



INTERNAL AUDIT DIVISION

REPORT 2018/049

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

There was a need for the Representation to
strengthen its management and oversight of
fair protection processes and
documentation, emergency preparedness
and response, partnerships, procurement,
and risk management processes

25 May 2018
Assignment No. AR2017/111/07

Audit of the operations in Sudan 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 Sudan 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 Sudan was managing the delivery of services to its persons of concern 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) fair protection processes and documentation; (b) shelter and settlement; (c) partnership management; (d) enterprise risk management (ERM); (e) emergency preparedness and response; (f) procurement and vendor management; and (g) security and staff safety.

There was a need for the Representation, in consultation with the Bureau for Africa, to strengthen its partnership with the Government of Sudan to ensure timely delivery of services to persons of concern, safeguarding of resources and sustainability of its funded programmes. There was also a need for the Representation to strengthen its management and oversight of: (i) emergency preparedness and shelter response; (ii) projects implemented through partners; (iii) procurement; and (iv) risk management processes. While the audit was still ongoing, the Representation took action to address the remaining shortcomings identified in security management and to tackle the required interventions to upgrade reception conditions.

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

- Develop, with the support of the Bureau for Africa, an action plan to resolve the issues associated with the Government partner in relation to reception conditions, documentation, refugee status determination and data management;
- Prepare a comprehensive emergency preparedness plan incorporating updated contingency and business continuity plans, as well as a strategy which ensures that shelters provided to refugees are durable, represent best value for money and require minimal maintenance;
- Review, in collaboration with the Bureau for Africa, the existing arrangements where the Government acts as an implementer to ensure UNHCR benefits from an appropriate mandate and technical competencies of the relevant Government entities, and put in place appropriate measures to strengthen monitoring of projects implemented through partners;
- Strengthen management of procurement activities by: (i) preparing a comprehensive procurement plan; (ii) cleaning up the vendor database; and (iii) addressing the risks associated with unliquidated purchase orders and uncollected medical insurance cards; and
- Review and update the risk register, put in place procedures to ensure implementation of the necessary mitigation measures, and use the risk register as a management tool for monitoring prioritized risks that could impede programme implementation.

Following suitable action taken by the Representation, two recommendations were closed. The Representation has initiated action to implement the remaining three recommendations.

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Audit of the operations in Sudan 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 Sudan for the Office of the United Nations High Commissioner for Refugees (UNHCR). The UNHCR Representation in Sudan (hereinafter referred to as “the Representation”) started its operations in 1968. It provides internally displaced persons (IDPs), refugees, asylum seekers and other persons of concern with international protection and assistance. The country also applies the Arab-Islamic notions of asylum to Syrians, Yemenis, Palestinians and other Arab nationals.

2. Sudan is a source, transit and destination country for asylum seekers, refugees and economic migrants along the Eastern Africa Migratory Route into North Africa and Europe. Trafficking, kidnapping and smuggling of persons are major concerns. As at 30 September 2017, Sudan hosted 605,790 refugees and asylum seekers from South Sudan, Eritrea, Ethiopia, Syria, Chad, Yemen and Central Africa, the majority of whom consisted of some 440,000 South Sudanese. In addition, there were an estimated 350,000 South Sudanese who did not depart to South Sudan after its secession, as well as 2,307,339 IDPs mainly in the Darfur region. Approximately 70 per cent of the total refugee population resided in urban areas.

3. The Representation operated in a challenging environment characterized with an emergency spanning four years, high staff turnover, as well as difficulties in attracting staff. It had a constrained budget having received only 41 and 46 per cent of its budget requirements for 2016 and 2017. The Representation prioritized the following activities in its 2017 operations plan: (i) protection from refoulement and arbitrary arrest and detention; (ii) monitoring, advocacy, training and capacity-building of partners; (iii) physical security and protection from violence and exploitation, particularly considering the ongoing kidnapping and trafficking phenomena; and (iv) strengthening self-reliance and providing alternatives to onward movements. For South Sudanese refugees, the Representation aimed at increasing access to basic services, strengthening registration and documentation, providing child protection and livelihood programmes, and establishing a strong community mobilization component to enhance coexistence.

4. The Representation was headed by a Representative at the D-2 level. It had, at the time of the audit, 362 regular and affiliated staff in 14 offices. It had a Country Office in Khartoum; three Sub Offices in Kassala, Kosti and El Geneina; eight Field Offices in Girba, Gedaref, Kadugli, El Fasher, Nyala, Zalingei, Habilla and El Daein; and two Field Units in El Fula and Port Sudan. The Representation recorded total expenditure of \$80.0 million in 2016 and \$53.3 million in 2017 (up to 30 September). It worked with 46 and 42 partners in 2016 and 2017 respectively.

