urban areas; developed a protection strategy, in alignment with the BPA, that aimed at increasing the quality of refugee law enforcement at the borders, and established protection networks for this purpose, including access to the transit area of the International Airport in Brasilia; and undertaken capacity building of the Government agencies for establishment of efficient and effective asylum systems and procedures in the country. The Representation also implemented a regional level, four-phased framework, known as Quality Assurance Initiative, for monitoring the quality of asylum systems and procedures according to which there were 104 recommendations pertaining to different phases of the asylum process.

27. Notwithstanding the sustained advocacy efforts made by the Representation, OIOS review of the adequacy of the Representation's arrangements over establishment of efficient and effective asylum systems and procedures indicated the following areas for further strengthening.

- a) **Reception conditions:** The Representation did not ensure that two of its partners maintained adequate visibility of UNHCR activities, including displaying public information in the reception centres, and that three of its partners established appropriate complaints monitoring systems in the reception centres. It also did not develop a sustainable system for obtaining statistical information from the Government on persons of concern detained, including the reasons for their detention, in order to identify appropriate protection solutions. In addition, it did not finalize standard operating procedures for protection and access to RSD procedures in the transit zone of the International Airport in Brasilia.
- b) **Quality of registration systems and case management procedures:** The Representation did not ensure that the information systems used for asylum procedures had appropriate case management tools to identify persons with specific needs, such as unaccompanied and separated children and pregnant women, to identify accelerated procedures to meet their protection needs. Additionally, it did not prepare timelines for implementing the remaining recommendations that followed a review of the registration and case management systems undertaken by the UNHCR Regional Registration Officer in May 2017. They included 14 recommendations, categorised as very urgent and urgent.
- c) **CONARE work planning:** Although the CONARE work plans, prepared in coordination with the Representation, contained measurable targets, CONARE could not liquidate its backlog in RSD as planned. At the time of the audit, there were 55,745 cases due for RSD with the processing time averaging 30 months. In addition, in the absence of up-to-date information on the number of

asylum seekers that applied for international protection since the establishment of the Representation, the current backlog in RSD could not be treated as accurate and reliable. This made it difficult for the Representation to prioritise and allocate its resources for addressing the actual backlog.

- d) **Recommendations of the Quality Assurance Initiative process:** The Representation, in coordination with CONARE, had implemented only 30 out of the 104 recommendations, leaving a balance of 74 recommendations. Out of these, 10 pertained to the basic phase of the Quality Assurance Initiative process, which called for their prioritisation and implementation through CONARE's work plans in a timely manner.

28. The Representation explained that there had been an exponential increase in new arrivals and despite its continued efforts in coordinating and supporting the authorities concerned, systemic capacity gaps in CONARE, particularly manpower related, had affected its efforts. OIOS, however, noted that despite the Representation's advocacy and protection interventions, and identifying the risk of 'poor quality of RSD procedures' in its risk register, this activity did not receive sufficient attention. For example, the Representation did not prioritise this risk and set timelines for treating it. Additionally, it did not develop a RSD backlog strategy until July 2017. Consequently, the Representation was at risk of not being able to monitor and ensure that persons of concern had access to efficient and effective asylum systems and procedures.

29. Whilst the audit was ongoing, the Representation: (i) prioritised the pending Quality Assurance Initiative recommendations, integrating them with the CONARE work plans; (ii) established timelines for implementing the recommendations of the Regional Registration Officer; (iii) developed standard operating procedures for the asylum arrangements in the transit zone of the International Airport; (iv) ensured that the concerned partners developed and displayed the visibility material and established a complaints monitoring system at the urban reception centres; (v) developed standard operating procedures that provided for establishing a formal system for obtaining information from the Government on arrivals, detainees and potential returnees of persons of concern at the borders; and (vi) in coordination with CONARE, developed a plan that would enable updating the RSD backlog through physical verification of the asylum seekers that no longer required international protection. Based on the action taken, OIOS did not raise a recommendation.

E. Livelihoods and self-reliance

The Representation needed to strengthen the management of its livelihoods activities

30. In order to ensure the effective and efficient delivery of the livelihoods programme, it is essential that UNHCR field operations: (a) adequately plan and design the implementation of livelihoods activities; (b) have access to the requisite livelihoods expertise; (c) ensure that livelihoods partners have the relevant experience and skills to implement livelihoods projects; (d) monitor and report on the expenditures, and performance and impact of livelihoods programmes; and (e) establish an exit strategy. These broad requirements are promulgated in the Operational Guidelines on the Minimum Criteria for Livelihoods Programming, and UNHCR Operational Guidelines for Livelihoods Programming.

31. The Representation, through six partners, provided cash-based interventions (CBI) valued at \$240,202 in 2016 to support vulnerable persons of concern with their livelihoods and self-reliance activities, such as life skill training, job placement, local language classes and diploma validation, among others. An additional \$421,394 was budgeted for these activities for 2017. During these two years, 10,536 persons of concern were targeted for assistance. The Representation had established vulnerability criteria for payment of CBI for livelihoods and self-reliance activities and basic needs, and undertaken financial and

performance monitoring of partners involved in livelihoods and self-reliance projects. The Representation also created a national livelihoods officer position which it filled in March 2017. In view of the well-developed market in the region, the Representation did not undertake a formal market assessment for CBI for the purpose of livelihoods activities. Nevertheless, at the time of the audit, the Representation had prioritised its livelihoods strategy in consideration of the situations where market assessment was relevant and required; for example, in the northern border of Brazil to address the needs arising out of the Venezuela situation.

