



INTERNAL AUDIT DIVISION

REPORT 2024/096

Audit of operations in Egypt for the Office of the United Nations High Commissioner for Refugee

The Representation effectively responded to emergencies; however, there was a need to strengthen planning, implementation and monitoring of programmes to ensure that services are delivered in a timely, cost-effective and sustainable manner

27 December 2024

Assignment No. AR2024-131-01

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

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of operations in Egypt 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 Egypt was managing the delivery of services to forcibly displaced persons in a cost-effective manner and in accordance with UNHCR's policy requirements. The audit covered the period from 1 July 2022 to 30 June 2024 and included: (a) emergency preparedness and response; (b) access to territory, registration and refugee status determination (RSD); (c) cash-based interventions (CBIs); (d) healthy lives; (e) livelihoods and economic inclusion; and (f) programme delivery modality.

The Representation, alongside partner agencies, provided essential services to refugees and asylum-seekers, notably scaling up registration and protection services in response to the Sudan and Gaza emergencies. However, there were gaps in programme planning, implementation and monitoring, which impacted the Representation's ability to respond expeditiously and cost-effectively across the programmes. The impact of the gaps included increased protection risks arising from unregistered persons as well as registration and RSD backlogs. As the Representation increased its direct implementation of programmes, updated comparative advantage reviews would enhance the implementation of such a transition, especially considering the changed circumstances occasioned by the emergencies.

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

- Develop a transitional plan upon the deactivation of the Level 3 emergency, taking into consideration the results of the real-time review.
- Reinforce its advocacy strategy with the Government to update the signed 1954 memorandum of understanding and clarify stakeholder roles and responsibilities under the refugee response.
- Advocate for the registration of unregistered asylum seekers and refugees in Aswan; develop a plan to address registration backlogs; and enhance security features of identity cards.
- Reinforce anti-fraud measures, including updating related standard operating procedures, enhancing case management systems, and providing targeted training to staff.
- Evaluate the livelihood programme to inform its planning and design processes for effectiveness.
- Strengthen the delivery of its CBI programme by consolidating assessments and distribution for all CBI types and reassessing the vulnerability and eligibility of beneficiaries.
- Review its health strategy to ensure its effectiveness in delivering services to forcibly displaced persons and strengthen the maintenance of health data for decision making.
- Conduct comparative advantage assessments to inform its selection of the more cost-effective implementation modality.
- Reinforce its controls over the selection, management and monitoring of partners; and recover ineligible costs incurred by the main partner.

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

CONTENTS

I. BACKGROUND	1
II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY	2
III. AUDIT RESULTS	2-11
A. Emergency preparedness and response	2-4
B. Access to territory, registration and refugee status determination	4-6
C. Livelihoods and economic inclusion	6-7
D. Cash-based intervention	7-8
E. Healthy lives	8-10
F. Programme delivery modality	10-11
IV. ACKNOWLEDGEMENT	11
ANNEX I	Status of audit recommendations
APPENDIX I	Management response

Audit of operations in Egypt 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 operations in Egypt for the Office of the United Nations High Commissioner for Refugees (UNHCR).

2. The UNHCR Representation in Egypt (hereinafter referred to as ‘the Representation’) was established in 1954 to provide forcibly displaced persons with protection services, including all aspects of registration, documentation, refugee status determination (RSD) and resettlement. The Arab Republic of Egypt is a signatory to the 1951 Convention and its 1967 Protocol relating to the status of refugees and the 1969 Organization of African Unity Convention governing refugee matters in Africa. The formal bilateral agreement governing cooperation between the Government of Egypt (the Government) and UNHCR was established by a Memorandum of Understanding (‘the MoU’) signed in 1954.

3. The Representation had a total of 682,945 refugees and asylum-seekers from 62 countries at the end of June 2024, comprising 402,224 Sudanese (59 per cent), 156,465 Syrians (23 per cent), and 124,256 other nationalities (18 per cent). UNHCR declared several emergencies affecting Egypt, primarily related to influxes from Sudan. Two of these emergencies were still active at the time of the audit, i.e., a (i) Level 3 (L3) emergency related to the Sudan situation in April 2023; and (ii) Level 2 (L2) emergency declared in November 2023 for the Gaza situation.

4. The Representation was headed by a Representative at the D-1 level who reported to the Director of the Regional Bureau for the Middle East and North Africa region. As of 30 June 2024, the Representation had 214 regular staff positions and 244 affiliate workers. The Representation Office in Cairo was situated in three locations, and it also had a Field Office in Alexandria. It did not have a physical presence in Aswan to cover the southern region due to Government restrictions.

5. The Representation’s programme expenditure totaled \$45 and \$53 million in 2022 and 2023, respectively. In 2024, its expenditure totaled \$54 million as of 30 September. As shown in Table 1, it worked with 10, 11 and 14 implementing partners in 2022, 2023 and 2024, respectively.

Table 1: Overall budget and expenditure structure (in United States dollars in millions)

<i>Year</i>	<i>Total programme expenditure</i>	<i>Implementing partner (count)</i>	<i>Implementing partner expenditure</i>	<i>Implementing partner expenditure (percentage)</i>
2022	44.9	10	13.3	40
2023	53.0	11	11.5	29
2024*	54.0	14	7.6	15

**As of September 2024*

6. UNHCR relies on its corporate systems for managing its operations. These systems include: (a) Workday for human resources; (b) COMPASS, 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.

7. Comments provided by UNHCR are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

8. The objective of the audit was to assess whether the UNHCR Representation in Egypt was managing the delivery of services to forcibly displaced persons in a cost-effective manner and in accordance with UNHCR's policy requirements.

9. 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.

10. OIOS conducted this audit from August to September 2024. The audit covered the period from 1 July 2022 to 30 June 2024. Based on an activity-level risk assessment, the audit covered higher and medium risk areas, which included: (a) emergency preparedness and response; (b) access to territory, registration and refugee status determination (RSD); (c) cash-based interventions (CBI); (d) healthy lives; (e) livelihoods and economic inclusion; and (f) programme implementation modalities.

11. The audit methodology included: (a) interviews with key personnel at the regional bureau and country operation and focus group discussion with selected beneficiaries, the office of the United Nations Resident Coordinator, and two other United Nations agencies; (b) a review of relevant documentation; (c) analytical review of data, including financial data from the MSRP and Cloud ERP and performance as well as registration and case management data from COMPASS, and proGres respectively; (d) sample testing of controls; and (e) field visits to Aswan, and the Representation's Offices in Cairo and Alexandria, seven implementing partners, and selected project sites.