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 whether the UNHCR Representation in Sudan was managing the delivery of services to its persons of concern in a cost-effective manner and in compliance with UNHCR’s policy requirements.

7. This audit was included in the 2017 risk-based work plan of OIOS due to the risks associated with the size and complexity of the operations in Sudan concurrently dealing with refugees, IDPs, returnees and persons at risk of statelessness in both urban and camp setting.

8. OIOS conducted the audit from October 2017 to January 2018. The audit covered the period from 1 January 2016 to 30 September 2017. Based on an activity-level risk assessment, the audit covered higher risk areas pertaining to: (i) fair protection process and documentation; (ii) shelter and settlement; (iii) partnership management; (iv) enterprise risk management (ERM); (v) emergency preparedness and response; (vi) procurement and vendor management; and (vii) security and staff safety.

9. 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) testing of controls using judgment sampling; (e) visits to the Representation's Country office in Khartoum, Sub Offices in Kassala and Kosti, and the offices of three partners implementing UNHCR projects; and (f) observation of programme activities implemented at four refugees sites (Shagarab, Wad Sherifey, Um Sangur and Al Redis).

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

III. AUDIT RESULTS

A. Fair protection processes and documentation

There was a need for the Representation to work with the Government partner on strengthening its capacity and processes over reception conditions, documentation, refugee status determination and data management

11. In Sudan, the Government is responsible for registration and refugee status determination (RSD). UNHCR is responsible for overseeing these activities, and it also undertakes limited mandated RSD activities itself. In this regard, the UNHCR Protection Manual requires the Representation to ensure that: (i) appropriate reception conditions are maintained for persons of concern in the period following their arrival; (ii) profiling, registration and documentation of persons of concern, as well as RSD, are undertaken with due respect to the fundamental principles of confidentiality, safety and dignity of refugees; and (iii) data integrity, storage and security of records are safeguarded and anti-fraud controls established.

Reception conditions

12. Access to asylum procedures was generally assured in Eastern Sudan, Darfur and Khartoum, and information, translation and protection arrangements in place were adequate for the reception of asylum seekers (including unaccompanied minors). OIOS however noted that there was a high rate (up to 80 per cent) of asylum seekers abandoning reception points for onward movement to the north in Shagarab and Wad Sherifey. The Representation attributed this to the possibility that the asylum seekers were on the transit route to the north, but other factors may have also contributed to this movement. One such factor, in the opinion of OIOS, was the inadequacy of the accommodation and sanitation conditions at reception areas. Provisions were made in the 2017 budget for reception area upgrades and refurbishment. However, work by the relevant partners had not started by November 2017. This was attributed to delays in receiving funds and challenges in undertaking construction during the rainy season.

13. Another factor attributed to the movement was the length of time that new arrivals spent at reception centers, pending RSD procedures. The Representation stated that according to the Government partner the maximum processing period in the East was three months. However, the increasing backlog in the audit period demonstrated that the waiting period was well beyond three months, although the exact time could

not be assessed due to the absence of relevant data. Country wide data from proGres, UNHCR's registration and case management system, showed that pending applications for RSD grew from 9,584 at the beginning of 2016 to 12,589 by mid-2017, and in this 18-month period only 7,701 of the 10,706 applications (71 per cent) received were processed. UNHCR procedures require that refugees are registered as soon as possible.

Documentation of refugees and asylum seekers

14. With regard to the issuance of identity cards (IDs), OIOS noted that the Government partner issued the cards on plain paper, increasing the risk of forgeries. In consequence, the cards were often not recognized by law enforcement officers as valid identity documents. The issued IDs had a limited validity period of one year for refugees and three months for asylum seekers. The fees charged for the issuance, replacement and late renewal of the IDs varied from a minimum of \$3.98 to a maximum of \$7.65 which may also have been prohibitive to refugees. The charge was despite the Representation having covered all related production and distribution costs (\$10,000 per year). At the time of the audit the Government partner had not recorded, declared or returned the resultant fee revenue to UNHCR.

15. The Representation had purchased in 2016 an equipment for \$17,000 to print IDs directly from proGres, soon after the registration, thereby addressing the lengthy (re)issuance processes. The equipment also produced durable PVC IDs, thus mitigating the risk of forgeries and addressing validity concerns raised by law enforcement officers. The running costs for (re)issuance of identity cards with the equipment were estimated at \$0.20 and \$0.88 respectively, i.e. much lower than for the paper based process discussed above. However, the equipment was still not in use at the time of the OIOS audit in November 2017, pending agreement with the Government. Therefore, the Representation continued incurring costs on a less than effective paper based process while this machine was available. Discussions were ongoing between the Government partner, the Immigration Police and the Representation to address this issue.

