



INTERNAL AUDIT DIVISION

REPORT 2024/099

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

**The Representation needed to reassess its
organizational structure and capacity and
significantly improve programme planning,
implementation and monitoring**

30 December 2024

Assignment No. AR2023-112-02

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

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of operations in Ethiopia for the Office of United Nations High Commissioner for Refugees (UNHCR). The objective of the audit was to assess whether the Representation was managing the delivery of services to forcibly displaced and stateless people in a timely and cost-effective manner. The audit covered the period from January 2022 to December 2023 and included (a) planning and resource allocation; (b) sustainable housing and settlement; (c) water, sanitation and hygiene (WASH); (d) child protection; (e) wellbeing and basic needs through non-food items distribution (NFI) and Cash Based Interventions (CBIs); (f) fleet and fuel management; and (g) direct procurement and contract management.

The UNHCR Representation in Ethiopia operated in a challenging environment characterized by multiple concurrent emergencies, reduced funding and frequent senior management changes. The control weaknesses that were identified in the last three OIOS audits continued to impact the timely and cost-effective delivery of services to forcibly displaced persons. The Representation needed to reassess its organizational structure and capacity for effective programme planning, implementation and monitoring.

OIOS made three critical and seven important recommendations. To address issues identified in the audit, the UNHCR Representation in Ethiopia needed to:

- Strengthen its strategic planning processes by updating population data for decision making, prioritizing needs to inform resource allocation and maintaining reliable performance information in the COMPASS system for planning purposes;
- Undertake strategic workforce planning to ensure the operation is appropriately structured and staffed to deliver its mandate in a cost-effective manner and enhance the control environment **(Critical recommendation)**;
- Strengthen its planning, design, implementation and monitoring of the shelter programme; and review implemented shelter projects for structural integrity and assuring that best value was obtained **(Critical recommendation)**;
- Strengthen its water, sanitation and hygiene (WASH) programme by: (i) reviewing its WASH strategy and developing a comprehensive epidemic preparedness plan; (ii) strengthening its capacity to plan, implement, coordinate and monitor the programme; and (iii) developing an exit strategy for the water trucking programme **(Critical recommendation)**;
- Develop an advocacy strategy to increase targeted funding for an inter-agency child protection response and prioritize available resources to meet urgent child protection needs;
- Implement the transition from NFI to CBI as a modality of service delivery, while strengthening the NFI effectiveness.
- Take measures to strengthen CBI implementation, including discontinuing the use of operational cash advances; reinforcing targeting of beneficiaries and distribution controls; and improving programme monitoring;
- Rationalize its vehicle fleet size by enforcing strict adherence to the global rental agreement and addressing the identified inefficiencies in fleet maintenance arrangements; and reinforce the use of the Vehicle Tracking System and FleetWave;

- Strengthen staff capacity to collect fuel and expenditure data, enforce key controls, analyze and follow up anomalies in fuel consumption; assess the cost-effectiveness of fuel purchase arrangements; and recover the fuel that was borrowed by partners; and
- Conduct security needs assessment to rationalize the security service contract; and strengthen its contracts management for water provision including implementation of the recommendation from the related consultancy review.

UNHCR accepted all recommendations and has initiated action to implement them. Actions required to close the recommendations are indicated in Annex I.

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

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of operations in Ethiopia for the Office of United Nations High Commissioner for Refugees (UNHCR).
2. The UNHCR Representation in Ethiopia (hereinafter referred to as ‘the Representation’) commenced its operations in 1969 to support the Government of Ethiopia in providing protection and assistance to forcibly displaced persons in the country. Ethiopia is a state party to the 1951 Convention relating to the status of refugees and its 1967 Protocol as well as to the 1969 Organization of African Union Convention. Ethiopia is also a signatory to the 2009 African Union Convention for the protection and assistance of internally displaced persons (IDPs) in Africa but was yet to domesticate it. Further, Ethiopia was yet to ratify the 1954 and 1961 Conventions relating to the stateless persons.
3. As the third largest refugee hosting country in Africa, Ethiopia was home to 947,090 refugees and 6,574 asylum seekers. The refugees were predominantly from South Sudan (44 per cent), Somalia (32 per cent) and Eritrea (18 per cent). As of 30 June 2023, it also had a population of 4.4 million IDPs and 3.2 million IDP returnees that had been displaced due to multiple instances of conflict and drought in the Somali, Tigray, Afar, Amhara, and Oromia regional states. UNHCR declared a Level 2 emergency in 2022 to respond to increased internal displacements due to drought and a regional emergency in 2023 in response to influxes from Sudan. In 2023 alone, Ethiopia received 143,029 displaced persons up from the 47,136 received in 2021 and 2022.
4. The Representation was headed by a Representative at the D-2 level who reported to the Director of the Regional Bureau of the East and Horn of Africa and Great Lakes region. The Representative was assisted by three staff at D-1 level. As of 20 November 2023, there were 837 staff positions; 498 of which were regular staff positions, 172 temporary and 167 affiliated workforce. The Representation had a 20 per cent vacancy rate at the time of the audit.
5. As of October 2023, there were 32 offices in Ethiopia which included two representations, i.e.: (i) UNHCR’s country Representation; and (ii) from 2009, the Representation to the African Union and Economic Commission for Africa. The operation also had six sub-offices at Melkadida, Gambella, Shire, Jijiga, Mekelle and Assosa, eight field offices and 16 field units.
6. The Representation’s budgets for 2022 and 2023 were \$183 and \$152 million, respectively and it implemented activities valued at \$81 million and \$56 million through 42 and 43 UNHCR funded partners in 2022 and 2023, respectively.
7. UNHCR relies on its corporate systems for managing its operations. These systems include: (a) Workday, the human resources digital solution; (b) COMPASS, a system for strategic planning, budgeting, monitoring, and reporting; (c) Managing for Systems, Resources and People (MSRP) and Cloud ERP, for financial reporting and supply chain management; and (d) ProGres, UNHCR’s corporate registration, identity and case management system. OIOS obtained and reviewed data from these systems for completeness and accuracy and assessed the effectiveness of controls.
8. Comments provided by UNHCR are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

9. The objective of the audit was to assess whether the Representation was managing the delivery of services to forcibly displaced and stateless people in a timely and cost-effective manner.

10. This audit was included in the 2024 risk-based work plan of OIOS due to the risks associated with managing an operation in a challenging operational context characterized by multiple emergencies.

11. OIOS conducted this audit from February to July 2024 in the Representation’s country office Addis Ababa, and sub offices in Gambella, Mekelle and Gondar. The audit covered the period from 1 January 2022 to 31 December 2023. Based on an activity-level risk assessment, the audit covered high and medium risk areas in the Ethiopia Operation, which included: (a) planning and resource allocation; (b) sustainable housing and settlement; (c) water, sanitation and hygiene (WASH); (d) child protection; (e) wellbeing and basic needs through non-food items distribution (NFI) and Cash Based Interventions (CBIs); (f) fleet and fuel management; and (g) direct procurement and contract management. Through the review of the above-mentioned areas, OIOS also covered partnership management, which is reported in a separate report.

12. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data, including financial data from UNHCR enterprise resource planning system and performance data from UNHCR results-based management system; (d) sample testing of controls ; (e) visits to the Representation’s Country Office in Addis Ababa, Sub-Offices in Gambella, Mekelle and Gondar, and five partners implementing UNHCR projects; and (f) observation of programme activities implemented in the respective locations.

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

III. AUDIT RESULTS

A. Planning and resource allocation

Need to strengthen the strategic planning and resource allocation processes

14. The Representation’s multi-year strategy (2022-2024) was supported by a comprehensive set of strategies for various aspects of refugee assistance except durable solutions. However, its implementation was constrained by the funding gap between the Representation’s needs (Operating Plan budget) and available funding (Operating Level budget) as reflected in table 1. The Representation experienced a 34 per cent reduction in its operating level budget between 2022 and 2024, which was attributed to the end of the Tigray emergency response.

Table 1: Representation’s funding over three years

	2022	2023	2024
Operating plan (OP) budget (\$ millions) - Need	332.7	431.6	426.2
Operating level (OL) budget (\$ millions)	183.8	152.1	121.3
Operations costs as percentage of OL	64	55	51
Administration and staff costs as percentage of OL	36	45	49

15. Despite decreased activities and a reduced operating budget, the Representation did not make proportionate adjustments to the staffing and administrative budgets after the emergency response phase.