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

III. AUDIT RESULTS

A. Emergency preparedness and response

Need to enhance the contingency plan for an effective emergency response

13. UNHCR declared and escalated emergencies related to the Sudanese influx from Level 1 to 3 between 17 May 2023 and 21 December 2023¹. A Level 1 emergency declared for the Middle East (Gaza situation) on 17 October 2023 was deactivated on 28 October 2024. A review of the Representation's preparedness for the L3 and L1 emergencies identified gaps which impacted its ability to proactively anticipate, prepare and effectively respond to the emergency. For instance:

- The contingency plan was not updated to cater to the increased numbers, i.e., the projected number in the plan was 250,000 whereas government records estimated 1.2 million Sudanese refugees had crossed into Egypt by September 2024. [REDACTED]

¹UNHCR may declare one of three emergency levels, depending on the magnitude, complexity and consequences of the humanitarian crisis compared to the existing capacity of the operation(s) and bureau(x) concerned. The operation responds on its own for Level 1, at Level 2, it requires the support of the Bureau to respond and at Level 3, it is an organization wide response.

- The contingency plan also did not have comprehensive actions regarding education, health, and livelihoods, and this impacted the response, as noted in Sections C and F below.
- There were no business continuity plans to ensure continued operations in locations with heightened risks. As a result, the Representation was faced with challenges in providing services to forcibly displaced persons in some areas, as elaborated in Section B.

14. The additional funding and staff provided by UNHCR will reduce once the L3 emergency is deactivated on 19 February 2025; if not well planned, this carries a high risk that the Representation’s capacity and resources would be inadequate to sustain the gains made during the emergency. The real-time review² by UNHCR also identified this risk and recommended to address underfunding, limited operational resilience and restricted access to the territory. The Representation had not implemented the recommendation at the time of the audit, nor did it have plans to ensure continued assistance and support to forcibly displaced persons once the emergency is deactivated.

15. Ten of the 15 staff interviewed cited huge workloads and irregular working hours since most started work at 6 am in the morning. The Representation took action to address the working conditions and welfare of staff in the registration and RSD units in Alexandria and Cairo, with decreases in sick leave and resignation rates noted. However, the following gaps remained that contributed to low staff morale and reported burnout:

- Interview rooms lacked essential features such as privacy, adequate security measures, proper ventilation, and panic buttons, which were critical for ensuring a secure and dignified environment for both staff and individuals seeking assistance. These gaps contributed to incidents of physical assaults on staff by refugees and asylum seekers.
- The Representation’s commitment to provide staff with psychosocial support so they can cope with working in a high-pressure environment, as outlined in the risk register with a due date of April 2024, remained unfulfilled.
- Forty-two staff had not completed the mandatory training course, including 32 staff for the “Prevention of Sexual Exploitation and Abuse” course.

(1) The UNHCR Representation in Egypt, in collaboration with the Regional Bureau of the Middle East and North Africa, should develop a transitional plan upon the deactivation of the Level 3 emergency taking into consideration the results of the real-time review.

UNHCR accepted recommendation 1 and stated that the Level 3 emergency for Sudan declaration had been extended for an additional three months until 19 February 2025. Accordingly, the Representation will prepare a transitional plan.

Need to reinforce advocacy with the Government regarding the coordination of the response

16. The Representation revised the signed 1954 MoU between UNHCR and the Government in 2021; however, gaps in the immunities remained unaddressed, which impacted the Representation’s operations during the emergency. For instance, it was unable to set up an office in Aswan. This and the restrictions to access the border meant that the Representation had to deploy staff from Cairo on extended missions, which increased related travel costs to \$804,158 in 2023-2024. It also impacted the Representation’s ability

² Real time reviews assess the timeliness, appropriateness and effectiveness of UNHCR’s response to the emergencies.

to effectively oversee the emergency response. The MoU also did not clearly articulate immunities, with the Representation unable to recover value added tax totaling \$595,759 in the period under audit.

17. The Representation also did not, in its preparedness actions, clarify the roles and responsibilities of United Nations agencies and stakeholders in the Gaza response. [REDACTED]

[REDACTED] A strengthened advocacy strategy could have ensured clearer mandates and alignment of leadership roles to avoid contention and inefficiencies.

18. The Representation also lacked data-sharing agreements with key stakeholders affecting its ability to make informed decisions regarding Palestinian refugees in Egypt. This gap limited its oversight, as implementing partners withheld beneficiary data, citing data protection policies. The absence of these agreements underscored the need for an advocacy strategy to engage the Government and other stakeholders in establishing transparent data-sharing protocols that align with protection principles. This would reinforce the Representation's ability to fulfill its protection mandate effectively.

(2) The UNHCR Representation in Egypt, in collaboration with the Regional Bureau of Middle East and North Africa, should reinforce its advocacy with the Government and key stakeholders aimed at: (a) ensuring that revisions to the 1954 memorandum of understanding provide enhanced operational immunities and access, (b) clarifying its leadership roles and responsibilities under the refugee response; and (c) establishing data-sharing agreements and accessing key data on displaced persons for its decision making.

UNHCR accepted recommendation 2 and stated that that it will continue advocating for the revision of the memorandum of understanding in line with the new asylum law gazetted on 16 December. It will also ensure that its leadership role in refugee coordination is clarified, and data-sharing discussions are ongoing with further agreements under negotiation with key stakeholders.

B. Access to territory, registration and refugees status determination

Need to address backlogs and improve the security of identification cards

19. The influx of asylum seekers significantly increased the need for registration and RSD services. In order to meet the increased protection needs, the Representation established the 'Infoline' helpline operated by 30 operators and 60 interpreters to improve Sudanese refugees access to registration and legal representation. To address the overcrowding in its offices, the Representation in August 2024 rolled out the online Registration Appointment Tool, which increased registration appointments by 15 per cent within a month. It also raised EUR 28 million from two donors to support registration and RSD activities. The Representation also bolstered its capacity³, thereby increasing registrations from 4,000 to over 35,000 individuals per month. The Representation also contracted a Short Messages system (SMS)-based notification system for notifying asylum seekers of interviews.

20. Despite these efforts and achievements, however, OIOS noted challenges and gaps as below:

(a) The registration backlog persisted

³ It hired 127 emergency registration Response Team members, 30 temporary staff and 101 affiliated workforce.

21. There were 36,214 asylum seekers (30 per cent) remaining unregistered at the time of the audit. The Representation advocated for group recognition; however, the extension of group recognition for nationalities like Sudanese, who could manifestly benefit from these efforts and would substantially decrease the backlog of Sudanese asylum seekers, did not materialize. Furthermore, the Government estimated that there were an estimated nine million undocumented Sudanese in Egypt, most of whom did not intend to approach UNHCR for registration and were susceptible to arrests and deportation. This was attributed to: (i) the Representation's inability to open an office in Southern Egypt, which impacted their ready access to registration services as they entered the territory; and (ii) the Government's \$1,000 fee which deterred many Sudanese from registering.