RSD appeals process

16. While there was a 96 per cent acceptance rate in RSD applications processed country wide, OIOS noted that the newly established Government partner office in Khartoum had a much lower acceptance rate, i.e. 31 per cent (1,004 cases out of the 3,163 applications received by 29 October 2017). The Representation attributed the large number of rejections to Ethiopian and Eritrean asylum seekers who were born while in exile in Sudan and therefore could not demonstrate continuing fear of persecution. There was also a low rate of appeals from rejected applicants with only 318 of the 2,037 rejected applicants (15 per cent) in Khartoum appealing their decisions, which could indicate a limited awareness of the process by the asylum seekers. Correspondence between protection personnel highlighted that interview procedures in Shagrab were not properly documented to assure the integrity of the process followed by the Appeals Board. Appellants were also not given the opportunity to provide additional information to their initial registration submissions. In addition, appellants were not systematically informed of Board decisions.

Data management

17. UNHCR relied on the Government partner and local authorities for information on new arrivals since admission and re-admission of asylum-seekers was regulated by the Government. All refugees were registered in proGres except for Syrians and Yemenis for whom the Government maintained a separate non-refugee registration system. However, the Representation was not able to track the status of RSD cases real-time because proGres was not up-to-date. For example, by November 2017, only 304 out of 3,163 applications processed by the Government partner in Khartoum had been updated in proGres. The Government partner also used a different refugee numbering system from the one in proGres, which complicated the process of reconciling the status and number of refugee cases received and processed.

18. OIOS also noted that while physical individual case files should have been maintained for asylum seekers at designated offices, no such files had been created in Kosti. OIOS was also unable to access the individual case files at the Government partner's office in Khartoum. A digital file tracking system was underway to address this issue. Data was maintained on several registration servers at different UNHCR office locations which not only complicated the consolidation process but also raised the risk of duplicate registrations and fraud. At the time of the audit, the Representation was piloting a Biometric Identity Management System that was expected to provide real time access to data in the field, support data consolidation and mitigate the risk of duplicate registrations and identity fraud.

19. The issues cited above primarily fell within the ambit of the Government partner's mandate, with the Representation mainly playing a catalytic role through the provision of materials and technical support, in addition to its oversight functions. The Government partner's ability to effectively execute its mandate was impacted by capacity issues as well as the multi layered decision-making process across different Government structures. The Representation's monitoring of the Government partner's processes remained constrained in the operating environment. To get the desired traction on protection matters, it was essential for the Representation to have a strong relationship with the Government partner. UNHCR continued to be exposed to the risk that asylum seekers in Sudan would not be able to receive legal and physical protection in a timely manner. This would not only increase the risk of fraud, smuggling and trafficking but also fuel refugees' onward movements to the north.

(1) The UNHCR Representation in Sudan, with the support of the Bureau for Africa, should develop an action plan to resolve the issues associated with the Government partner in relation to reception conditions, documentation, refugee status determination and data management.

UNHCR accepted recommendation 1 and stated that the Representation, with the support of the Bureau for Africa, had developed an action plan to address issues associated with the Government partner for the stabilization of new registration, documentation and RSD procedures. Based on the action taken and documentation provided by UNHCR, recommendation 1 has been closed.

B. Emergency preparedness and response and shelter management

There was a need for the Representation to prepare an emergency preparedness plan and a shelter strategy that support its response to emergencies in a timely, coordinated and effective manner

20. For four consecutive years, Sudan has been in an active emergency, with a steady influx of refugees primarily from South Sudan. To respond to emergencies in a planned and sustained manner, the Representation is expected to develop: (i) a contingency plan as a part of its emergency preparedness and response; (ii) a business continuity plan for continuation of its operations during an emergency; and (iii) a plan for maintaining consistent contingency stock of non-food items (NFIs) for distribution to persons of concern. In alignment with the UNHCR Global Strategy for Shelter 2014-2018, the Representation is also required to develop and implement settlement and shelter strategies at an early stage of contingency planning with a clear trajectory towards durable and sustainable solutions suitable to the specific context of displacement and alternatives to camps. The strategies should be based on a needs assessment and input of the population of concern, affected local population, host country and partners, and supported by effective coordination with other sectors and adequate technical expertise.