This affected available funds for protection and assistance to displaced persons over three years. While implementation of the plans to downsize staff and offices by the end of 2024 were commendable, other inefficiencies were noted in programme implementation as listed in Sections B to G of this report, and there was an opportunity to review administrative cost drivers, such as office space and fleet and fuel.

- Given the reduction in funding, the Representation conducted annual participatory needs assessments and identified 11 key areas of need among forcibly displaced persons. However, the strategic planning process did not fully prioritize these 11 identified areas as the foundation for resource allocation. For example, while the multi-year strategy emphasized livelihoods and durable solutions, 80 percent and 60 percent of operational resources were allocated to addressing basic needs in 2022 and 2023, respectively. The Representation explained that this reallocation was necessary to meet basic needs during emergencies; however, such emergencies should have been explicitly incorporated as a strategic priority.
- The Representation did not have reliable data to inform its strategic planning process. For instance, data for Gambella which hosted an estimated 395,000 refugees (37 per cent of the total refugee population) had not been updated since 2019 in ProGres. Additionally, the Representation did not consistently update ProGres with critical data, such as births, deaths, vulnerabilities and assistance provided, thereby compromising the reliability of information for planning purposes.
- The Representation also lacked reliable performance information in the COMPASS system to inform its planning processes. Additionally, the strategies and results frameworks were not updated in COMPASS to reflect shifting priorities, activities and budgets due to the two emergencies. For instance, indicators and targets in COMPASS were not aligned with the multi-year and sector strategies, which would impact the measurement of progress in implementing strategies. Despite recognizing COMPASS deficiencies, the Representation did not establish alternative performance measures.

16. With limited resources, the lack of coherent strategic direction will not only impact forcibly displaced persons' access to required protection, but also the quality of services provided.

(1) The UNHCR Representation in Ethiopia should strengthen its strategic planning processes by ensuring that population data is updated for decision making, needs are prioritized to inform resource allocation, and reliable performance information is maintained in the COMPASS system.

UNHCR accepted recommendation 1 and stated that: (i) the Representation initiated a participatory assessment inclusive of all stakeholders which will provide valuable insights to inform adjustments to the current multi-year strategy in COMPASS; (ii) the verification and registration of refugee population commenced in October 2024 and will be completed in December 2025 through a phased approach; and (iii) the Representation was reinforcing mechanisms for programme monitoring and reporting.

Need to strengthen the control environment within which programme activities are implemented

17. While the Representation had a relatively large staff component, identified gaps in its implementation of programmes were attributed to, amongst other things, inadequate staff numbers, qualifications, experience and/or inability to execute duties in core functional areas. Twenty per cent of the Representation's positions were vacant, including some that should have been supervising affiliate staff. Also, 41 per cent of its positions were filled with affiliated workforce and staff on a temporary assignment,

which impacted the continuity of services, and may have contributed to the weakened internal controls noted in programme areas as reflected in sections B to G below.

18. Further, the frequency of changes and brevity of time served by staff also impacted the effective execution of roles. For instance, in a period of five years characterized by responses to several emergencies, UNHCR changed the Representative three times, and this impacted the ability to provide stable and sustainable strategic direction to the office.

19. Despite having a staff component of 837, key strategic priority areas such as WASH and child protection (sections C and D) were under-resourced, which impacted programme planning, implementation and monitoring of relevant activities. Also, adequately resourced units such as housing and settlement (section B) had significant gaps in programme performance. The evaluation¹ of Ethiopia's Level 3 emergency (2021–2022) also noted that the response was hampered by the slow and skill-deficient Emergency Response Team deployments. A recommendation from the 2019 OIOS audit (AR2019-111-07) on the need for the Representation to review its structure and staffing for programme effectiveness in relation to the staffing levels at the Government Partner remained outstanding four years later. These unaddressed gaps weakened the control environment within which programmes were implemented.

20. The self-assessment conducted by the Representation in 2021 also identified similar weaknesses in control environment which remained unaddressed, such as:

- Fragmented structures, processes, roles, and structures, compounded by inconsistent grading, titles, and responsibilities across locations;
- A lack of clarity in roles and responsibilities among senior managers and deployment of junior staff in roles requiring senior-level engagement, which impacted decision making and accountability;
- An over-reliance on affiliates with inadequate supervision, and supervisors lacking technical expertise to support field staff; and
- Inadequate technical skills, particularly in WASH, shelter, and education.

21. The Representation's risk register was up to date at the time of the audit and adequately reflected the pertinent risks in the operation. However, the issues identified in this audit indicated that risk management was yet to be embedded in the Representation's processes across different locations, functions and levels. This was also evident in the fact that most control weaknesses identified in this audit had been identified in three earlier OIOS audits that date as far back as 2009 (AR2009/112/01).

(2) The UNHCR Representation in Ethiopia, in collaboration with the Regional Bureau of the East and Horn of Africa and Great Lakes, should undertake strategic workforce planning to ensure it is structured and appropriately staffed to deliver its mandate in a cost-effective manner and enhance the control environment (Critical recommendation).

UNHCR accepted recommendation 2 and stated that the Representation will as part of its multi-year strategy development and detailed planning processes, undertake strategic workforce planning to align staffing capacity to the approved multi-year strategy.

¹ UNHCR Evaluation Office evaluation report number EvO/2023/01 issued April 2023.

B. Sustainable housing and settlements

Need to reinforce the planning, implementation and monitoring of the programme

(a) Programme planning and shelter design needed improvement

22. The Representation spent \$16.9 and \$11.5 million in 2022 and 2023 respectively on constructing and maintaining transitional and emergency shelters but did not have an up-to-date strategy in place to direct its programme activities and mitigate challenges. The Representation indicated that it is in the process of developing the strategy.

23. One key impediment noted in the shelter planning process was the locations provided by the Government in Metema, Kumer, Awlala and Alemwach, which were deemed to be unsuitable for habitation. Although the Representation had carried out site suitability assessments for locations for refugee settlements in the Metema belt, certain deficiencies remained eminent, as the flood mitigation measures implemented did not fully mitigate the flooding risks. For instance, the low topography of the settlements in Metema, Kumer, Awlala and Alemwach meant that it was in a flood-prone area, and this resulted in the destruction of shelters by floods. The Representation was also unable to construct latrines and other drainage structures in these areas since they were susceptible to the vagaries of the weather. After the audit fieldwork, the Representation stated that it had secured an alternative site and was relocating refugees away from Kumer and Awlala; however, the construction of the second camp came at an additional cost.

24. Since climate change has intensified the frequency and severity of floods, there was an urgent need for resiliency planning, including identifying flood-prone areas through assessments and advocating with the Government for other locations. In cases where forcibly displaced persons remain in areas that are flood prone and until such a time when they are relocated, the Representation needed to reinforce its mechanisms for forecasting floods and establish early warning systems for appropriate measures to be instituted to safeguard lives and property.

25. With regard to shelter design, OIOS identified the following issues during field visits to Gambella, Gondar and Mekelle: (i) the provision of single rooms to families without partitions for privacy; (ii) stand-alone shelters instead of shelters sharing walls, which could have saved up to 20 percent in costs; (iii) grass-thatched transitional shelters in Nguenyiel refugee camp that resulted in fires, with some shelters having to be reconstructed in 2023; and (iv) inadequate spacing between the transitional shelters for mandated kitchen gardens; such spaces would facilitate evacuations in the event of emergencies and act as breaks in the event of fires.

(b) Quality control of shelter was inadequate

26. Most of the 2022 performance targets in COMPASS for the shelter programme were not met, and the results in the system could not be validated. For instance, COMPASS reported that 40 per cent of camp-based refugees were residing in adequate shelters, whereas most refugees were living in emergency, old and/or overcrowded shelters. Further, the shelter results in the annual report could not be linked to data in COMPASS.