(b) Identification cards were not issued timely and lacked security features

22. Upon registration, the Representation's timely preparation of identification cards was impacted by frequent electricity cuts as well as the breakdown of generators and printers. As a result, the Representation had issued only 32 percent of the identification card target. Further, eligibility officers took 15–30 minutes to prepare a card, which diverted them from conducting interviews. These factors contributed to delays in registrations and resulted in the need to reschedule over 700 registration cases each day. Moreover, the identification cards were made of laminated paper, which lacked security features and thus were susceptible to fraud and could be easily damaged. The Representation's plans to transition to plastic cards with Quick Response codes had not materialized at the time of the audit.

(c) Refugee status determination processing time significantly increased

23. The average processing time from registration to first notification for an RSD interview increased from 1,078 days in 2023 to 1,324 in 2024 against the UNHCR standard of 210 days. To address this, the Representation in 2023: (i) merged the registration and RSD processes; (ii) simplified RSD for Eritrean and South Sudanese nationals; and (iii) merged RSD and resettlement for six per cent of the asylum seekers. It also established new RSD processing to address the low recognition rates for Nigerian and Guinean asylum seekers. Despite these actions, backlogs remained prevalent, with 504,939 individuals (88 per cent of whom were from Sudan, South Sudan, and Eritrea) not having undergone RSD by August 2024.

24. The Government took up to 730 days against a target of 180 days to determine the status of asylum seekers and process residence permits. This increased the waiting times for residence permits from 25 days in 2022 to 698 days in 2024.

25. The backlog and delays in RSD above reflected gaps in government capacity, with targets for training officials not met. For instance, only 105 partner staff out of a target of 340 were trained between 2022 and 2024. Delays in getting residence permits impacted asylum seekers' access to essential services like healthcare, legal assistance and CBIs, thereby increasing their protection risks and vulnerability.

(3) The UNHCR Representation in Egypt should: (a) reinforce its advocacy with the Government for the registration of unregistered asylum seekers and refugees in Aswan; (b) develop a plan to address registration backlogs and enhance security features of identity cards; and (c) strengthen the national asylum management capacity taking into consideration the new national asylum law.

UNHCR accepted recommendation 3 and stated that the Representation would continue advocating for Government approval to register in Aswan while developing a plan to clear registration backlogs and transitioning to plastic identity cards by 2025. The Representation was also preparing to strengthen state asylum management capacity, aligning with the new asylum law.

Need to reinforce gaps in instituted anti-fraud measures

26. As part of its anti-fraud mechanisms for addressing fraud committed by forcibly displaced persons, the Representation developed standard operating procedures (SOPs) and installed an integrity officer. However, the following areas needed to be addressed to mitigate the risk of fraud:

- The SOPs needed to be updated, and the self-assessment conducted in 2023 updated accordingly to ensure the Representation's continued compliance with the new UNHCR global anti-fraud policy.
- The new non-protection staff inductions did not include anti-fraud training. Staff also needed to have a refresher training on the Code of Conduct.
- Staff at the Alexandria Field Office were giving their personal contacts to refugees and asylum seekers, citing lack of official resources. This raised the risk of fraud.
- A review of 15 resettlement cases revealed that proper protection records were not maintained; this raised the risk of loss of key documents as well as compromise the confidentiality and integrity of refugee data. In addition, (i) the Representation lacked a proper filing and documentation system, with files scattered on the store floor; (ii) there were inconsistencies in updating of records across units, with key protection documents not on files; no mechanisms were in place to have files regularly reviewed by independent senior officials; and (iii) records showed that biometric verification of applicants was not consistently conducted. If unaddressed, inadequate record keeping also raises the risk of fraud.

(4) The UNHCR Representation in Egypt should reinforce fraud prevention measures, including updating related standard operating procedures, enhancing case management systems, and providing targeted training to staff on fraud committed by forcibly displaced persons.

UNHCR accepted recommendation 4 and stated that the Representation will continue updating its integrity/anti-fraud action plan, refining standard operating procedures, and offering training. Identified fraud risks will be managed via a risk register, with ongoing prevention, detection, and response measures continuing during the Sudan emergency and transition.

C. Livelihoods and economic inclusion

Need to strengthen the planning and design of livelihoods programmes

27. The Representation's Livelihoods and Economic Inclusion Strategy (2024–2027) was aligned with UNHCR's global strategy. The programme was, however, constrained by a 34 per cent reduction in the budget in 2024. Despite the limited available funding, only 26 per cent of the \$1.1 million expenditure in 2023 was spent on livelihoods. The remainder (74 per cent) went towards staff and overhead costs.

28. The livelihoods programme aimed to enhance refugee self-reliance through skills development, entrepreneurship support, and employment facilitation. Only 592 out of 75,255 working-age refugees were able to secure jobs. This was attributed to gaps that limited the programme's ability to achieve sustainable livelihoods for its beneficiaries and the absence of programme evaluation, as follows:

- The Representation conducted institutional mapping for employment opportunities provided by government institutions, which was unnecessary considering that the country’s legal framework prohibited refugees from accessing formal employment. Furthermore, while the Representation conducted a socio-economic and market assessment in 2021 to inform the design of its livelihoods programme, the resultant recommendation, i.e., to develop an advocacy policy to create a national consensus for establishing a world-class business environment and maintaining close liaison with stakeholders, had not been implemented at the time of the audit.
- The Representation supported 2,713 refugees with skills training, entrepreneurship assistance and cash to start businesses under its livelihoods programme. However, it lacked criteria for prioritizing the vulnerable applicants for the programme. Further, the provision of cash to refugees to start businesses was not accompanied by targeted training and monitoring to ensure their success.
- Vocational training programmes, such as those in carpentry and satellite dish repair, lacked alignment with market demands. A review of 15 cases revealed that less than 20 per cent of trainees found related jobs after completing training. The Representation also did not have a proper programme for placing refugees in jobs and had not developed a database detailing refugees’ education, skills, and job preferences for consideration under the placement programme at the time of the audit.

(5) The UNHCR Representation in Egypt should enhance the planning and design of the livelihoods programme through an appropriate evaluation.

UNHCR accepted recommendation 5 and stated that the Representation would continue refining its livelihoods programming, management, and monitoring mechanisms aligning with global standards. Lessons learned and stakeholder feedback will guide improvements, aiming to ensure the programme remains adaptive and effective for beneficiaries and partners.