Contingency planning and business continuity planning

21. As the refugee multi-sector leader responsible for leading, facilitating and coordinating the response to potential refugee emergencies, the Representation developed a contingency plan to guide its response to the South Sudan refugee influx in 2017. However, the anticipated refugee numbers in the Regional Refugee Response Plan (RRRP), which were agreed at the regional level, were grossly underestimated (i.e. 60,000) as evidenced by the fact that the number was surpassed by the end of the first quarter of 2017. At that stage the Representation did not update the contingency plan but rather focused on revising the RRRP to the South Sudan influx with a new planning figure (i.e. 180,000), as well as developing state-level rainy-season preparedness plans. These state plans could not suffice in the absence of a contingency plan since they varied in content and did not cover the information required to guide the Representation's response.

22. The Representation prepared mandatory and advanced preparedness assessments but not comprehensively enough to support the development of the contingency plan. In consequence, the 2017 contingency plan did not articulate what resources would be needed to respond to the emergency, i.e. what funds, people (staff and where necessary partners), NFIs, logistics arrangements, etc., were required to effectively respond to the emergency. The contingency plan also did not anticipate nor make provisions for possible risks that would impede its implementation during the response, e.g. access to persons of concern during the rainy season which remained a challenge to the Representation. Also, while the plan covered stakeholder involvement during a response, partner commitments were not specific and formalized.

23. The Representation had also developed a business continuity plan but it was developed against the backdrop of a security incident in 2017 and was therefore not tailored to address operational aspects that would be prioritized in the event of an emergency.

Emergency shelter and NFIs

24. The Representation had a national shelter strategy, approved in November 2015. While this strategy was comprehensive and aligned with UNHCR's global strategy, it had not been updated for two years to reflect, *inter alia*, the changes that were necessary after the South Sudanese were recognized as refugees in Sudan in 2016.

25. In November 2017, the Representation drafted another emergency shelter and NFI strategy, with the intention that it would replace the 2015 national shelter strategy. However, the draft strategy did not fully comply with the standard UNHCR shelter templates regarding identification of the target population, role of stakeholders in the shelter and settlement response, implementation modalities, and shelter options in different phases of the response. It also did not contain details on what, how much, when, and through which modalities procurement, storage and distribution of NFIs would happen during an emergency. UNHCR was the leader of the emergency shelter and NFI sector in Sudan, yet its draft emergency shelter and NFI strategy did not articulate what partner coordination mechanisms were in place to ensure synergy across partner activities and mitigate the risk of duplication of services to persons of concern.

26. OIOS further observed that the shelters were constructed using wooden poles, bamboo sticks and grass mat/reeds which were imported as opposed to being sourced locally, which was not in alignment with the global shelter strategy. The Representation's proposal to construct mud huts (tukuls) was not included in the draft emergency shelter and NFI strategy, the reason for which was not explained to OIOS. Shelters made of mud bricks mixed with dry grass would have been in line with local cultural practices and habits, and such materials were also durable, readily available, cheaper and easier to maintain. In addition, the grass mat that was used had to be replaced every two years which raised issues of sustainability. The

quantity of wooden poles and bamboos required to construct and maintain over 20,000 shelters also raised the risk of deforestation in the neighbouring countries from which they were imported.

27. OIOS review of construction related documentation at one of the partners in the White Nile State also identified unsupported payment of incentives to volunteers worth \$6,100. This partner also did not advertise five construction tenders worth \$81,500 in local newspapers as required, whilst verbally stating to OIOS that they used radios to advertise the tenders. The partner was however not able to provide evidence that the radio adverts were aired.

28. The Representation had identified the lack of an emergency preparedness plan in its 2015 risk register, but proposed actions for the treatment of this risk had not been implemented at the time of the audit. This and the delay in updating the national shelter strategy were due to gaps in planning and oversight. In the absence of an updated shelter strategy, the shelter options provided to refugees may not be the most relevant to the circumstances, represent best value, and be sustainable in the long run. The absence of a comprehensive emergency preparedness plan may result in inability to deliver services to people of concern in an effective, timely and coordinated manner.

(2) The UNHCR Representation in Sudan should prepare a comprehensive emergency preparedness plan incorporating updated contingency and business continuity plans, as well as a strategy which ensures that shelters provided to refugees are durable, represent best value for money and require minimal maintenance.

UNHCR accepted recommendation 2 and stated that the Representation had prepared comprehensive emergency preparedness plans which included contingency and business continuity plans. It had also prepared a National Shelter and Non-Food Strategy (2018-2020) that was under review by the Shelter and Settlement Unit at headquarters. Based on the action taken and documentation provided by UNHCR, recommendation 2 has been closed.