27. Over 80 per cent of the programme budget was implemented by partners. OIOS verification of shelters constructed in Mekelle, Abi Adi, Gambella, Metema, Kumer, Awlala and Alemwach indicated significant quality issues as below:

- The quality and structural integrity of the shelters was compromised due to the partner using: (i) lower grade iron sheets, i.e., 35 instead of the 32-gauge iron sheets that were paid for; and (ii) 8cm, 6cm and 4cm diameter poles instead of 12cm, 10cm and 8cm diameter poles respectively as specified in the structural drawings and bills of quantity. Moreover, the poles used in the constructions were not treated with the required anti-termite solution, thereby compromising their durability.
- Communal shelters at Metema transit center were anchored at 35 centimeters deep as opposed to the stipulated 80 centimeters. This weakened the foundations of the shelters, with two shelters having already collapsed and others at a heightened risk of collapse during the rainy season. The lack of adherence with specifications endangered the lives and property of the forcibly displaced persons. The Representation reinforced the communal hangers after the audit fieldwork; however this came at an avoidable additional cost.
- Despite having been rehabilitated in 2023, 714 emergency shelters at the Sabacare IDP site were dilapidated at the time of the audit. While the partners attributed this to IDPs vandalizing the shelters for materials, they did not have technical monitoring reports and photographs to evidence that quality rehabilitation had been done at the time of the technical handover.
- Over 514 transitional shelters constructed at Alemwach were smaller than specifications by approximately 0.5 square meters per shelter. This represented a loss of approximately 280 square meters, equivalent to 15 T-Shelters. The partner in Alemwach also built smaller windows in the transitional shelters than what was listed in the bills of quantity. The size of windows built in 2022 was 80x80cm instead of 90x120cm and in 2023, 80x80cm instead of 90x90cm. This did not represent best value. Further, the camps lacked proper lighting, thereby raising protection risks.

28. In addition, a partner in Afar region was implicated in fraudulent activities in 2021 that were confirmed through an investigation. The issues related to constructing fewer shelters than reported, inflating bills, and mis-procurements. Despite these issues, the Representation selected the same partner to implement shelter projects in 2022 and 2023, and without instituting additional controls to safeguard resources and ensure that the projects achieved the desired impact.

29. Despite the Representation having a 12-man shelter unit, the issues above reflected gaps in programme monitoring by the Multi-Functional Team (MFT) and Project Control. The Representation conducted only desk reviews of programme activities despite well-known risks linked to constructions. The materialization of the two shelter related risks in its register - aid diversion by the partners and increased costs due to market distortion, indicated that mitigation measures were inadequate and/or ineffective. This resulted in the construction of sub-optimal structures that endangered the lives and properties of displaced persons, and financial losses.

(3) The UNHCR Representation in Ethiopia should: (i) strengthen its planning (including camp site location), design, implementation and monitoring of the shelter programme; and (ii) review implemented shelter projects for structural integrity and to assure that best value was obtained (Critical recommendation).

UNHCR accepted recommendation 3 and stated that the Representation will continue its ongoing efforts to strengthen the use of existing and new tools for the planning, design, implementation, and monitoring of its shelter programme. The Representation is also in the process of finalizing a new shelter strategy for 2025 and beyond aligned to its multi-year strategy. It will also reinforce monitoring, by including all key stakeholders, in the assessment of the current shelters in camps and sites complemented by a third-party monitor to ensure that value for money is obtained.

C. Water, sanitation and hygiene (WASH)

Need to reinforce the planning, resourcing, implementation and monitoring of WASH programmes

(a) Critical need for enhanced planning

30. In the audit period, the Representation spent \$19 million on WASH programmes, including construction of water systems and latrines under the WASH strategy (2022-2024).

31. The strategy, however, did not address the issues identified in the 2021 participatory assessment, such as poor water quality and inadequate latrines. The strategy also did not articulate how key priorities such as refugee inclusion in national systems and climate change adaptation would be met. It also did not provide for the coordination of the WASH programme with other related sectors, such as housing and settlements, health and environment.

32. Plans for constructing shelters and ablution facilities were developed separately by different partners at different times, thereby resulting in inefficiencies. Further, poor site selection for camps and settlements affected the WASH programme as latrines constructed during the emergencies collapsed within six months because of the deep black cotton soil in Metema, Kumer, Awlala and Alemwach. Further, most latrines had filled up in these camps and no arrangements had been made to de-sludge them. The option of converting the latrine sludge into biogas systems had not been considered.

33. The Representation only built 3,026 latrines against a target of 9,128, which resulted in an acute shortage of latrines with related coverage declining from 40 to 27 per cent between 2021 and 2022. This contributed to the large-scale open defecation witnessed in camps in Nguenyiel, Kumer, Awlala, Metema and Alemwach. The WASH partner confirmed that over 70 per cent of the persons in Nguenyiel camp practiced open defecation. Specifically, the full (yet to be decommissioned) emergency latrines in Metema transit site, Kumer and Awlala refugee sites, and Alemwach refugee camp escalated the risk of water source contamination and disease. Additionally, inadequate waste management, the poor standard of camp sanitation and hygiene, and insufficient water provision also contributed to water-borne diseases. There were 501,304 incidences of cholera, bloody diarrhea, intestinal worms, urinary tract infections and skin diseases reported in all camps between January 2022 and 30 April 2024. The Representation noted that it had initiated activities to address these issues after the audit fieldwork.

34. This situation compromised refugees' dignity and exacerbated public health risks. In cases where forcibly displaced persons remained in areas that were flood prone, the Representation needed to reinforce its mechanisms for: (i) addressing aspects in WASH such as hygiene and sanitation that exacerbate the risks arising from floods; and (ii) epidemic preparedness planning to respond to possible outbreaks of waterborne diseases like cholera and malaria.

(b) Need to improve the efficiency of service delivery

35. Eighty-six per cent of the expenditure was implemented by partners. The OIOS visit to three camps noted the following significant issues that negatively affected the effectiveness of the programme:

- Forcibly displaced persons only received an average of 11 against the UNHCR standard of 20 liters per person per day (lppd). This was down from 19 lppd in 2021 and in locations like Gambella, forcibly displaced persons received only 4 lppd. No mechanisms had been instituted to test the quality of water distributed to displaced persons in Metema, who also did not have containers for water storage as required.

- Contrary to UNHCR guidance, the Representation continued to distribute water using bowsers (water trucking) long after the emergencies. No cost-benefit analysis had been conducted to justify its continued use and an exit plan was yet to be drafted. The audit identified weaknesses in the partner’s procurement, contracting and payment of the vendor for related services.
- There were no hand washing facilities in the refugee camps, with the partner noting that those provided had been vandalized. Forcibly displaced persons also were not provided with soap.
- The camps visited in Kumer and Awlala also lacked proper drainage and solid waste disposal facilities, which contributed to the uncontrolled accumulation of waste. Together with storm water, that became a breeding ground for mosquitoes.

36. There was no available documentation to evidence the monitoring of WASH programmes implemented by partners. The poor hygiene, sanitation and waste management practices contributed to increased reports of related diseases and raised the risk of environmental degradation. Despite this, the only risk identified in the Representation’s risk register was related to underinvestment in water supply systems. The Representation had only two staff members stationed at the Branch Office and Gondar, which was inadequate considering the scale of WASH activities and associated risks.

(4) The UNHCR Representation in Ethiopia should strengthen its water, sanitation and hygiene (WASH) programme by: (i) reviewing its WASH strategy and developing a comprehensive epidemic preparedness plan; (ii) strengthening its capacity to plan, manage, coordinate and monitor the programme; and (iii) developing an exit strategy for the water trucking programme (Critical recommendation).

UNHCR accepted recommendation 4 and stated that the Representation will: (i) undertake an assessment of WASH delivery, to determine what is realistically implementable within existing resources, and develop the 2025-2029 WASH strategy; (ii) strengthen its existing capacity to plan, manage, coordinate and monitor the programme; and (iii) draft an exit strategy in line with the existing corporate guidance.