D. Cash-based interventions

Need to strengthen planning, distribution and monitoring in cash-based interventions

29. The Representation had spent a total of \$38 million to support refugees through CBI. Despite the Representation’s provision of different grants to refugees and asylum seekers to support their wellbeing and basic needs, 35,115 eligible households remained on the Multi-Purpose Cash Assistance (MPSCA) waiting list by the end of December 2023.

30. The eight-member CBI team engaged other United Nations agencies on targeting. The team was also working on streamlining CBI activities through financial service providers (FSPs) and establishing a shared data repository. However, the effectiveness of the CBI programme was impacted by the following:

- The Representation’s analysis in December 2021 identified 3,184 ineligible cases receiving MPCA. It, however, removed these beneficiaries from the beneficiary list only in 2023, and this resulted in payments to ineligible beneficiaries in 2022 totaling EGP 65 million (\$1.32 million). Furthermore, the reassessment of the eligibility of beneficiaries was irregular until September 2023. Thus, at the time of the audit, it had only reassessed 12,288 MPCA recipients, with another 5,232 still pending. These reassessments identified an additional 3,392 beneficiaries who were ineligible for receiving MPCA.

- FSPs conducted separate assessments and compiled multiple distributions and accompanying payment lists for the different types of CBIs. In 2023 alone, there were 73 transfers. This increased staff workload and FSP fees as well as resulted in delays and long waiting times for refugees to get their money at FSP Offices.
- The Representation did not record data relating to the “cash for delivery” in Activity Info, the system used for tracking and reporting programmatic activities and outcomes. While other Cash-CBI components, such as multi-purpose cash assistance and cash for education, were included, the omission of “cash for delivery” data created a gap in the completeness of CBI data, which complicated efforts to verify the accuracy of assistance provided and reliable CBI data for decision making in effective planning and resource allocation.
- There were discrepancies noted in CBI data reported in COMPASS and underlying systems such as Activity Info and Refugee Assistance Information System (RAIS). For example, there was a difference of 20,612 CBI records related to education assistance and 3,054 records related to child protection assistance recorded in Activity Info and COMPASS. This occurred because COMPASS tracked data at the household level, whereas other systems captured data at both the household and individual levels. These variances created challenges in data reconciliation and reporting.

31. The Representation worked with the one implementing partner that was authorized to access border areas to provide services to refugees and asylum seekers under the Sudan and Gaza situation. The audit, however, also noted from a review of expenditures that most of the partner costs went toward staff salaries and administration costs. This left minimal resources available for meeting the essential needs of forcibly displaced persons. For instance, over EGP 3 million (\$61,150) was spent on staff salaries between January to June 2024, yet only EGP 312,500 (\$6,370) was allocated to CBIs in the same period. The Representation attributed this to the nature of activities that were labor intensive.

(6) The UNHCR Representation in Egypt should strengthen the delivery of cash-based intervention (CBI) programme by: (a) consolidating assessments and distribution for all CBI types; (b) reinforcing its processes for reassessing the vulnerability and eligibility of beneficiaries; and (c) strengthening the management of data for decision making.

UNHCR accepted recommendation 6 and stated that the Representation would continue collaborating with the United Nations agency and the government’s statistical body to launch an updated joint vulnerability assessment for 2025 joint vulnerability assessment while harmonizing various CBI models. Verification exercises have been progressing. The Representation was aligning reporting across COMPASS and Activity Info, strengthening data accuracy.

E. Healthy lives

The planning, implementation and monitoring of health programmes needed improvement

32. The Representation worked with four partners and spent \$12 million on the activities for the health programme between 2022 to September 2024. These activities supported over 376,050 refugees and asylum seekers provided through a network of 20 primary healthcare (PHC) centers. The secondary healthcare (SHC) services were provided through a framework agreement with private hospitals, university hospitals, and the Ministry of Health and Population. However, OIOS observed gaps in the planning, implementation, and monitoring of the programme.

(a) The strategy had gaps.

33. The Representation developed the health strategy (2022–2027) and accompanying standard operating procedures to guide its interventions. However, the Representation had not effectively engaged key stakeholders, particularly the Ministry of Health and affected refugee communities, during the development of the strategy. As a result, there were important gaps:

- The strategy lacked a roadmap to ensure its effective implementation, especially regarding the inclusion of refugees in national systems. It also did not have indicators and targets against which the progress of implementation would be measured.
- The strategy was not updated to address the findings of the annual Health Access and Utilization Survey. For instance, it did not cater to the increased need for non-communicable disease treatments among Sudanese refugees following the 2023 crisis.

(b) There were important gaps that affected the programme effectiveness.

34. OIOS observed important gaps in partner management and data management that affected the programme effectiveness, as below:

- A review of the referral system data between January and February 2024 showed that in this two-month period, the Representation incurred EGP 7.9 million in referrals for 105 patients requiring secondary or tertiary healthcare services. Of these, only 20 cases (costing EGP 1.1 million) were promptly reviewed and approved by the Exceptional Care Committee. The remaining 85 patients, averaging EGP 80,000 per case, were recognized only after costs had accrued, underscoring the Representation’s lack of timely oversight and effective resource utilization.
- The three partners in the health programme procured \$5.6 million in pharmaceuticals but did not publicize tenders, thereby impacting the responses received. The criteria employed during evaluations also differed from what was listed in solicitation documents, thereby undermining transparency. Partners also signed framework agreements for the supply of medicines with six vendors without conducting financial evaluations or price negotiations. The audit also noted that savings from discounts secured by partners⁴ were not passed on to the Representation due to the gaps in the partnership agreement, resulting in potential overpayments of \$204,000 based on sampled transactions.
- The Representation did not utilize corporate tools such as RAIS to track and consolidate healthcare data across partners. Data from primary and secondary healthcare units was fragmented across different databases and offline spreadsheets, limiting the ability to analyze trends and track patient histories comprehensively.
- The Representation did not have a centralized complaints mechanism to support the tracking and analysis of issues. In 2024, the Representation received 132 complaints through five separate mechanisms, and the complaints had not been analyzed. Seventeen of the beneficiaries interviewed had limited awareness of existing feedback channels, with only two knowing about complaint boxes.

⁴ The partners obtained 15 per cent discounts on domestic products and 4 per cent for foreign products

- (7) The UNHCR Representation in Egypt should: (a) update its health strategy to ensure its effectiveness in delivering services to forcibly displaced persons; (b) strengthen the maintenance of referral records and health data for decision making; and (c) reinforce the tendering processes conducted by health partners to ensure best value is obtained.**

UNHCR accepted recommendation 7 and stated that the Representation would finalize the updated health strategy by April 2025, incorporating stakeholder feedback and aligning with COMPASS. It would also be establishing improved systems for referral records and training new implementing partners on tendering processes, ensuring better value and service delivery.