C. Partnership management

There was a need to strengthen management and oversight of partnerships to better support programme implementation, and ensure programme sustainability and partner accountability for project results

29. Implementation through partners accounted for 66 per cent of the Representation's total budget in the period under audit. In order to achieve the expected project results through the use of partners, the Representation is expected to: (i) select or retain partners through a process with adequate authorization, objectivity, transparency, consistency and timeliness; (ii) sign well developed project agreements with partners and transfer instalments to them in a timely manner; (iii) monitor the project activities and expenditures through a risk-based and multi-functional approach; and (iv) arrange for building capacity of partners as and when necessary.

30. While refugee inflow patterns were greatest between February and June each year, the Representation's ability to provide services through partners in this period was impacted by delays in the signing of the tripartite agreements by the Government partner (an average of 18 days of delay but taking sometimes up to 70 days). The shortened implementation window was further impacted by delays in the release of funds in the third quarter and poor access to persons of concern due to the rainy season. These same issues were identified in the Representation's risk register as impediments to programme implementation but the related risks were not prioritized for treatment or monitored regularly.

31. The Representation's partner selection and retention processes were in accordance with UNHCR requirements. However, contrary to UNHCR procedures, the Representation entrusted procurement above \$100,000 in 2016 and 2017 to 13 partners that were not pre-qualified to undertake procurement on UNHCR's behalf. The Representation also did not perform the required cost-benefit analyses to determine whether procurement through partners was more advantageous to UNHCR than direct implementation for 11 out of the 22 partners in 2016 and 12 out of the 31 partners in 2017.

32. The Representation deployed a multifunctional team to monitor programme implementation. However, construction monitoring was undertaken independently of the multifunctional monitoring team. In consequence, the Representation did not consider construction matters when assessing overall programme implementation progress. OIOS visits to three partners also identified control weaknesses that had been previously raised in the Representation's verification reports but not addressed in a timely manner:

- Systemic project under-performance without documented justification for delays and remedial actions;
- Implementation delays resulting in postponement of key project activities and deliverables, especially in construction, without justification;
- Absence of remedial actions and evidence of follow-up in the subsequent year to validate completion of project activities, including construction activities;
- Late, incomplete and incongruent report submissions by partners often without adequate support for expenditure;
- Non-compliance with UNHCR procurement procedures and instructions for payment of personnel costs; and
- Large cash payments raising the risk of theft and misappropriation e.g. one partner in Kosti made large payments in cash of up to \$42,800.

33. To address these issues, which in the case of some of the three partners were recurrent, the Representation undertook capacity building initiatives but they had thus far not resolved the weaknesses. While the Representation often identified issues during its monitoring, there was no evidence of active follow-up of recommendations raised. In addition, activities that were carried over into the following year, e.g. construction projects, were not continuously monitored until completion. The Representation retained these three partners year on year without putting stringent conditions in the project agreements to ensure that the desired changes were achieved. The Representation's inability to hold its partners accountable for their shortcomings reinforced a weak internal control culture among the partners, which increased the risk of loss of resources including through fraud.

34. The Government partner relied heavily on UNHCR to pay its personnel costs (covering all its 1,204 employees). This raised the risk of long-term sustainability of programme activities should UNHCR be unable to continue funding the Government partner at the same level. UNHCR had also accommodated the Government partner's expectations to maintain its involvement in implementing activities in the East which were outside its mandate and technical competence, i.e. in the areas of health and education, although these activities could have been streamlined into the relevant Ministries that were responsible for implementing and monitoring the respective national standards.

35. The above shortcomings demonstrated that there were gaps in the Representation's risk management practices since most risks that impeded programme implementation were known but measures had not been put in place to address them.

(3) The UNHCR Representation in Sudan, in collaboration with the Bureau for Africa, should review the existing implementation arrangements with the Government to ensure UNHCR

benefits from an appropriate mandate and technical competencies of the relevant Government entities, and put in place appropriate measures to strengthen monitoring of projects implemented through partners.

UNHCR accepted recommendation 3 and stated that the Representation, in collaboration with the Bureau for Africa, had agreed on an action plan on existing implementation arrangements with the Government of Sudan. Recommendation 3 remains open pending receipt of evidence of: i) progress made in ensuring UNHCR benefits from an appropriate mandate and technical competencies of the relevant Government entities; and ii) improved compliance with the project documentation and performance and financial reporting requirements.