D. Child Protection

Budgetary reductions severely impaired delivery of child protection services

37. As of December 2023, 505,284 (52 per cent) of the total refugee population of 962,695 were children. Out of the total population of children, 33,180 were unaccompanied and separated children (UASC) and 44,959 registered as children at risk. The Representation had a child protection strategy (2021-2025) in place that was aligned to the global policy. However, despite children being the largest and one of the most vulnerable groups within the refugee population, child protection was not prioritized as evidenced by the decline in the related budget, i.e. \$4.4, \$3.5 and \$1.5 million in 2022, 2023 and 2024 respectively. Of this total, staff costs comprised of \$ 2.5 (57 per cent) and \$ 3.2 (91 per cent) of the child protection budget in 2022 and 2023 respectively, which left limited resources for related activities. The limited funding constrained the child protection programme, as evidenced below:

- The Representation discontinued the P3 child protection position, thereby leaving related programme planning, implementation and oversight to an assistant child protection officer at a National Officer grade. It also reduced the number of mental health officers from five in 2023 to two in 2024 in Gondar and Assosa, with the contract of one of the two remaining staff extended to June 2025.

- The Representation was unable to provide material support to UASC and other children at risk as well as incentives to foster families as was noted in Kurmuk. Furthermore, it could not provide education to children, as evidenced by two-thirds of children of school-going age not attending school and school enrolment dropping from 171,447 to 156,459 by December 2023. For instance, 6,226 children in Kurmuk could not access formal education because there were no education services.
- The child-friendly spaces for UASC and children at risk at the centers at the Alemwach camp could not be maintained. On the date of the field visit, one facility was closed while only one volunteer refugee manned the other center.

38. In addition, the Representation did not have sufficient quality data on child protection activities. It had 50 output indicators related to children in COMPASS, with results reported against only six of them. The indicators also lacked baseline figures. The high number of indicators made data collection and analysis labor intensive and costly in a resource constrained environment.

39. The partner implementing child protection, health and water and sanitation programmes received funding for but did not recruit the 10 child protection officers, two operations assistants and an urban coordinator in Shire and Adwa as well as data and child protection assistants in Mai Ayni and Mekelle. Instead, the partner utilized the funding to finance non-core positions. This impacted delivery of services to forcibly displaced persons in these locations, as evidenced by only half of the targets of the 32 performance indicators being achieved. Furthermore, child protection staff and urban coordinators in Metema were paid salaries lower than budgeted amounts, which may undermine staff morale and result in high turnover, further affecting programme effectiveness.

40. With national systems unable to effectively address child protection concerns, the existing partnership with other related United Nations agencies needed to be revitalized, a process that intensified in 2024.

(5) The UNHCR Representation in Ethiopia should: (i) alongside other partners and agencies develop an advocacy strategy to increase targeted funding for an inter-agency child protection response; and (ii) prioritize available resources to meet urgent child protection needs.

UNHCR accepted recommendation 5 and stated that the Representation will alongside other partners and agencies develop an advocacy strategy to increase targeted funding for an inter-agency child protection response. It would also prioritize child protection programming during the second half of 2024.

E. Wellbeing and basic needs

Need to strengthen controls over planning for, distribution and accounting for NFIs

41. The Representation supported forcibly displaced persons to meet their basic needs through the distribution of NFIs totaling \$37.2 million in the audit period. In line with the Regional Bureau recommendation, the Representation conducted market analyses to inform its decision to transition from NFI to CBI as a modality of service delivery. CBI was more efficient considering the \$9.6 million (54 per cent of the NFI costs) in 2022 that went towards NFI logistical support, e.g., transportation and warehouse. Beneficiaries also expressed their preference for cash in post-distribution monitoring conducted in Mekelle as well as from the fact that they sold unwanted NFIs. However, despite a CBI strategy (2022-2024) to direct this process being in place, the transition was not implemented by the time of this audit.

42. The effectiveness of NFI distributions was impacted by the lack of related plans to guide the processes. Partners also did not have guidance on how to manage and distribute NFIs to IDPs until August 2023 when the country specific SOPs were developed. The absence of the distribution plans and SOPs impacted the distribution of NFIs by the three partners as follows:

- Partners lacked proper documentation to account for NFIs, e.g. distribution plans and reports as well as reconciliations between what was issued and distributed. There was also no evidence that beneficiaries received the NFIs since distribution lists were signed by one person and there were no unique identifiers to differentiate beneficiaries during distributions. Partners did not return undistributed items and lacked documentation to evidence how these were disposed of after the distribution exercise.
- The Representation did not have clear criteria against which beneficiaries would be identified and the most vulnerable targeted. In cases where no approved beneficiary lists were in place, e.g. in Tigray and Oromia, the Representation relied on lists from the Government, which were not independently verified to ascertain that the vulnerability criteria had been met. Furthermore, beneficiary selection and distribution of NFIs was left to partners with no evidence of supervision or monitoring to ensure forcibly displaced persons' needs were met, and resources properly spent.
- The lack of distribution plans resulted in the Representation in one instance distributing more items, totaling \$200,000, than what beneficiaries needed in Tigray and Oromia because it did not consider family sizes.
- There were significant discrepancies noted between the NFI distribution records and data in COMPASS. For instance, COMPASS reflected that 220,844 refugee households received NFIs in 2023, but partners reports placed the number at 24,089.

43. The Representation's 14 warehouses (9 rented and 5 owned) cost a total of \$4.4 million² to maintain for the years 2022 and 2023. A review of the logistics partner's management of warehouses at a cost of \$1.2 million revealed the following:

- There was considerable unused space in warehouses in Addis Ababa, Gambella, and Mekelle, which if released would save the organization an estimated \$500,000 annually.
- The Representation was unable to account for NFIs released for distribution in Nguenyiel refugee settlement, with some unexplained discrepancies noted, e.g. for 444 missing sleeping mats.
- Proper records were not maintained of items returned after distribution. Also, no measures had been taken to recover the undistributed items that remained at a discontinued partner's warehouses.
- The warehouses in Gambella and Addis Ababa were holding large stocks of obsolete and slow-moving NFIs totaling \$129,857, some of which had been there for over two years. This not only increased logistics costs but also the risk of pilferage.

44. The Representation did not conduct on-site monitoring of NFI distributions to ensure that items reached intended beneficiaries. It instead relied on desk reviews, even after security conditions improved in places like Gambella. Post-distribution monitoring was not conducted consistently, which meant that the Representation did not have information on the quality and sufficiency of assistance, and that the assistance helped mitigate protection risks.

² This cost includes rental, security, energy and logistics partner costs.

- (6) The UNHCR Representation in Ethiopia should implement the transition from NFI to CBI as a modality of service delivery, while strengthening the NFI effectiveness by; (i) strengthening controls over selection of beneficiaries, storage and distribution of NFIs and maintenance of documentation to account for NFIs; and (ii) improving the warehouse and NFIs inventory control.**

UNHCR accepted recommendation 6 and stated that the Representation will in 2025 finalize the NFI SOP and update the CBI SOP to reflect the monetization strategy. These SOPs will address beneficiary identification, selection, storage, distribution, documentation, and reconciliation to ensure compliance with operational guidelines and more robust accountability.

Need to strengthen controls over planning for, distribution and use of cash-based interventions

45. The Representation distributed cash totaling \$6.8 million in the period under audit. The audit independently verified a sample of 25 beneficiaries in Mekelle and confirmed that they were eligible to receive multi-purpose cash grants and that they had received the money. However, it also identified the following gaps in the cash programme:

- An interim minimum expenditure basket was established by the inter-agency Cash Working Group in November 2022, but it was not reviewed every three months and reports of insufficient cash assistance were noted due to the country's high inflation.
- Some beneficiaries could not access cash through the banking system. The Representation was at the time of the audit yet to identify alternative delivery options to improve beneficiaries access to cash assistance such as mobile money and bank agent services.
- The Representation could use CashAssist only for the urban refugee CBI programme in Addis Ababa due to, among other things, the Government's suspension of refugee registration in the Somali region and other areas. Other regions adopted a manual approach that was time-consuming, prone to errors, lacked an audit trail and was not scalable as related transaction volumes increased.
- There were unexplained discrepancies between the authorized amounts for payment and what was paid. Also, there were unexplained discrepancies between the approved list of 100 beneficiaries and the 183 that received cash for shelter in Dessie.
- Beneficiary lists did not always have: (i) amounts that should be paid to each beneficiary; and (ii) unique identifiers to distinguish between beneficiaries with similar names. In many instances, payments were made to many beneficiaries with similar names without verifying that they were not duplications. While the signed distribution lists in Tigray had unique identification numbers, the audit could not match these to data in the Kobo tool nor the signed lists to evidence that cash had been received by intended beneficiaries.
- The Representation did not supervise partner/government selection of IDP beneficiaries to ensure that it was conducted in accordance with set selection criteria. Further, beneficiaries were not reassessed to ensure that they remained eligible for support. For instance, 675 beneficiaries receiving cash on health and protection grounds had not been reassessed between 2019 and 2023. Further, referral letters for 2,004 beneficiaries lacked a description of the persons' vulnerabilities.