F. Programme delivery modality

Need for a comparative advantage review to determine more cost-effective implementation modality

35. The Representation outlined several activities where direct implementation was chosen over partner implementation due to specific operational, risk, and capacity reasons. The Representation increased its direct implementation of programmes from 71 per cent (\$40 million) in 2023 to 85 per cent (\$43 million) in 2024, thereby reducing partner implementation.

36. The Representation conducted a comparative advantage review in 2022 to inform its decision on whether to directly implement or work through partners. The Representation needed to update the comparative advantage reviews to address the following aspects and enhance the implementation, especially considering the changed circumstances occasioned by the emergencies:

- The Representation’s decisions should be supported by proper due diligence, particularly regarding the capacity to implement programmes. For instance, its decision to directly implement registration and RSD programmes, although justified, resulted in challenges in implementation due to gaps in the Representation’s capacity. As already noted, this contributed to huge backlogs in registration and RSD.
- The Representation also needed to consider ways to improve its cost-effectiveness. The Representation spent much of the direct implementation funding on staff and administration costs, thereby leaving limited resources for meeting the needs of forcibly displaced persons. For instance, only \$28.7 million of the operating level budget of \$54.6 million went towards operations in 2023 on direct implementation compared to \$11.2 million staff cost. Additionally, as of June 2024, rental and maintenance costs for the four-office premises totaled \$4.4 million.
- The Representation relied on affiliates to deliver services, with them comprising 57 per cent of staffing, which exceeded the UNHCR recommended 30 per cent threshold. The heavy reliance on affiliates brought a temporary solution to staffing gaps, but it presented other risks; with their involvement in critical roles contravening UNHCR’s accountability structures and their high turnover potentially disrupting programmes. The Representation did not have a plan to rationalize the affiliate numbers at the time of the audit.
- The Representation needed to strengthen controls for managing directly implemented projects. OIOS noted that the establishment of internal direct implementation agreement was a good practice, which, however, lacked detailed approved budgets and workplans to guide direct implementation activities. The agreement documents also lacked quality indicators and targets for measuring the performance of activities. Also, contrary to the agreement, mid-year reviews were not conducted in 2023.

(8) The UNHCR Representation in Egypt should conduct comparative advantage assessments to inform its selection of the more cost-effective direct implementation modality.

UNHCR accepted recommendation 8 and stated that the Representation will finalize a comparative advantage assessment framework by January 2025 and keep gathering performance data to identify cost-effective strategies. The Representation was consulting with the Regional Bureau, the Controller, and IMAS on cost-benefit analyses and ensuring continuous monitoring of chosen modalities.

Need to improve controls over selection and monitoring of partners

37. In 2022, the UNHCR's Inspector General's Office conducted an investigation, and the Representation commissioned a special audit on the largest implementing partner, which identified irregular and ineligible payments as well as potentially fraudulent activities totaling EGP 34.1 million (\$1.8 million). These were related primarily to procurement and human resource activities. Similar control gaps had been identified and reported in the earlier 2016 OIOS report (2016/047). The Representation was still to recover the ineligible costs since the partner disputed some of the special audit findings.

38. Despite the issues above, the Representation increased the concerned partner's budget in 2023 without evaluating whether there were other organizations that could provide the services or instituting additional controls to mitigate capacity gaps, safeguard resources and ensure delivery of services to displaced persons. Consequently, the Representation's Project Control Unit identified still more issues with the same partner, including low implementation rates and unexplained gaps between the budget and expenditure. This resulted in further losses, such as the expenditure for renovation of the partner offices in 2023 for EGP 3.3 million (\$105,902), which was not in the budget and, therefore, ineligible. The partner also did not follow proper procurement procedures for the renovation.

39. The above shortcomings further evidenced the need to reinforce the selection and monitoring of implementing partners. OIOS noted that the Representation's Implementing Partners Management Committee did not conduct in-depth assessments to inform its decisions on which partners to select for programme implementation in 2024. Additionally, contrary to guidance, it waived competitive selection for some partnerships, the combined value of which was over the \$100,000 limit.

(9) The UNHCR Representation in Egypt should: (a) reinforce its controls over the selection and monitoring of partners, including the function of the Implementing Partners Management Committee; and (b) recover ineligible costs incurred by the main partner.

UNHCR accepted recommendation 9 and stated that the Representation would enhance partner selection and monitoring by reviewing processes and providing capacity-building for IPMC members and partners. Financial oversight mechanisms will continue to address ineligible costs.

IV. ACKNOWLEDGEMENT

40. 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 Egypt for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	C/ O ⁷	Actions needed to close recommendation	Implementation date ⁸
1	The UNHCR Representation in Egypt, in collaboration with the Regional Bureau of the Middle East and North Africa, should develop a transitional plan upon the deactivation of the Level 3 emergency taking into consideration the results of the real-time review.	Important	O	Receipt of evidence of a transitional plan post 19 February 2025 with accompanying action to be taken for effective implementation.	28 February 2025
2	The UNHCR Representation in Egypt, in collaboration with the Regional Bureau of Middle East and North Africa, should reinforce its advocacy with the Government and key stakeholders aimed at: (a) ensuring that revisions to the 1954 memorandum of understanding provide enhanced operational immunities and access, (b) clarifying its leadership roles and responsibilities under the refugee response; and (c) establishing data-sharing agreements and accessing key data on displaced persons for its decision making.	Important	O	Receipt of evidence of (i) updated memorandum of understanding providing for enhanced operational immunities and access, clarifying its leadership roles and responsibilities under the refugee response; (ii) data-sharing agreements with key stakeholders.	31 December 2025
3	The UNHCR Representation in Egypt should: (a) reinforce its advocacy with the Government for the registration of unregistered asylum seekers and refugees; (b) develop a plan to address registration backlogs and enhance security features of identity cards; and (c) strengthen the national asylum management capacity taking into consideration the new national asylum law.	Important	O	Receipt of evidence of action plan for (i) the registration of unregistered asylum seekers and refugees; (ii) addressing registration backlog and secure identity cards, and (iii) national asylum management capacity activities.	31 December 2025

⁵ 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.

⁶ 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.

⁷ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁸ Date provided by UNHCR in response to recommendations. [Insert "Implemented" where recommendation is closed; (implementation date) given by the client.]

STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	C/ O ⁷	Actions needed to close recommendation	Implementation date ⁸
4	The UNHCR Representation in Egypt should reinforce fraud prevention measures, including updating related standard operating procedures, enhancing case management systems, and providing targeted training to staff on fraud committed by forcibly displaced persons.	Important	O	Receipt of evidence of enhanced fraud prevention measures, including updated standard operating procedures on fraud committed by forcibly displaced persons.	31 March 2025
5	The UNHCR Representation in Egypt should enhance the planning and design of the livelihoods programme through an appropriate evaluation.	Important	O	Receipt of evidence of an evaluation to inform the planning and design of the livelihoods programme.	31 December 2025
6	The UNHCR Representation in Egypt should strengthen the delivery of cash-based intervention (CBI) programme by: (a) consolidating assessments and distribution for all CBI types; (b) reinforcing its processes for reassessing the vulnerability and eligibility of beneficiaries; and (c) strengthening the management of data for decision making.	Important	O	Receipt of evidence of the arrangements for enhanced delivery of cash-based interventions, including consolidated assessments, distribution, vulnerability and eligibility assessment and data management for decision making.	31 March 2026
7	The UNHCR Representation in Egypt should: (a) update its health strategy to ensure its effectiveness in delivering services to forcibly displaced persons; (b) strengthen the maintenance of referral records and health data for decision making; and (c) reinforce the tendering processes conducted by health partners to ensure best value is obtained.	Important	O	Receipt of evidence of (i) updated health strategy (ii) action plan for maintenance of referral records, and (iii) arrangements of reinforced tendering process conducted by health partners.	30 April 2025
8	The UNHCR Representation in Egypt should conduct comparative advantage assessments to inform its selection of the more cost-effective direct implementation modality.	Important	O	Receipt of evidence of the arrangement of comparative advantage assessments to inform its selection of the more cost-effective direct implementation modality.	31 December 2025
9	The UNHCR Representation in Egypt should: (a) reinforce its controls over the selection and monitoring of partners, including the function of the Implementing Partners Management Committee; and (b) recover ineligible costs incurred by the main partner.	Important	O	Receipt of evidence of action taken to: (i) reinforce the partner selection and monitoring as well as enhancing partner capacity; and (ii) recover ineligible costs incurred by the main partner.	31 December 2025

APPENDIX I

Management Response

Management Response

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

Rec. no.	Recommendation	Critical ⁹ / Important ¹⁰	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
1	The UNHCR Representation in Egypt, in collaboration with the Regional Bureau of the Middle East and North Africa, should develop a transitional plan upon the deactivation of the Level 3 emergency taking into consideration the results of the real-time review.	Important	Yes	Senior Interagency Coordinator	28 February 2025	The recommendation is accepted, noting that the L3 Sudan declaration has been extended for an additional three months until 19 February 2025. In the meantime, the operation together with Regional Bureau of the Middle East and North Africa (RB MENA) will develop a transitional plan post 19 February
2	The UNHCR Representation in Egypt, in collaboration with the Regional Bureau of Middle East and North Africa, should reinforce its advocacy with the Government and key stakeholders aimed at: (a) ensuring that revisions to the 1954 memorandum of understanding provide enhanced operational immunities and access, (b) clarifying its leadership roles and responsibilities under the refugee response; and (c) establishing data-sharing agreements and accessing key data on displaced persons for its decision making.	Important	Yes	Representative	31 December 2025	The recommendation is accepted, noting that: (a) the Government of Egypt (GoE) has advanced in adopting a national asylum law with the signing by the President and its publication in the Official Gazette on 16 December. In that regard, it will be necessary to revise the Memorandum of Understanding (MoU) to realign UNHCR's operational role in Egypt with the new law. It is noted that an update of the MoU will only be possible once the transition plan is adopted by the GoE and then again at the post-transition period. The related timeline is subject to the agreement with the GoE and all relevant stakeholders. To this end,

⁹ 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.

¹⁰ 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 ⁹ / Important ¹⁰	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						<p>UNHCR Egypt will continue to engage and work closely with the GoE.</p> <p>(b) As the recognized leader of the Refugee Coordination Model (RCM), UNHCR Egypt works closely with the GoE in the response plan process during all phases (design, implementation and monitoring). UNHCR leadership and coordination role of the RCM is acknowledged and appreciated by the GoE and all relevant stakeholders. The Ministry of Foreign Affairs reviews and endorses the Egypt Refugee Response Plan chapters. Technical members of the line ministries and institutions are involved in the sector and sub-sector working groups (i.e. MoE, MoH). Many interagency assessments are conducted with direct involvement of GoE entities (i.e. Central Agency for Public Mobilization and Statistics CAPMAS). During the revision of the MoU with the GoE (as and when related discussions are initiated), UNHCR will further discuss with the GoE the leadership of the RCM. The MoU remains an essential framework to reinforce operational clarity and alignment with evolving priorities.</p> <p>(c) UNHCR Egypt considers data-sharing a priority in order to</p>

Rec. no.	Recommendation	Critical ⁹ / Important ¹⁰	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						further enhance harmonization and efficiency with respect to the refugee response and particularly related to case management and service provision. As of November 2024, in addition to the Data Sharing Agreements (DSAs) related to partnership agreements, UNHCR's data protection approach is to secure a DSA for each partnership that furthers UNHCR's protection mandate. There are 15 DSAs related to partners, including 11 partners, and ongoing DSA-related discussions with the GoE-Ministry of Foreign Affairs (MFA), UNFPA and UNICEF, CAPMAS and World Bank. UNHCR establishes DSAs in all instances where personal data is processed for a purpose.
3	The UNHCR Representation in Egypt should: (a) reinforce its advocacy with the Government for the registration of unregistered asylum seekers and refugees in Aswan; (b) develop a plan to address registration backlogs and enhance security features of identity cards; and (c) strengthen the national asylum management capacity taking into consideration the new national asylum law.	Important	Yes	Deputy Representative	31 December 2025	The recommendation is accepted, noting: a) Undocumented asylum seekers can access registration with UNHCR and obtain UNHCR asylum-seeker certificates in accordance with the established Registration SOPs section 7.1 UNHCR documentation and documents. While presenting identity documents is preferred, the absence of such documents does not prevent asylum seekers from registering with UNHCR or accessing its services.