32. OIOS review of a random sample of 17 applications of beneficiaries involving CBI worth \$54,000 paid for seed capital for livelihoods programmes and visits to select project sites of three partners indicated that the Representation had not: (i) finalized its livelihoods strategy in consideration of the CBI provided for this purpose; (ii) conducted a baseline assessment for the livelihoods programmes, as required; (iii) ensured that the partners established appropriate segregation of duties among their staff; for example, at one partner a social worker who interviewed beneficiaries also had the opportunity to approve payments; (iv) undertaken post-distribution monitoring of CBI provided for livelihoods programmes; (v) been involved in the processes for beneficiary selection and approval, in co-ordination with partners; and (vi) developed an exit strategy for the livelihoods activities.

33. The Representation, despite prioritizing this sector in its protection strategy, did not ensure sufficient oversight over livelihoods programming. Consequently, it was exposed to the risk of not achieving the desired programme outcomes, resulting in persons of concern remaining dependent on humanitarian aid for an extended period. Whilst the audit was ongoing, the Representation developed standard operating procedures on CBI for livelihoods programmes.

(1) The UNHCR Representation in Brazil should strengthen controls over its livelihoods programmes by conducting a baseline assessment, completing the livelihoods strategy, and undertaking post-distribution monitoring of these interventions.

UNHCR accepted recommendation 1 and stated that the Representation had strengthened controls over its livelihoods programmes that included, among others: (i) initiating research on the socioeconomic profile of refugees throughout Brazil; (ii) conducting a baseline assessment for the livelihoods programmes; (iii) completing the livelihoods strategy; and (iv) undertaking post-distribution monitoring of the CBI provided in 2017. Based on the action taken and documentation provided by UNHCR, recommendation 1 has been closed.

F. Enterprise risk management

Action was taken to strengthen risk management processes

34. In order to effectively manage risks to its operational objectives the Representation needs to: (i) understand its operational context; (ii) identify its key risks; (iii) analyse and evaluate these risks; and (iv) develop and implement a plan to treat these risks. It also needs to monitor and report on its risk management processes and ensure that these processes are communicated and that relevant key staff are effectively trained and consulted. This should be done in accordance with the UNHCR ERM Framework to ensure consistency across the Organization.

35. The Representation had completed an initial risk assessment in December 2016. At the time of the audit, the Representation's risk register included 25 risks out of which 5 had been assessed as moderate to high risk, of which 2 had been prioritized. The Representation had analysed and evaluated the risks in a

logical manner in accordance with the ERM Framework and undertaken capacity building of its ERM focal point and the heads of units.

36. However, OIOS review of the Representation's ERM procedures indicated that:

- a) Although the Representation had identified the following as its priority activities in its protection strategy: "fostering local integration in a comprehensive, innovative and sustainable manner; promoting borders of safety and solidarity; and eradication of statelessness"; it had not identified any risks in relation to these activities in its risk register;
- b) The Representation did not indicate how the risk treatments were addressed in respect of the two prioritised risks in the risk register;
- c) Although different risks identified in the risk register were discussed at the heads of unit level, the Representation had not identified specific persons responsible for the implementation of the risk treatments, not even for the two priority risks; and
- d) The Representation did not adequately communicate the risks identified in its risk register to its staff to ensure that they were aware of them.

37. Whilst the audit was ongoing, the Representation: (i) reviewed its risk register to align it with key protection risks identified in its protection strategy, and revised the risk treatments for its prioritised risks; (ii) closed 6 of the 25 risks earlier identified; (iii) assigned specific persons responsible for the treatment of risks; and (iv) established procedures for communicating the risks to its staff. Based on the action taken, no recommendation was raised.

IV. ACKNOWLEDGEMENT

38. 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 Brazil 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 Brazil should strengthen controls over its livelihoods programmes by conducting a baseline assessment, completing the livelihoods strategy, and undertaking post-distribution monitoring of these interventions.	Important	C	Action completed	Implemented

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.

APPENDIX I

Management Response

Management Response

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

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Representation in Brazil should strengthen controls over its livelihoods programmes by conducting a baseline assessment, completing the livelihoods strategy, and undertaking post-distribution monitoring of these interventions.	Important	Yes	Livelihood Officer	September 2018	<p>Progress:</p> <p>(i) Conducted a baseline assessment for the livelihoods programmes: Following the update submitted on March 2 in this regard, a contractual agreement has been signed with a consultant to conduct research on the socioeconomic profile of refugees throughout Brazil. The interview team and enumerators have been hired and are undergoing training prior to deployment to start the exercise. The refugee database has already been submitted by the Federal Police to Ministry of Justice/CONARE for sharing with UNHCR. UNHCR has been informed that this will be provided in the next CONARE meeting scheduled for 27 April 2018.</p> <p>Preliminary results of the survey are scheduled to be completed in July 2018. Also attached is the draft report of a baseline survey which has been conducted by a UN sister agency in Roraima. This report has been shared with UNHCR for comments. It provides additional information from which</p>

⁵ 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.

⁶ 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.

						<p>UNHCR will draw to inform its livelihood programme.</p> <p>(ii) Complete Livelihoods Strategy: The Livelihoods strategy for 2018 has been finalized (attached). The SOP for the cash based assistance strategy has been developed and approved. The new SOP highlights updated guidelines for implementing partners on cash based interventions.</p> <p>(iii) Post Distribution Monitoring: As part of efforts to facilitate post distribution monitoring, all partners implementing cash assistance programmes have established appropriate referral and approval mechanisms to ensure segregation of duties among their staff. For example, the social worker conducting the interview would only make a recommendation and forward the recommendation for Cash-Based Interventions to coordinator, and another social worker will review and confirm the assessment and related recommendation before cash assistance is provided. UNHCR will conduct at least quarterly checks to follow up on implementation. This new modus operandi has been highlighted in the revised SOP.</p>
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