46. The Representation used operational advances to distribute cash totaling \$2 million during the emergency in the Tigray region when banks were not operational. However, it continued using this modality in 2023 after banks reopened. A review of the management of these funds revealed the following:

- The partner managed operational advances from February to July 2022 without a formal partnership agreement nor clear performance indicators. Thirty per cent of these funds were used to cover the partner’s administrative costs, thereby reducing amounts available for distribution to beneficiaries.
- Some distributions took place two months after the cash was released to staff, which was attributed to delays in obtaining beneficiary lists. There were significant delays in settling operational advances, with some taking up to a year. Moreover, no documentation was provided to evidence the return and banking of cash balances after distributions. This raised the risk of loss of funds.
- Further, no bank reconciliations were prepared for the account used in Mekelle. This resulted in long outstanding open items totaling \$69,719, some of which dated as far back as 2021. There were also open items totaling \$1,059,573 related to CBIs at the time of migration to the Cloud ERP system which remained outstanding at the time of the audit. These were cleared after the audit.

47. The Representation did not conduct on-site monitoring of cash distributions. Post-distribution monitoring was not conducted consistently and where conducted, the focus was on collecting information about beneficiary preferences and locations, with limited attention given to the quality, sufficiency and effectiveness of CBIs. Weaknesses in reconciliations and post-distribution monitoring left the Representation vulnerable to substantial fraud risks and the potential that cash interventions may not have reached the most deserving beneficiaries.

(7) The UNHCR Representation in Ethiopia should strengthen the cash-based interventions by: (i) reviewing the minimum expenditure basket for sufficiency; (ii) discontinuing the use of operational cash advances after reconciling outstanding balances; (iii) reinforcing targeting of beneficiaries and controls over distribution processes; and (iv) strengthening monitoring of the cash assistance programme.

UNHCR accepted recommendation 7 and stated that the Representation: (i) would implement the Cash Working Group review recommendations regarding the minimum expenditure basket in 2025; (ii) discontinue the use of operational cash advances; (iii) ensure the holistic use of unique identifiers wherever cash is provided; and (iv) contracted a third-party monitor to conduct post distribution monitoring.

F. Fleet and fuel management

Need to improve the vehicle fleet management

- (a) Need to reinforce planning processes for the vehicle fleet

48. The Representation leased cars under the global rental agreement totaling \$7.4 million for the period 2022 to 2023. It, however, did not conduct comprehensive needs assessments to determine the optimal number and profile of vehicles necessary for service delivery. Programme activities that required vehicles, type and occupancy of vehicles, frequency, distance covered, and terrain were not considered in assessing needs. Furthermore, the Representation could not justify the numbers of vehicles held as reflected in table 2.

Table 2: Differences between the annual fleet size plans and vehicles held

Year	Vehicles in plan	Actual number held	Difference	Additional costs incurred due to unplanned vehicles
2022	421	500	79	\$659,255
2023	548	582	34	\$284,040

49. The audit noted that the same control weaknesses as had been identified in previous audits (AR2016-110-05 and AR2019-111-07) remained largely unaddressed and as a result, the Representation continued to be exposed to inefficiencies and losses, as detailed below.

- Thirty-nine vehicles provided to partners were not returned upon the expiration of their right-of-use agreements. In addition to the rental charges totaling \$660,000 paid after the expiration of the agreement, the Representation would pay annual penalties of \$2,400 per vehicle from October 2024. The Representation reported that it had retrieved 13 of these vehicles after the audit.
- The Representation spent an estimated \$500,000 on 70 idle vehicles in 2023, i.e., those that had not been used for some time. Further, the utilization rate for some vehicles was low, i.e., some traveled an average of 30 kilometers per day. Despite these inefficiencies, the Representation had not introduced carpooling to address the high number of idle vehicles and those with a low utilization.
- In 2022, partners incurred \$783,242 in vehicle rental costs outside the global rental agreement (2023 figures not provided). This expenditure could have funded the acquisition of 26 additional vehicles under the global agreement. For example, one partner rented two vehicles for two years at a cost of \$130,000, which was enough to secure four vehicles under the global rental agreement.

(b) Need to optimize fleet maintenance arrangements to increase efficiencies

50. The Representation had maintenance and repair contracts with official vehicle dealers for administrative vehicles (which represented 35 per cent of all vehicles), while the partners had their own arrangements for maintaining programme vehicles (65 per cent of total vehicles). The arrangement that allowed the partners to use the servicing of vehicles outside of authorized dealerships resulted in: (i) limited assurance on the quality of services provided; (ii) lack of repair and maintenance cost data in the FleetWave system; and (iii) increased costs since official dealers charged \$138 for maintenance and repair in 2022 compared to the \$817 per vehicle that was paid by partners. There was a need to conduct cost-benefit analyses to inform the Representation on more efficient ways of maintaining vehicles.

51. The data captured in Vehicle Tracking System and FleetWave to monitor vehicle usage was incomplete and thus unreliable for informed decision-making. For example, FleetWave had maintenance records for only 141 of the Representation's 582 vehicles. Additionally, discrepancies in the quarterly fleet and fuel regional reports were not investigated. There were 49 and 51 non-transmitting vehicles in 2022 and 2023, respectively. This was attributed to Government restrictions on importing repair kits for the tracking system. Untracked vehicles were at increased risk of misuse, theft, and challenges in recovery if lost.

52. At the time of the audit, the Representation had only one member of staff coordinating the fleet management in the entire operation. The administration staff in the sub-offices supported the fleet management, but they had limited qualifications and experience despite trainings provided on aspects like operating FleetWave.

(8) The UNHCR Representation in Ethiopia should: (i) rationalize its vehicle fleet size by enforcing strict adherence to the global rental agreement and addressing the identified inefficiencies in fleet maintenance arrangements; and (ii) reinforce the use of the Vehicle Tracking System and FleetWave.

UNHCR accepted recommendation 8 and stated that the Representation: (i) has conducted a thorough review of the current fleet size which will inform the proposed fleet size for the 2025 programme; and (ii) is working with the Government of Ethiopia to import maintenance kits to activate the Vehicle Tracking System and Fleet wave for all its fleet.

Need to optimize fuel management arrangements

53. The Representation spent \$1.9 million in the period under audit on fuel for UNHCR operated vehicles generators in sub-offices and field units. The Representation did not have fuel data and expenditure for vehicles and generators operated by the funded partners. The audit reviewed the controls over fuel for vehicles and generators and noted the following.

- Partners paid value added tax on fuel totaling \$217,332 in 2022, which could have been avoided if the Representation had purchased it tax-free. This would also have addressed the identified issue of partners purchasing fuel off the black market, which carried a risk of compromised quality and reputational damage.
- No monthly quotas were set to control fuel usage for generators and vehicles. Further, fuel tanks in Gambella and Melkadida had not been calibrated since 2020 and 2019 respectively, and there were discrepancies between the fuel dispensed by the fuel pickup vehicles and generator consumption logs at some locations.
- Analyses of fuel consumption for vehicles and generators were not consistently conducted. Where done, unusual patterns were not investigated, e.g. the fact that lower-capacity generators consumed more fuel than higher-capacity ones and that partner vehicles had higher fuel costs per kilometer than administration ones in Gambella, thereby increasing annual costs by \$128,016.
- Partners in Gambella and Mekelle ‘borrowed’ 15,729 liters of fuel from UNHCR centers totaling \$23,593 and it was never recovered.

54. The above weaknesses were attributed to poor fuel planning and capacity of the staff in the field offices in management and analysis of fuel consumption, and lack of management oversight.

