



Office of Internal Oversight Services

## **INTERNAL AUDIT DIVISION**

### **AUDIT REPORT 2013/063**

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#### **Audit of the United Nations High Commissioner for Refugees operations in the Islamic Republic of Iran**

**Overall results relating to the effective management of operations in the Islamic Republic of Iran were initially assessed partially satisfactory. Implementation of 3 important recommendations remains in progress.**

**FINAL OVERALL RATING: PARTIALLY  
SATISFACTORY**

**02 August 2013**

**Assignment No. AR2012/131/03**

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# AUDIT REPORT

## Audit of the United Nations High Commissioner for Refugees operations in the Islamic Republic of Iran

### I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations High Commissioner for Refugees (UNHCR) operations in the Islamic Republic of Iran (the Representation).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. The Representation commenced operations in 1984. The Islamic Republic of Iran hosts one of the largest and most long staying refugee populations in the world. As of July 2011, the total number of refugees registered with the authorities stood at 1,061,500 (1,019,700 Afghans and 41,800 Iraqis). The UNHCR programmes in Iran focus on: (a) provision of basic needs and services by supporting the Ministries of Health and Education so as to improve refugees' access to health and education institutions; and, (b) durable solutions through increased resettlement targets and support to the voluntary repatriation of registered Afghan and Iraqi refugees.
4. The Representation had a yearly budget of \$32 million in both 2010 and 2011. The Representation worked with 13 implementing partners in 2011 and 22 in 2010. One third of the programme budget of \$23.16 million in 2010 and \$24.08 million in 2011 was executed using implementing partners. Of the programme budgets of \$9.12 million in 2010 and \$8.67 million executed by implementing partners, government partners were responsible for 70 and 80 per cent of the implementation respectively in 2010 and 2011. As at August 2012, the operation had 137 authorized posts, of which three were vacant. The Representation comprised a country office in Tehran, three sub-offices (Mashhad, Kerman and Ahwaz) and one field office in Dogharoun. There were also four voluntary repatriation centres in Esfahan, Mashhad, Soleimankhani and Shiraz.
5. Comments provided by the Representation are incorporated in *italics*.

### II. OBJECTIVE AND SCOPE

6. The audit of the UNHCR operations in the Islamic Republic of Iran was conducted to assess the adequacy and effectiveness of the Representation's governance, risk management and control processes in providing reasonable assurance regarding **effective management of UNHCR operations in the Islamic Republic of Iran**.
7. This audit was included in the 2012 risk based annual work plan in agreement with the Bureau for Asia as operations in the Islamic Republic of Iran were rated as higher risk due the high proportion of direct expenditure (60-63 per cent in the years audited) and it was over six years since the last audit.
8. The key controls tested for the audit were: (a) project management; and (b) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:

- (a) **Project management** - controls that are designed to provide reasonable assurance that: there is accurate and complete monitoring and reporting of the Representation's project activities; and project activities have been carried out in compliance with UNHCR policies and procedures.
- (b) **Regulatory framework** - controls that provide reasonable assurance on the adequacy and effectiveness of policies and procedures to guide the Representation's operations in financial and supply chain management.

The key controls were assessed for the control objectives shown in Table 1 below.

9. OIOS conducted this audit from October to December 2012. The audit covered the period from January 2010 to 31 December 2011. The audit also considered information and developments in 2012.

10. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness. As part of the audit mission, OIOS undertook six site visits covering a voluntary repatriation centre (Dogharoun on the Iran-Afghan border), a refugee camp (Turbat-i-Jam), two vocational and technical training centres (Tehran and Mashhad), and two construction sites (Rafsanjan settlement and Dasht-e-Zahmatkeshan in Kerman).

### III. AUDIT RESULTS

11. The Representation governance, risk management and control processes examined were initially assessed as **partially satisfactory** in providing reasonable assurance regarding the **effective management of UNHCR operations in the Islamic Republic of Iran**. OIOS made 5 recommendations to address issues identified in the audit. Controls over project management were initially assessed to be partially satisfactory as improvements were required to ensure financial monitoring was done in compliance with UNHCR rules. Implementing partner management also needed to be strengthened by ensuring that the inputs from the audit certification process complied with UNHCR rules. At the time of this report, financial monitoring of implementing partners was improved with the adoption of checklists and new procedures to ensure compliance with UNHCR rules. Audit certification of implementing partners was strengthened by the participation of the auditor at training workshops and preparation of comprehensive checklists to incorporate the required information for conducting the audit certification process. Controls were in place over programme activities including the provision of basic services such as education and healthcare facilities and finding durable solutions for refugees.