Rec. no.	Recommendation	Critical ⁹ / Important ¹⁰	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						<p>However, despite reiterated requests to the GoE, UNHCR has no approval to register in Aswan.</p> <p>b) The number of new arrival appointment requests continued to increase with the Sudan situation. In parallel, the processing capacity continued to be scaled up to an average of 38K-40K newly registered individuals per month. As of 1 December 2024, the registration unit successfully processed 68% of individuals with appointments and registered 501,943 new arrivals, of which 95.61% are Sudanese. The 2025 Registration Strategy outlines main goals and objectives aimed at enhancing access to registration, increased efficiency of new arrival registration to clear the backlog and maintaining acceptable percentages of data/documentation validity for refugees already registered. However, the timelines continue to be influenced by the ongoing influx of new Sudanese arrivals and guided by the overall Protection strategy of the operation. It is noteworthy that the UNHCR asylum-seeker and refugee documentation currently being issued incorporates</p>

Rec. no.	Recommendation	Critical ⁹ / Important ¹⁰	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						<p>standard security features, including microtext, watermarks, alphanumeric serial numbers, barcodes, security fibers, and lamination. The operation has plans to transition to Plastic ID cards in 2025 integrated with UNHCR digital app Verify Plus for further enhanced security features.</p> <p>c) Through the 1954 MoU, the GoE delegated the responsibility for refugee status determination (RSD) to UNHCR. While the GoE has advanced a national asylum law that was signed by the President on 16 December 2024, at present, there is no state-led refugee status determination procedure in place, as yet. The operation therefore suggests to re-phrase as follows: “Strengthen state asylum management capacity in view of the recent passing of a national asylum law and support timely and effective GoE RSD procedures, in line with international standards.”</p>
4	The UNHCR Representation in Egypt should reinforce fraud prevention measures, including updating related standard operating procedures, enhancing case management systems, and providing targeted training to staff on fraud committed by forcibly displaced persons.	Important	Yes	Senior Protection Officer/Anti-fraud Focal Point	31 March 2025	The recommendation is accepted, noting that there are on-going measures including: “There has been an integrity/anti-fraud action plan in place since January 2023. The action plan is consulted throughout the year and updated every November

Rec. no.	Recommendation	Critical ⁹ / Important ¹⁰	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						<p>following completion of the fraud vulnerability checklist (self-assessment) as part of the annual risk review process. The self-assessment allows the operation to proactively determine areas of vulnerability to fraud and to guide fraud prevention, detection, and response activities to mitigate risks of fraud which may be committed by forcibly displaced and stateless persons. Identified fraud risks are also incorporated into the operation's risk register to ensure appropriate follow up through proactive treatments. The operation will continue to ensure good practices in relation to fraud prevention, detection, and response, amidst a prolonged emergency response to the Sudan situation and the advent of a transitional period with the GoE, expected after the asylum law enters into force.</p>
5	<p>The UNHCR Representation in Egypt should enhance the planning and design of the livelihoods programme through an appropriate evaluation.</p>	Important	Yes	Assistant Representative-Operations	31 December 2025	<p>UNHCR Egypt appreciates the audit team's recommendation regarding the enhancement of planning and design for the livelihood programme.</p> <p>The UNHCR Representation in Egypt has established strategy, mechanisms and tools for planning, management, and monitoring of livelihood interventions, which are aligned with UNHCR's global standards and best practices. However, in light of the audit</p>

Rec. no.	Recommendation	Critical ⁹ / Important ¹⁰	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						<p>findings, UNHCR Egypt recognizes the value of strengthening these mechanisms further to ensure continuous improvement and greater impact.</p> <p>While the enhanced evaluation framework is subject to the availability of funds, UNHCR will continue to work closely with Regional Bureau and Head Quarters to refine and improve the planning and design process in the interim. This will include incorporating lessons learned from previous programming and regular feedback from stakeholders and beneficiaries to ensure that the programme remains adaptive and effective.</p>
6	<p>The UNHCR Representation in Egypt should strengthen the delivery of cash-based intervention (CBI) programme by: (a) consolidating assessments and distribution for all CBI types; (b) reinforcing its processes for reassessing the vulnerability and eligibility of beneficiaries; and (c) strengthening the management of data for decision making.</p>	Important	Yes	Programme CBI Officer	31 March 2026	<p>In response to the recommendations provided by the Office of Internal Oversight Services (OIOS) concerning the Cash-Based Intervention (CBI) programme, UNHCR is committed to strengthening our operations better to serve the refugee and asylum-seeker populations in Egypt.</p> <p>(a) Consolidating assessments and distribution</p> <p>UNHCR is collaborating closely with WFP and the joint targeting hub to develop an updated joint vulnerability assessment. This effort aims to ensure a comprehensive analysis of the needs of the refugee and asylum-seeker populations. Key actions taken include:</p>

Rec. no.	Recommendation	Critical ⁹ / Important ¹⁰	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						<ul style="list-style-type: none"> • Completion of quantitative data collection: CAPMAS, Egypt's government statistical body, has successfully completed this phase. • Upcoming qualitative data collection: It is scheduled to begin in Q1 2025, and recruitment for a coordinator is underway in coordination with WFP. This coordinator will focus on data analysis and the launch of the new assessment model in 2025. <p>Additionally, UNHCR Egypt is engaging in discussions with senior management and sector leads to harmonize different types of cash-based interventions by reviewing existing assessment and targeting models. UNHCR Egypt aims to identify potential areas for consolidation with the Multi-Purpose Cash Assistance (MPCA) programme and the new methodologies for assessment, targeting, and distribution.</p> <p>(b) Reinforcing processes for reassessing vulnerability and eligibility</p> <p>Since 2023, UNHCR Egypt started conducting a verification exercise that led to the exclusion of 3,427 households from the MPCA programme. Selection measures included:</p>

Rec. no.	Recommendation	Critical ⁹ / Important ¹⁰	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						<ul style="list-style-type: none"> • Referring all cases with assessments older than two years to our implementing partner for re-assessment. • Reviewing approximately 10,000 cases listed on the bimonthly MPCA list, resulting in exclusions for file closures, inactivation, or cases that no longer meet eligibility criteria. <p>(Evidence: Recommendation 6) As a result of these efforts, 5,300 newly eligible households have been added to the list of beneficiaries, ensuring that the assistance effectively reached those in greatest need.</p> <p>(c) Strengthening data management for decision making At the start of 2024, meetings were convened with Programme and MENA RB colleagues to align reporting mechanisms and ensure consistency between COMPASS and Activity Info. Actions taken include:</p> <ul style="list-style-type: none"> • Enhanced coordination between the CBI team and sector leads to compile and manage data on cash recipients, ensuring accurate beneficiary reporting across both platforms. <p>The CBI team, with the support of UNHCR senior management, is exploring new structures for disbursement. Coordination efforts are focused on improving processes related to assessment, targeting,</p>