(9) The UNHCR Representation in Ethiopia should: (i) strengthen staff capacity to collect fuel and expenditure data, enforce key controls, analyze and follow up anomalies in fuel consumption; (ii) assess the cost-effectiveness of fuel purchase arrangements; and (iii) recover the fuel that was borrowed by partners.

UNHCR accepted recommendation 9 and stated that the Representation will: (i) ensure that staff capacity is strengthened; (ii) conduct a cost-benefit analysis of fuel purchase and maintenance agreements to inform its strategies for improving both fleet and fuel management; (iii) reinforce fleet management controls including calibrating fuel tanks, reviewing consumption rates, establishing fuel quotas, and reconciling fuel received to what is dispensed; (iv) undertake an assessment of the possibility of using alternative energy resources; and (v) follow up to recover fuel borrowed by partners.

G. Direct procurement and contract management

Need to reinforce controls over procurement and contracts management

55. In 2022 and 2023, 3,861 purchase orders were issued totaling \$48.4 million. OIOS reviewed 40 purchase orders valued at \$7.9 million, and observed two important issues, as below.

56. The Representation procured security services in Melkadida and Assosa totaling \$3.4 million through waivers of competitive bidding. The recommendations raised by Committees on Contracts were not implemented regarding: (i) the need to conduct an assessment to inform the number of guards in Addis Ababa, Dilla, and Nekmete; and (ii) their rejection of the procurement decision for security in Melkadida.

The Representation also did not maintain proper documentation to support payment of security services, with guards overpaid in some months.

57. The Representation contracted a utility company to provide water in Nguenyiel, Tierkidi and Kule refugee camps in Gambella. In addition to meeting 95 per cent of the utility company's costs, the Representation paid for water at market rates totaling \$1 million a year, which may not have represented best value and was not sustainable. OIOS observed several weaknesses in the performance of the utility company, as below:

- Despite the contract requirement that the utility company produce 250,000 cubic meters of water per month, its output varied between 76,000 to 106,000 per month. Further, the company's 59 staff only made 449 connections per year, while the industry average was 5-6 staff per 1,000 connections. A consultant was appointed to identify ways in which water production would be increased while decreasing related cost, but resultant recommendations were not implemented.
- The company did not put the annual depreciation cost of \$316,000 into a reserve fund for system upgrades. Further, it did not submit audited financial statements evidencing how funds were used.
- The audit also identified persistent billing errors resulting in an overcharge of 13,042 cubic meters of water totaling ETB 345,613 (\$6,912). Identified discrepancies between the water produced, what was billed and what was paid for were not investigated.

58. The above weaknesses impacted the Representation's ability to get best value on procurement activities, reduced operational effectiveness and raised risks of financial loss and fraud.

(10) The UNHCR Representative in Ethiopia should: (i) conduct its security needs assessment and rationalize the security service contract; and (ii) strengthen its contracts management regarding the utility company for water provision including implementation of the recommendation from the related consultancy review.

UNHCR accepted recommendation 10 and stated that the Representation will: (i) conduct an assessment to inform its security needs; and (ii) strengthen its contracts management regarding the utility company for water provision.

IV. ACKNOWLEDGEMENT

59. 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.

Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical ³ / Important ⁴	C/ O ⁵	Actions needed to close recommendation	Implementation date ⁶
1	The UNHCR Representation in Ethiopia should strengthen its strategic planning processes by ensuring that population data is updated for decision making, needs are prioritized to inform resource allocation, and reliable performance information is maintained in the COMPASS system.	Important	O	Receipt of evidence of: <ul style="list-style-type: none"> • Instituted processes to ensure that population is and remains up to date; • Allocation of resources informed by needs assessments and strategic priorities; and • Actions taken to reinforce the performance data in COMPASS. 	31 December 2025
2	The UNHCR Representation in Ethiopia, in collaboration with the Regional Bureau of the East and Horn of Africa and Great Lakes, should undertake strategic workforce planning to ensure it is structured and appropriately staffed to deliver its mandate in a cost-effective manner and enhance the control environment.	Critical	O	Receipt of evidence of: <ul style="list-style-type: none"> • Action plan to fill identified gaps in the structure and staffing identified from the strategic workforce planning review; and • Review of staff terms of reference to reflect their roles and responsibilities and as a basis for assessing their performance 	30 June 2025
3	The UNHCR Representation in Ethiopia should: (i) strengthen its planning (including camp site location), design, implementation and monitoring of the shelter programme; and (ii) review implemented shelter projects for structural integrity and to assure that best value was obtained (Critical).	Critical	O	Receipt of evidence of: <ul style="list-style-type: none"> • Structural integrity verification of all shelters, and implementation of the resulting recommendations; • Comprehensive financial reviews of all shelter projects and recoveries from the implementing partners as appropriate; • Discontinued engagement with the shelter partner on integrity issues; 	30 June 2025

³ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

⁴ Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

⁵ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁶ Date provided by UNHCR in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical ³ / Important ⁴	C/ O ⁵	Actions needed to close recommendation	Implementation date ⁶
				<ul style="list-style-type: none"> Comparative advantage assessments are conducted to inform decisions on whether to procure materials directly; and Measures taken to reinforce monitoring of programme implementation by partners. 	
4	The UNHCR Representation in Ethiopia should strengthen its water, sanitation and hygiene (WASH) programme by: (i) reviewing its WASH strategy and developing a comprehensive epidemic preparedness plan; (ii) strengthening its capacity to plan, manage, coordinate and monitor the programme; and (iii) developing an exit strategy for the water trucking programme.	Critical	O	Receipt of evidence of: <ul style="list-style-type: none"> Reinforced WASH strategy informed by needs assessment; Comprehensive epidemic preparedness plan; Plan to bolster technical staff to plan, manage and supervise programme implementation; and Exit strategy for water trucking. 	30 June 2025
5	The UNHCR Representation in Ethiopia should: (i) alongside other partners and agencies develop an advocacy strategy to increase targeted funding for an inter-agency child protection response; and (ii) prioritize available resources to meet urgent child protection needs.	Important	O	Receipt of evidence of Country strategy and SOPs properly aligned with the new 2024 child protection strategy and operational guidance, prioritized to meet urgent needs and with a comprehensive fundraising plan.	31 December 2025
6	The UNHCR Representation in Ethiopia should implement the transition from NFIs to CBIs as a modality of service delivery, while strengthening the NFIs effectiveness by: (i) strengthening controls over selection of beneficiaries, storage and distribution of NFIs and maintenance of documentation to account for NFIs; and (ii) improving the warehouse and NFIs inventory control.	Important	O	Receipt of evidence of: <ul style="list-style-type: none"> Implemented plan to transition from NFIs to CBIs; Updated SOPs addressing controls over beneficiary identification and selection, distribution, documentation and reconciliation;; Comprehensive warehouse space assessment against the stock needs; and Regular monitoring reports for, re-order levels, shelf life and stock obsolescence. 	31 December 2025
7	The UNHCR Representation in Ethiopia should strengthen the cash-based interventions by: (i) reviewing the minimum expenditure basket for sufficiency; (ii) discontinuing the use of operational	Important	O	Receipt of evidence of: <ul style="list-style-type: none"> Implementation of reviewed and approved minimum expenditure basket; 	31 December 2025

STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical ³ / Important ⁴	C/ O ⁵	Actions needed to close recommendation	Implementation date ⁶
	cash advances after reconciling outstanding balances; (iii) reinforcing targeting of beneficiaries and controls over distribution processes; and (iv) strengthening monitoring of the cash assistance programme.			<ul style="list-style-type: none"> • Reconciliation of operational advances and discontinuation of the use of operational advances; • Reinforcement of targeting criteria in the SOPs; and • Operationalized multifunctional teams in monitoring of cash distributions. 	
8	The UNHCR Representation in Ethiopia should: (i) rationalize its vehicle fleet size by enforcing strict adherence to the global rental agreement and addressing identified inefficiencies in fleet maintenance arrangements; and (ii) reinforce the use of the Vehicle Tracking System and FleetWave.	Important	O	<p>Receipt of evidence of:</p> <ul style="list-style-type: none"> • Comprehensive fleet needs assessment to inform fleet and fuel rationalization with consideration given to carpooling; ; • Retrieval of vehicles from partners whose partnership agreements had expired; • Cost-benefit analysis to inform management on whether to maintain partner vehicles under similar arrangements as administrative vehicles; and • Implementing a plan to reinforce the use of the Vehicle Tracking System and Fleet Wave. 	31 December 2025
9	The UNHCR Representation in Ethiopia should: (i) strengthen staff capacity to collect fuel and expenditure data, enforce key controls, analyze and follow up anomalies in fuel consumption; (ii) assess the cost-effectiveness of fuel purchase arrangements; and (iii) recover the fuel that was borrowed by partners.	Important	O	<p>Receipt of evidence of:</p> <ul style="list-style-type: none"> • Cost-benefit analysis to inform decisions on fuel purchase arrangements for administration and programme vehicles; • Established fuel quotas and conduct fuel consumption analysis and follow-up reports for all generators and vehicles; • Calibrated fuel tanks in Gambella and Melkadida as well as preparing reconciliations to account for fuel; and • Recovery of all fuel that was loaned to partners. 	31 December 2025
10	The UNHCR Representative in Ethiopia should: (i) conduct its security needs assessment and rationalize	Important	O	Receipt of evidence of:	31 December 2025

STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical ³ / Important ⁴	C/ O ⁵	Actions needed to close recommendation	Implementation date ⁶
	the security service contract; and (ii) strengthen its contracts management regarding the utility company for water provision including implementation of the recommendation from the related consultancy review.			<ul style="list-style-type: none"> • Conducted needs assessments to inform the procurement of security and cleaning services; and • Implementation of consultancy review recommendations. 	

APPENDIX I

Management Response

Management Response

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

Rec. no.	Recommendation	Critical ⁷ / Important ⁸	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
1	The UNHCR Representation in Ethiopia should strengthen its strategic planning processes by ensuring that population data is updated for decision making, needs are prioritized to inform resource allocation, and reliable performance information is maintained in the COMPASS system.	Important	Yes	Principal Situation Coordinator Senior Programme Coordinator	31 December 2025	<p>The Representation has initiated a participatory assessment inclusive of all stakeholders (Government, NGOs, CBOs, refugees, and host communities) which will provide valuable insights to inform adjustments to the current MY strategy in COMPASS. Additionally, the operation will undertake a Strategic Moment of Reflection in Q1 of 2025 with key stakeholders in the country to assess the progress of the current strategy and take corrective actions as may be required throughout the implementation period.</p> <p>The verification and registration of refugee population commenced in October 2024 and will be completed in December 2025 through a phased manner in various locations in the country to validate the population data in Ethiopia which will inform planning and decision making.</p>

⁷ Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

⁸ Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

Rec. no.	Recommendation	Critical ⁷ / Important ⁸	Accepted? (Yes/No)	Title responsible individual	of Implementation date	UNHCR comments
						<p>The Representation is comprehensively reinforcing programme monitoring, by:</p> <ul style="list-style-type: none"> ○ Defining population targets, outcomes, and outputs with specific indicators. ○ Measuring outputs against target indicators. ○ Introducing a new SOP for the conduct of monitoring. ○ Contracting a third-party monitoring entity for locations that are not accessible to UNHCR staff as well as to support the monitoring of technical projects such as construction and CBI. ○ Introducing Activity Info to enhance reporting for all partners. ○ Conducting interviews with forcibly displaced populations. ○ Redefining or adjusting programmes based on evaluation findings. ○ Reinforcing the MFT through clearer terms of reference and accountability framework. <p>With regards to paragraph 14 the Representation would like to highlight that the adjustment/downsizing of staffing is not at planning stage but is already in progress. Further, it would be more accurate to say that the 11 identified areas were not “fully” prioritized. Similarly, the Representation did not</p>

Rec. no.	Recommendation	Critical ⁷ / Important ⁸	Accepted? (Yes/No)	Title responsible individual	of Implementation date	UNHCR comments
						“always” have reliable data. Finally, with respect to ProGres data, the ongoing effort to register and or validate all refugees in Ethiopia by the end of 2025 should be acknowledged.
2	The UNHCR Representation in Ethiopia, in collaboration with the Regional Bureau of the East and Horn of Africa and Great Lakes, should undertake strategic workforce planning to ensure it is structured and appropriately staffed to deliver its mandate in a cost-effective manner and enhance the control environment.	Critical	Yes	Assistant Representative Administration Senior Operation Coordinator	30 June 2025	As part of its multi-year strategy development and detailed planning processes, the Representation, in collaboration with the Regional Bureau, will continue to undertake strategic workforce planning to align staffing capacity to the approved MY strategy. The Representation will also use the outcomes of the Strategic Moment of Reflection exercise to strengthen synergy with other stakeholder and to enhance programme efficiency and effectiveness. Strategic workforce planning exercises have previously been conducted in 2021, 2022, 2023 and also for 2024. With regards to paragraph 19, the Representation requests the removal of the bullet points.
3	The UNHCR Representation in Ethiopia should: (i) strengthen its planning (including camp site location), design, implementation and monitoring of the shelter programme; and (ii) review implemented shelter projects for structural integrity and to assure that best value was obtained (Critical).	Critical	Yes	Principal Situation Coordinator	30 June 2025.	The Representation will continue ongoing efforts to strengthen the use of existing and new tools for the planning, design, implementation, and monitoring of its shelter programme. The Representation is in the process of finalizing a new shelter strategy for 2025 and beyond aligned to its MYS.

Rec. no.	Recommendation	Critical ⁷ / Important ⁸	Accepted? (Yes/No)	Title responsible individual of	Implementation date	UNHCR comments
						<p>To strengthen site planning, the Representation has engaged UN-Habitat, National Regional State Urban Development and Construction Bureau to undertake comprehensive joint assessments for proposed new sites.</p> <p>A standard operating procedure for the allocation of shelter to households will be finalized in 2025.</p> <p>The Representation is already using the climate outlook reports (WCM Global hydroMet weekly scan) from the World Meteorological Organization (WMO) shared by the Regional Bureau, to establish early warning, preparedness, and response.</p> <p>The Representation will reinforce monitoring, by including all key stakeholders, to assess current shelters in camps and sites, as well as their structural integrity, complemented by a third-party monitor to ensure that value for money is obtained.</p> <p>Paragraph 27: after “...shelter projects in 2022 and 2023” the addition of “while the investigation continued and before findings were received” and after “...the desired impact” the addition of “It is noted</p>

Rec. no.	Recommendation	Critical ⁷ / Important ⁸	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						that this partner was not retained for 2024”.
4	The UNHCR Representation in Ethiopia should strengthen its water, sanitation and hygiene (WASH) programme by: (i) reviewing its WASH strategy and developing a comprehensive epidemic preparedness plan; (ii) strengthening its capacity to plan, manage, coordinate and monitor the programme; and (iii) developing an exit strategy for the water trucking programme.	Critical	Yes	Principal Situation Coordinator WASH Officer	30 June 2025	<p>i) The Representation will undertake an assessment of WASH delivery, to determine what is realistically implementable within existing resources, and develop the 2025-2029 WASH strategy, including a comprehensive epidemic plan, based on lessons learned.</p> <p>Resource mobilization for WASH activities will be undertaken, in cooperation with partners.</p> <p>The Representation will undertake to strengthen its collaboration with UNICEF, regional government water bureaus and other critical partners in WASH implementation.</p> <p>ii) To further strengthen its existing capacity, supported by in-country and Regional Bureau technical expertise, the Representation will perform a gap analysis of the current WASH programme.</p> <p>The Representation will: Improve planning and coordination of WASH with the Government, UNICEF, IOM, other partners, refugees and local communities.</p> <p>The Representation will monitor the established plan to assess its</p>