12. Controls over the regulatory framework were assessed to be partially satisfactory because: (a) supply chain management needed strengthening through improved compliance with procurement rules, especially the requirement that contracts in excess of \$150,000 needed to be submitted for approval to the Headquarters Committee on Contracts (CoC); and (b) staff required training on bookkeeping coupled with closer supervision over recording of expenditure to ensure accuracy of accounts. The Administrative Budget and Obligation Document (ABOD) budgets were well managed and excess over allocations satisfactorily explained. Bank reconciliations were correctly done and cash management carried out in compliance with rules.

13. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **partially satisfactory** as implementation of 3 important recommendations remains in progress.

**Table 1: Assessment of key controls**

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
<b>Effective management of UNHCR operations in the Islamic Republic of Iran</b>	(a) Project management	Partially Satisfactory	Partially Satisfactory	Partially Satisfactory	Partially Satisfactory
	(b) Regulatory framework	Partially Satisfactory	Partially Satisfactory	Partially Satisfactory	Partially Satisfactory
<b>FINAL OVERALL RATING: PARTIALLY SATISFACTORY</b>					

## **A. Project management**

### Performance monitoring was carried out in compliance with rules

14. Performance monitoring was being carried out in compliance with rules. The Representation compared stated project aims with actual results; held regular meetings at project sites and compared budget provisions to actual expenditures and undertook field missions to observe project implementation.

### Arrangements were in place for selecting implementing partners that matched local conditions

15. The process in place for the selection of implementing partners involved the Representation verifying implementing partners pre-screened and cleared by the Non-Governmental Organizations (NGO) committee of the Ministry of Interior Affairs. The verification process, involved checking the partner against the criteria provided in the UNHCR rules. Whilst this process did not involve the establishment of an implementing partner selection committee, the procedures developed matched local conditions and satisfied the intention of the rules to ensure that implementing partners had been evaluated. As such, no recommendation is raised.

### Action taken to ensure timely signing of implementing partner agreements

16. Due to operational complexities in the country and the involvement of multiple parties, the 2011 implementing partner agreements with the government partners were signed by the Representation only from June-December 2011, whereas they should have been signed by December 2010, as required by the rules. This delayed project implementation, as no action could be initiated until the agreements were signed. Key consequences were that the dates for finalizing Implementing Partner Financial Monitoring Reports (IPFMRs) were not adhered to by partners, project audit certificates were not submitted on time, and unspent balances were not recovered in a timely manner. After the fieldwork for the audit, the Representation entered into discussions with the concerned Government implementing partners that reduced the delay in signing of implementing partner agreements from June/December to February/March of the year of project implementation. In view of this action, no further action is recommended.

### Arrangements for durable solutions, health and education were satisfactory

17. Satisfactory arrangements were in place for ensuring that programme activities were conducted in compliance with the rules for: (a) durable solutions; (b) health sector; and (c) the education sector:

- **Durable solutions:** The total expenditure from January 2010 until September 2012 on durable solutions was around \$6 million. The programme had two segments: voluntary repatriation of refugees to their home countries and exploring resettlement opportunities for vulnerable refugees for whom repatriation could not be pursued. Afghan refugees (56,311) were repatriated under the voluntary repatriation programme from 2007 until September 2012. The resettlement section met its targets for 2011 and was on track to meet its targets in 2012. The office used proGres<sup>1</sup> to process and record resettlement cases and related documents. The Representation also updated its Standard Operating Procedures (SOPs) in April 2012 in line with the Baseline SOPs circulated by the Resettlement Service in September 2011.
- **Health Sector:** The Community Integrated Social and Medical Assistance Programme (CISAMAP) had adequate controls in place to assess eligibility, vulnerability, level of financial assistance and payment procedures. These included review of compliance with CISAMAP referral procedures, determining the level of reimbursement and ensuring that payments were regulated in accordance with CISAMAP guidelines.
- **Education Sector:** Expenditures for the education sector were \$2.70 million in 2010 and \$2.32 million in 2011. Direct implementation included: (a) payment of tuition fees; (b) provision of uniforms; and (c) distribution of stationery to refugee school children. Projects executed by implementing partners included construction and rehabilitation of schools. Controls in this sector were assessed as satisfactory as payments were made in compliance with guidelines, distribution of uniforms and stationery was correctly done and the targets for construction/rehabilitation of schools by implementing partners was achieved.