D. Procurement and vendor management

There was a need for the Representation to strengthen its oversight of procurement processes

36. The Representation issued purchase orders for both local and international procurement totaling \$21.0 million from 1 January 2016 to September 2017. In order to obtain best value on its procurements, the Representation is required to: (a) establish an effective vendor management system; (b) prepare an annual procurement plan according to the identified needs; (c) initiate timely procurement activities in accordance with the procurement plan to facilitate transparent and competitive procurement; (d) ensure adequate oversight over the procurement activities; and (e) ensure adequate supporting documentation for payment of procured goods and services.

37. OIOS reviewed the minutes of the Local Committee on Contracts (LCC) meetings and a sample of 15 purchase orders valued at \$10.7 million. The Representation had prepared annual procurement plans for 2016 and 2017; however, they did not include the total value of the budgeted procurements. For example, they excluded the purchase of one-year medical insurance premiums for 10,000 refugees. The Vendor Review Committee held 17 meetings in the period under audit in which 40 new vendors were approved and recommendations to delete duplicate vendor accounts made. However, at the time of the audit, 25 vendors still had duplicate accounts and the vendor database had over 1,200 active vendors which raised questions about whether these vendors were all needed and the overall effectiveness of the Vendor Review Committee's activities.

38. As at November 2017, the Representation had \$2.9 million worth of purchase orders raised in 2016 that needed to be liquidated by the year end. There was a risk that the Representation could lose the funds if the goods and services were not delivered. Included in these purchase orders was one from December 2016 for medical insurance premiums for 10,000 Syrian and Yemeni refugees, amounting to \$894,721. OIOS noted that the Government partner was not consulted prior to making the purchase decision and subsequently refused to approve the proposed medical insurance coverage for Syrian refugees. In April 2017, the Representation used \$223,700 of the purchase order to cover 2,500 Yemeni refugees. Because there were only 2,474 registered Yemeni refugees in the country by 20 November 2017, no further drawdowns were expected against this purchase order. This implied that unless the Government's refusal was lifted, the Representation would not be able to utilize the balance of the purchase order and not only lose the funding but also not reach the refugees with medical insurance. To minimize the loss, the Representation requested and received approval from the Controller to extend the purchase order by one year until the end of 2018.

39. Under the procurement above, 2,272 medical insurance cards were issued. Out of this number only 894 cards had been distributed to persons of concern leaving 1,378 cards as uncollected at the time of the audit. The remaining cards i.e. 866 and 512 were due to expire in June and September 2018 respectively.

This raised the risk that the Representation could lose funds should the cards expire. While it had the option to cancel the cards three months in advance, this would come at a penalty.

40. The lack of consolidated annual procurement plans was the result of deficiencies in management's oversight over procurement. In consequence, the Representation lost visibility of procurement processes that required special interventions, such as the approval of medical insurance for refugees as well as purchase orders that had not been liquidated. The large number of and duplicate vendors accounts were caused by several staff creating accounts without checking if accounts already existed in the database.

(4) The UNHCR Representation in Sudan should strengthen management of procurement activities by: (i) preparing a comprehensive procurement plan; (ii) cleaning up the vendor database; and (iii) addressing the risks associated with unliquidated purchase orders and uncollected medical insurance cards.

UNHCR accepted recommendation 4 and stated that the Representation had prepared a comprehensive procurement plan for 2018. An action plan for distribution of the medical insurance cards and inclusion of additional beneficiaries had also been prepared. A timeframe for liquidating the purchase order had been agreed with the Bureau for Africa and the UNHCR Controller. A specific form was developed for creation of new vendor accounts and elimination of duplication of vendor accounts. Recommendation 4 remains open pending receipt of evidence that the medical insurance cards have been collected by the beneficiaries and the purchase order has been liquidated.

E. Security and staff safety

Prompt action was taken to address the remaining shortcomings in security management

41. For security, it is essential for operations to adopt a risk management approach balancing the criticality of programmes and associated dangers to staff based on a reasonable determination of acceptable risk. UNHCR field operations also need to actively participate in the country United Nations Security Management System, comply with its minimum-security standards, and fulfil the accountabilities of participating agencies including those related to coordination and staff training and awareness. These requirements are promulgated in the UNHCR Security Management Policy as well as the United Nations Security Management System Policy Manual.