Rec. no.	Recommendation	Critical ⁷ / Important ⁸	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						<p>coverage. This will involve reinforcing the MFT and monitoring practices.</p> <p>iii) The Representation will draft an exit strategy in line with the existing corporate guidance attached in the first quarter of 2025.</p>
5	<p>The UNHCR Representation in Ethiopia should: (i) alongside other partners and agencies develop an advocacy strategy to increase targeted funding for an inter-agency child protection response; and (ii) prioritize available resources to meet urgent child protection needs.</p>	Important	Yes	<p>Assistant Rep. for Protection</p> <p>External Relations Coordinator</p>	31 December 2025	<p>i) Alongside other partners and agencies, an advocacy strategy to increase targeted funding for an inter-agency child protection response will be developed. In line with the 2024 UNHCR Child Protection Policy, and the existing child protection advocacy strategy, the fundraising strategy will include interventions to:</p> <ul style="list-style-type: none"> ○ strengthen inclusive child protection systems. ○ support children, families, and communities to protect children. ○ provide supplementary child protection services for children at risk. ○ strengthen child-friendly protection and solutions. ○ promote children’s safety and prevent harm through sectoral responses. ○ strengthen child participation and child-friendly communication and accountability. <p>ii) The Representation has prioritized available resources to</p>

Rec. no.	Recommendation	Critical ⁷ / Important ⁸	Accepted? (Yes/No)	Title responsible individual of	Implementation date	UNHCR comments
						<p>meet urgent child protection needs. The prioritization of child protection programming was also undertaken during the second half of 2024.</p> <p>In respect to the bullets in the same paragraph, the Representation would like to clarify the following:</p> <ul style="list-style-type: none"> ○ [In line with their Terms of Reference (TOR), (<u>Child Protection Exhibit 1</u>) the Assistant Representative for Protection provides programme, and planning management oversight to child protection. Further, the Terms of Reference for the position of P4 Senior Protection Officer in Addis Ababa, published in August 2024, include direct responsibilities for programme, planning management and oversight” of child protection activities. ○ The Representation notes that at Kurmuk, UNHCR maintains a transit center and seeks to move refugees as quickly as possible from the border, where the center is located, to the Ura refugee site. Therefore, UNHCR does not seek to establish full education services at Kurmuk.

Rec. no.	Recommendation	Critical ⁷ / Important ⁸	Accepted? (Yes/No)	Title responsible individual	of Implementation date	UNHCR comments
6	The UNHCR Representation in Ethiopia should implement the transition from NFIs to CBIs as a modality of service delivery, while strengthening the NFIs effectiveness by; (i) strengthening controls over selection of beneficiaries, storage and distribution of NFIs and maintenance of documentation to account for NFIs; and (ii) improving the warehouse and NFIs inventory control.	Important	Yes	Senior Programme Coordinator Programme Officer (CBI)	31 December 2025	<p>(i) In 2025, the Representation will finalize the NFI SOP and update the CBI SOP to reflect the monetization strategy. These SOPs will address beneficiary identification, selection, storage, distribution, documentation, and reconciliation to ensure compliance with operational guidelines and more robust accountability. The verification and registration exercise will produce more accurate data for NFIs distribution to beneficiaries.</p> <p>(ii) In 2024 the Representation conducted an assessment of all its warehouses that resulted in the closure of three warehouses and the release of four blocks of warehouse space in Addis Ababa.</p> <p>Further comprehensive review of all warehouses will be undertaken, including:</p> <ul style="list-style-type: none"> ○ Capacity of warehouse space. ○ Contents of warehouses compared to needs and including expiry dates.
7	The UNHCR Representation in Ethiopia should strengthen the cash-based interventions by: (i) reviewing the minimum expenditure basket for sufficiency; (ii) discontinuing the use of operational cash advances after reconciling outstanding balances; (iii) reinforcing targeting of beneficiaries and controls over distribution processes; and (iv)	Important	Yes	Senior Programme Coordinator Programme Officer (CBI)	31 December 2025	The Minimum Expenditure Basket (MEB) is established by the inter-agency Cash Working Group (CWG) of which UNHCR is an active member. The operation is complying with the MEB revisions' agenda. UNHCR has used the MEB as provided by the CWG.

Rec. no.	Recommendation	Critical ⁷ / Important ⁸	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
	strengthening monitoring of the cash assistance programme.					<p>The CWG conducted a review of the minimum expenditure basket whose report was adopted to be implemented at the beginning of 2025.</p> <p>The Representation will stop the use of operational cash advances and fully use CashAssist, and the expanded network of financial service providers for cash delivery.</p> <p>The Representation will ensure the holistic use of unique identifiers wherever cash is provided. This will be implemented through proGres (refugees and refugee returnees), Staging Hub (IDPs and IDP returnees) via Cash Assist. An assessment tool to be developed to reinforce targeting of the most vulnerable.</p> <p>The Representation has contracted a third-party monitor to ensure effective PDM.</p> <p>The Representation already ensures effective monitoring during distribution through the use of Global Standards, Complaints and Feedback Mechanisms, and deployment of staff on site. The Representation will strengthen the composition and operationalization of MFTs in monitoring cash distribution. The</p>

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						Representation will also finalize an SOP on CBI monitoring.
8	The UNHCR Representation in Ethiopia should: (i) rationalize its vehicle fleet size by enforcing strict adherence to the global rental agreement and addressing identified inefficiencies in fleet maintenance arrangements; and (ii) reinforce the use of the Vehicle Tracking System and FleetWave	Important	Yes	Fleet Manager	31 December 2025	<p>i) The Representation has conducted a thorough review of the current fleet size that has informed the proposed fleet size for the 2025 programme.</p> <ul style="list-style-type: none"> o The Representation does not rent vehicles outside the global rental scheme unless deemed necessary under exceptional conditions or during emergencies. It will undertake an analysis of ongoing vehicle rental with the view of enforcing strict adherence to the global rental agreement. o The Representation has engaged the Global Fleet Management Unit to start a carpooling project. In July, the Global Project Manager for Carpooling presented to the Administration Team the scope of the project, including the system access platform and configuration verification. The project is planned to start in Gambella first, and the ToR is being finalized. o The Representation will continue to monitor the implementation of the project in each location. <p>Recovery of non-returned vehicles as per Right of Use Agreements will continue to be undertaken:</p>

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						ii) On Vehicle Tracking System devices, the Representation is working with the Government of Ethiopia to import maintenance kits. The Representation will then be able to implement Vehicle Tracking System and Fleet wave for all its fleet.
9	The UNHCR Representation in Ethiopia should: (i) strengthen staff capacity to collect fuel and expenditure data, enforce key controls, analyze and follow up anomalies in fuel consumption; (ii) assess the cost-effectiveness of fuel purchase arrangements; and (iii) recover the fuel that was borrowed by partners.	Important	Yes	Assistant Representative for Administration Senior Supply Officer	31 December 2025	The Representation implements internal controls for fuel management that include dedicated staff responsible for managing, monitoring, and following up on all fleet and fuel-related matters across the operation, including in field locations. Established monitoring procedures track fuel receipts and consumption, and regular monthly reconciliations are conducted. Additionally, fuel cards have been extended to field offices where fuel companies are available, enhancing cost-effectiveness. The Representation will further: i) Ensure that staff capacity is strengthened as per their KPIs in fuel and fleet management. Accountability will be made clearer and staff roles better aligned with operational needs. The Representation will develop and implement a training schedule on fleet and fuel management for all relevant colleagues.

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						<p>ii) Conduct a cost-benefit analysis of fuel purchase and maintenance agreements. It will assess the financial impact and operational benefits of various fuel sourcing options, such as utilizing a logistics partner to handle fuel management, as well as evaluating the implications of maintenance agreements, including those involving partner fleets. The findings will guide decision-making and help inform strategies for improving both fleet and fuel management.</p> <p>iii) Reinforce fleet management controls including calibrating fuel tanks, reviewing consumption rates, establishing fuel quotas, and reconciling fuel received to what is dispensed.</p> <p>It will undertake an assessment of the possibility of using alternative energy resources. It will conduct a follow up to recover fuel borrowed by partners ensuring full reimbursement</p>
10	The UNHCR Representative in Ethiopia should: (i) conduct its security needs assessment and rationalize the security service contract; and (ii) strengthen its contracts management regarding the utility company for water provision including implementation of the recommendation from the related consultancy review.	Important	Yes	Principal Situation Coordinator Assistant Representative for Administration	31 December 2025	<p>i) The Representation will conduct an assessment to inform its security needs.</p> <p>ii) The Representation will strengthen its contracts management regarding the utility company for water provision and follow through with the implementation of the</p>

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						consultancy recommendations. review