### Action was taken to establish local procedures for ensuring that the financial verification of implementing partners is carried out in compliance with the rules

18. Financial verification of the implementing partners was not performed in compliance with UNHCR rules due to insufficient staff in the Project Control Unit and the absence of local procedures to guide project control staff in the conduct of financial verifications.

19. In 2013 an additional post of project control assistant was approved, which serves to mitigate the inadequacies in staffing. No recommendation is therefore raised on this issue.

20. The absence of guidelines for financial verification still needed to be addressed to ensure the accuracy, completeness and reasonableness of the expenditure items in the IPFMRs signed by the Representation. The absence of guidelines was viewed as a contributory factor for the following:

- The Representation's verification reports did not provide sufficient details on the partners' accounting and budgetary control systems, integrity of financial information in partner accounts, effectiveness of the internal controls and compliance with agreed sub-project budgets. For example in 2011 and 2012, instead of a comprehensive financial monitoring report, a note was recorded in the IPFMRs that "implementing partner

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<sup>1</sup> UNHCR's application for registration and related population data management activities for refugees

accounts were verified” without an accompanying explanation of the accounts or vouchers that were verified.

- The criteria for the scope and selection of expenditures for verification were not formally established, i.e., materiality and nature of expenditure account and sample selected for review;
- The verification teams did not use any working paper templates (depending on the verification coverage) to document the procedures that were conducted to support the relevant verification report.

**(1) The UNHCR Representation in the Islamic Republic of Iran should put in place local procedures for the guidance of project control staff to ensure that financial verification of implementing partners is done in compliance with UNHCR rules.**

*The Representation accepted recommendation 1 and stated that they contacted the Implementing Partner unit at Headquarters to seek advice on standard procedures for effective financial monitoring of implementing partners and were provided with samples of checklists being used in other operations as well as one presented in a Project Control symposium. The Representation accordingly put in place additional procedures to improve financial verification exercises for closure of its 2012 sub-agreements. Based on the action taken by the Representation, recommendation 1 has been closed.*

Action has been taken to ensure that implementing partner audit reports are produced in compliance with the rules on audit certification

21. The implementing partner audit reports prepared by the external auditors for 2011 implementing partner agreements, were not prepared in compliance with the rules on audit certification and agreed terms of reference:

- Standard language and templates were not followed in the audit reports for 2011, and the inputs received from the external auditors were not segregated into audit report and management letter.
- The audit reports lacked information on the assessment of internal controls; financial management; bank reconciliations of the partners; compliance with the terms of the sub-agreement and delivery of project services and resource utilization.
- The audit certificates for 2011 were submitted on 30 August 2012, while the due date was 30 April 2012.

**(2) The UNHCR Representation in the Islamic Republic of Iran should put in place procedures at the local level to provide guidance to firms engaged for the implementing partner audit certification, to ensure that audit reports are prepared in compliance with rules on audit certification.**

*The Representation accepted recommendation 2 and stated that the independent auditors participated in an implementing partner training workshop held on 13 February 2013 to further familiarize themselves with UNHCR financial rules and regulations. In order to ensure adherence to UNHCR rules on audit certification, the UNHCR Representation also held extensive meetings on 18 May 2013 with the executive team of its audit company for reviewing the auditors terms of reference as well as the required worksheets. As an outcome, the audit company prepared a comprehensive checklist to incorporate the required information for its auditors for the audit of UNHCR 2012 sub-agreements. UNHCR will monitor adherence of its future audit certificates with required formats prior to their finalization. Based on the action taken by the Representation, recommendation 2 has been closed.*