42. The Representation generally complied with the mandatory security requirements. However, at the time of the audit, the United Nations Resident Coordinator, acting as the Designated Official for security, had not commissioned a programme criticality assessment to support informed and legitimate decision-making on the security of United Nations personnel in locations that had a security level higher than 3. Although this was not directly under the responsibility of the Representation, it was important for UNHCR to ensure that the assessment is done as a matter of priority. Also contrary to the requirements, the completion rate of the Safe and Secure Approaches in Field Environments (SSAFE) training by Field Office El Daien staff stood at only 53 per cent, although the security level at this location was phase 4.

43. After the audit field work, the Designated Official undertook the required programme criticality assessments for all areas with a security phase higher than three. The Representation also ensured that all its staff completed the mandatory SSAFE training. Therefore, OIOS did not raise a recommendation.

F. Enterprise risk management

There was a need for the Representation to strengthen its risk management processes

44. The Representation faces risks which if not treated will impact the achievement of its strategic objectives. To effectively manage such risks, the UNHCR ERM 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 risk management processes; and (vi) ensure that these processes are communicated and relevant key staff are trained and consulted.

45. The Representation developed a risk register in 2015 which contained 28 open risks at the time of the audit. However, while the Representation had reviewed the risk register as part of its annual planning process, the register contained outdated information and did not reflect the current risks present in the Representation's operational context (as per its 2017 operations plan), e.g. the impact of the country's economic downturn and the influx of refugees from South Sudan, as would have been expected. The risk register in other cases contradicted information contained in other key documents. For example, it noted that kidnapping and abduction of persons of concern had been addressed yet the Representation's operations and security plans flagged these risks as very likely to happen.

46. The Representation prioritized five of the risks for treatment. However, the basis for prioritizing these risks was unclear since it prioritized one risk with a medium likelihood and moderate impact assessment for treatment over six other risks that had been assessed as being high/very high likelihood and with major/disastrous impacts. Although actions to treat identified risks were listed against most risks, they were not implemented especially for the risks assessed as high/very high likelihood and with major impact. Set deadlines for implementing mitigation actions for four of the five prioritized risks had passed without the risks being effectively treated. The failure to prioritize and implement mitigation plans for key risks identified implied that the Representation was willing to accept the consequences should the risks manifest.

47. The risk register was not used as a management tool for actively identifying and managing risks. This was also evident from OIOS review of the senior management meeting minutes in the two years under audit. Since the Representation's did not maintain an up-to-date risk register, this may have affected the timely identification and mitigation of risks that could inhibit the achievement of its strategic objectives. Risk management was not embedded in the Representation's day-to-day management processes.

(5) The UNHCR Representation in Sudan should review and update its risk register, put in place procedures to ensure implementation of the necessary mitigation measures, and use the risk register as a management tool for monitoring prioritized risks that could impede programme implementation.

UNHCR accepted recommendation 5 and stated that the Representation continuously used the risk register and had integrated risk awareness into strategic discussions, planning, resource allocation and decision-making within the operations. Different fora were tasked with risk management reviews, while anticipating emerging risks and responding to changes in the operating environment in a timely manner. Recommendation 5 remains open pending receipt of evidence of sustained use of the risk register as an integrated management tool, such as meeting minutes of the different fora.

IV. ACKNOWLEDGEMENT

48. 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
Director, Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of the operations in Sudan 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 Sudan, with the support of the Bureau for Africa, should develop an action plan to resolve the issues associated with the Government partner in relation to reception conditions, documentation, refugee status determination and data management.	Important	C	Action completed	Implemented
2	The UNHCR Representation in Sudan should prepare a comprehensive emergency preparedness plan incorporating updated contingency and business continuity plans, as well as a strategy which ensures that shelters provided to refugees are durable, represent best value for money and require minimal maintenance.	Important	C	Action completed	Implemented
3	The UNHCR Representation in Sudan, in collaboration with the Bureau for Africa, should review the existing implementation arrangements with the Government to ensure UNHCR benefits from appropriate mandate and technical competencies of the relevant Government entities and strengthen monitoring of projects implemented through partners.	Important	O	Submission to OIOS of evidence of: i) progress made in ensuring UNHCR benefits from an appropriate mandate and technical competencies of the relevant Government entities; and ii) improved compliance with the project documentation and performance and financial reporting requirements.	31 December 2018
4	The UNHCR Representation in Sudan should strengthen management of procurement activities by: (i) preparing a comprehensive procurement plan; (ii) cleaning up the vendor database; and (iii) addressing the risks associated with unliquidated	Important	O	Submission to OIOS of evidence that the medical insurance cards have been collected by the beneficiaries and the purchase order has been liquidated.	31 December 2018