Rec. no.	Recommendation	Critical ⁹ / Important ¹⁰	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						transfer values, distribution, verification, and monitoring to eliminate duplication. UNHCR is dedicated to implementing OIOS' recommendations and appreciates the ongoing support as UNHCR Egypt enhance the effectiveness of its CBI programme.
7	The UNHCR Representation in Egypt should: (a) update its health strategy to ensure its effectiveness in delivering services to forcibly displaced persons; (b) strengthen the maintenance of referral records and health data for decision making; and (c) reinforce the tendering processes conducted by health partners to ensure best value is obtained.	Important	Yes	Public Health Officer	30 April 2025	The UNHCR Representation in Egypt is committed to enhancing its health strategy and addressing the recommendations provided by OIOS. (a) An update of the health strategy is ongoing. This revision involves engaging with key health stakeholders to gather insights and feedback. UNHCR Egypt will review and refine existing objectives and activities, ensuring they reflect the significant contextual changes of the past two years. Additionally, UNHCR Egypt will clarify the criteria for support to the Ministry of Health (MoH) and align all objectives and activities with specific indicators and targets within the COMPASS framework. (b) To strengthen the maintenance of referral records and health data, UNHCR Egypt is transitioning its implementing partners for both Primary and Secondary Health Care programs. As part of this transition, UNHCR Egypt will establish improved monitoring systems

Rec. no.	Recommendation	Critical ⁹ / Important ¹⁰	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						<p>including introducing corporate tools where possible that will enable UNHCR to accurately track and maintain individual patient records. This enhanced data management will facilitate better decision-making, effective planning, and timely interventions in case of any irregularities in service delivery.</p> <p>(c) UNHCR Egypt will thoroughly review its policy on tendering processes involving pharmacies and health partners. The transition to new implementing partners will include comprehensive training focused on procurement and tendering best practices. This training is aimed at ensuring that the partners adhere to effective tendering processes, ultimately enhancing value and service delivery across health programs.</p> <p>UNHCR Egypt is committed to ensuring the effectiveness of its health services for forcibly displaced persons and appreciate the guidance provided through this audit recommendation.</p>
8	The UNHCR Representation in Egypt should conduct comparative advantage assessments to inform its selection of the more cost-effective direct implementation modality.	Important	Yes	Assistant Representative-Operations	31 December 2025	<p>UNHCR Egypt acknowledges the OIOS recommendation that the UNHCR Representation in Egypt should conduct comparative advantage assessments to inform its selection of the most cost-effective direct implementation modality.</p> <p>UNHCR Representation in Egypt agrees with this recommendation and</p>

Rec. no.	Recommendation	Critical ⁹ / Important ¹⁰	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						<p>would like to highlight that it has already taken corrective measures by implementing the following actions:</p> <ol style="list-style-type: none"> 1. Comparative advantage assessment framework: UNHCR is working on establishing a structured framework to evaluate different implementation modalities based on their cost-effectiveness and operational efficiency that will be concluded by January 2025. 2. Data collection and analysis: UNHCR Egypt has gathered and analyzed relevant performance data from previous projects to identify the most successful and cost-effective strategies. 3. Stakeholder engagement: UNHCR Egypt is in consultation with the Regional Bureau, Controller, and IMAS to improve its cost-benefit analysis and incorporate diverse insights regarding the effectiveness of various implementation options. 4. Ongoing review process: UNHCR Egypt will continue collaborating with IMAS, the Regional Bureau, and the Controller to enhance the cost-benefit analysis framework, reviews, and monitoring process and ensure our implementation modalities are continually

Rec. no.	Recommendation	Critical ⁹ / Important ¹⁰	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						<p>assessed for optimal performance.</p> <p>This comparative advantage assessment exercise will be conducted in line with the existing strategy to ensure that UNHCR Egypt operates efficiently if it maintains the same partners and modalities. Should a significant change occur, particularly in sectors affected by emergencies that may trigger potential modality changes, UNHCR Egypt will utilize this assessment to ensure its approaches remain effective.</p> <p>In light of the above and the actions undertaken, UNHCR Egypt suggests that this recommendation is considered as implemented.</p>
9	The UNHCR Representation in Egypt should: (a) reinforce its controls over the selection and monitoring of partners, including the function of the Implementing Partners Management Committee; and (b) recover ineligible costs incurred by the main partner.	Important	Yes	Deputy Representative-Operation	31 December 2025	<p>UNHCR Egypt appreciates the audit team's recommendations regarding the reinforcement of controls over the selection and monitoring of partners and the recovery of ineligible costs incurred by the main partner. After careful consideration, UNHCR Egypt would like to outline the implemented measures, along with the plans for further improvement.</p> <p>1. Comprehensive partner selection procedures:</p>

Rec. no.	Recommendation	Critical ⁹ / Important ¹⁰	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						<p>UNHCR Egypt’s partner selection process adheres to rigorous principles, ensuring that each potential partner is assessed based on strict criteria aligned with its operational standards and objectives. UNHCR Egypt utilizes a detailed evaluation framework incorporating quantitative and qualitative assessments to ensure that only <i>capable partners are selected</i>. The operation will be reviewing the partner selection processes and evaluating the overall functioning of the Implementing Partners Management Committee (IPMC) to identify any shortcomings in the established processes. This will include exploring options for strengthened/improved Common Examination Indicators (CEIs) and evaluation criteria, as well as capacity building of IPMC members and results managers involved in reviewing partner proposals.</p> <p>2. Active partner monitoring and evaluation:</p> <p>The IPMC oversees the partnerships, convening regularly to review partner performance and collaboratively address any issues. UNHCR Egypt establishes and continuously monitors performance</p>

Rec. no.	Recommendation	Critical ⁹ / Important ¹⁰	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						<p>indicators to ensure compliance with standards.</p> <p>3. Ongoing training and capacity development:</p> <p>UNHCR Egypt remains committed to providing partners with training and capacity-building opportunities that enhance their understanding of its financial and operational standards. These initiatives help minimize errors related to eligible and ineligible costs.</p> <p>4. Financial oversight and accountability:</p> <p>UNHCR as an organization has established a strong financial oversight mechanism, including routine audits and financial reviews to ensure transparency and accountability. Its systems promptly identify and address any ineligible costs, allowing for proactive management. UNHCR Egypt will continue coordinating with partners to recover ineligible costs incurred by the main partner.</p> <p>5. Collaborative issue resolution:</p> <p>In instances where ineligible costs are identified, UNHCR Egypt engages in open dialogue with the</p>

Rec. no.	Recommendation	Critical ⁹ / Important ¹⁰	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						<p>partners to address concerns and implement measures to prevent recurrence. UNHCR Egypt would like to highlight the experience in recovering ineligible expenses related to the discontinued significant partner, a process that involved extensive discussions among various units, including the Regional Bureau (RB), Implementing Partners Management (IMAS), and Donor Relations, to uphold partnership integrity while addressing ineligible costs.</p> <p>While UNHCR Egypt recognizes the importance of reinforcing controls, the Representation believes that its existing measures provide a solid foundation for effective partner management. Therefore, UNHCR Egypt suggests preserving these current practices while remaining committed to their continuous evaluation and improvement.</p> <p>(All evidence related to above processes were provided to OIOS during the fieldwork)</p>