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 Sudan 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
	purchase orders and uncollected medical insurance cards.				
5	The UNHCR Representation in Sudan should review and update its risk register, put in place procedures to ensure implementation of the necessary mitigation measures, and use the risk register as a management tool for monitoring prioritized risks that could impede programme implementation.	Important	O	Submission to OIOS of evidence of sustained use of the risk register as an integrated management tool, such as meeting minutes of the different fora.	31 December 2018

APPENDIX I

Management Response

Management Response

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

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation Date	Client comments
1	The UNHCR Representation in Sudan, with the support of the Bureau for Africa, should develop an action plan to resolve the issues associated with the Government partner in relation to reception conditions, documentation, refugee status determination and data management.	Important	Yes	Deputy Representative	Completed -May 2018.	Representation in Sudan with support of the Bureau for Africa has developed an action plan that addresses issues associated with the Government partner for the stabilization of new registration, documentation and RSD procedures. Based on the comprehensive action plan and achievements so far, as well as the involvement of the Bureau for Africa in addressing the issues associated with the Government partner, the Representation in Sudan requests closure of this recommendation.
2	The UNHCR Representation in Sudan should prepare a comprehensive emergency preparedness plan incorporating updated contingency and business continuity plans, as well as a strategy which ensures that shelters provided to refugees are durable, represent best value for money and require minimal maintenance.	Important	Yes	Deputy Representative	Completed -May 2018.	The Representation has prepared comprehensive emergency preparedness plans which include contingency and business continuity plans. The Representation has prepared UNHCR National Shelter and Non-Food Strategy (2018-2020) that is under review by the Shelter and Settlement Unit in HQ. Based on the completion of all required actions, the Representation requests closure of this recommendation.
3	The UNHCR Representation in Sudan, in collaboration with the Bureau for Africa,	Important	Yes	Deputy Representative	Completed -May 2018.	The Representation in Sudan, in collaboration with the Bureau for Africa, has agreed on an action plan

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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.

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation Date	Client comments
	should review the existing implementation arrangements with the Government to ensure UNHCR benefits from appropriate mandate and technical competencies of the relevant Government entities and strengthen monitoring of projects implemented through partners.					<p>on existing implementation arrangements with Government of Sudan.</p> <p>Based on the progress made in relation to the action plan, the Representation requests closure of this recommendation.</p>
4	The UNHCR Representation in Sudan should strengthen management of procurement activities by: (i) preparing a comprehensive procurement plan; (ii) cleaning up the vendor database; and (iii) address the risks associated with unliquidated purchase orders and uncollected medical insurance cards.	Important	Yes	<p>Snr. Supply Officer</p> <p>Assistant Representative - Programme</p> <p>Snr. Supply Officer</p>	<p>Completed - April 2018.</p> <p>Completed - April 2018.</p> <p>Completed - April 2018.</p>	<p>A comprehensive procurement plan was prepared and approved by the Representation in 2018. The Plan was submitted to Procurement Services in Budapest, Hungary.</p> <p>An action plan for distribution of the medical insurance cards and inclusion of additional beneficiaries has been prepared and is being implemented. A timeframe for liquidating the purchase order has been agreed with UNHCR Bureau for Africa and the Controller.</p> <p>The Representation has created a Verification of Vendors Before Registration Form. The form is aimed at strengthening of internal controls related to vendor management specifically focusing on creation of new vendor accounts and elimination of duplication of vendor accounts, and the Vendor Registration Committee will review the entire database on bi-annual basis.</p> <p>Based on the completion of all required actions, the Representation requests closure of this recommendation.</p>

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation Date	Client comments
5	The UNHCR Representation in Sudan should review and update its risk register, put in place procedures to ensure implementation of the necessary mitigation measures, and use the risk register as a management tool for monitoring prioritized risks that could impede programme implementation.	Important	Yes	Representative	Completed - April 2018.	<ul style="list-style-type: none"> • The Representation continuously uses the risk register and has integrated risk awareness into strategic discussions, planning, resource allocation and decision-making within the operations. The following forums are tasked with risk management review, while anticipating emerging risks and responding to changes in the operating environment in a timely manner: • Senior Management Meetings • Country Financial Report Review Meetings • Annual Planning Meetings • Mid-Year Reviews. • Ad hoc meetings due to significant changes in the operating environment. <p>Through these forums the Representation has added four new risks to the Risk Register, closed one risk and reduced one risk to moderate impact.</p> <p>The Representation has strengthened risk awareness and literacy amongst the UNHCR Multifunctional Team and partners with an aim of enhancing risk management and accountability within the operation.</p> <p>Based on the completion of all required actions, the Representation requests closure of this recommendation.</p>