## B. Regulatory framework

### Bank reconciliations and the operations of the imprest account were carried out satisfactorily

22. Bank reconciliations were performed and petty cash was regularly reconciled and adjusted. To meet hard currency requirements of the Representation, the UNHCR Division of Financial and Administrative Management (DFAM) permitted the Representation to open a cash account with an imprest of \$200,000 and an individual transaction limit of \$100,000. The expenditures in the cash account were properly supported and reconciliations were done as required under UNHCR rules. A cash verification conducted by OIOS in October 2012 indicated that the balances on hand were reflected in the cashbook. Staff recoveries and operational advances were adequately pursued and there were no long-outstanding items in the open items report.

### Action was taken to train accounting staff on United Nations High Commissioner for Refugees chart of accounts and ensure that supervisory reviews were done

23. Due to inadequate training and supervision of staff, instances of the misclassification of expenditures were noted, aggregating to \$2 million. The misposted expenditures pertained to health insurance, office security and contractual payments to vendors. Due to these misclassifications and mis-postings of expenditures, expenditures were allocated to account codes where there was no budget. This also made it difficult to trace expenditures.

**(3) The UNHCR Representation in the Islamic Republic of Iran should train its accounting staff in the use of the UNHCR Chart of Accounts, and should ensure that there are adequate supervisory reviews over the posting of expenditures.**

*The Representation accepted recommendation 3 and stated that the office provided regular coaching to relevant staff on the proper use of UNHCR Chart of Accounts to indicate clearly the role and responsibilities for each staff in their respective areas. The office sent a memo to all managers to remind them about their financial responsibilities as per the office delegation of authority plan. The internal financial control mechanism was also reinforced in order to ensure that all expenditures done by the office are in conformity with UNHCR Financial rules and procedures and a message sent to accounting staff on necessary actions for training. In addition, the annual workshop for all administration and finance staff has been scheduled in Tehran in August 2013 to refresh staff knowledge on financial management issues. Recommendation 3 remains open pending the conduct of the financial management training by the Representation.*

### Steps taken to strengthen controls over payment processing

24. To mitigate the risks presented by staff in approving payments to themselves, the Representation issued instructions, in February 2013 to approving officers in the field offices to submit claims for their own payment to the Representation for approval. Further, adequate supporting documentation such as letters from the embassy and signed receipts were not available in vouchers for the payment of resettlement and repatriation grants. To remedy this, the Representation issued instructions in February 2013 requiring compliance with rules on attachment of necessary supporting documents with vouchers. In view of the action taken following fieldwork, no additional recommendation is raised.

Administrative Budget Obligation Document expenditures were within overall budgetary limits

25. Yearly Administrative Budget Obligation Document (ABOD) budgets and expenditures were about \$2 million in 2010 and 2011. OIOS examined ABOD expenditures and reviewed the chapters overspent with management. Management adequately explained over-expenditures under services, office travel and asset purchases, which were attributed to the high inflation in Iran.

Action needed to ensure procurement cases over \$150,000 are submitted to the Headquarters Committee on Contracts

26. The Representation did not submit six procurement cases, with individual amounts exceeding \$150,000, to the Headquarters Committee on Contracts (CoC) as required by UNHCR procurement rules. The aggregate amount involved in these six cases was around \$4 million. Non-compliance with the UNHCR procurement rules deprived the Representation of the benefit of advice and oversight that could have been obtained from the CoC.

**(4) The UNHCR Representation in the Islamic Republic of Iran should establish a mechanism for ensuring timely submission of procurement cases requiring approval of the UNHCR Headquarters Committee on Contracts (CoC).**

*The Representation accepted recommendation 4 and stated that the UNHCR Iran Supply Unit has been tasked from January 2013 to report on bi-weekly basis regarding purchase orders and payments to vendors in order to ensure sufficient control mechanisms for cases requiring submission to CoC. The Representation also reinforced control mechanisms to monitor purchase orders and payments on bi-weekly basis. The role of LCC and the need to respect procurement rules and regulations has been highlighted through a memo dated 25 June 2013 from the Representative to all procurement staff members. The 6 identified cases for submission to CoC were approved by LCC and shared with the desk along with submission memos to be channeled through CoC. Recommendation 4 remains open pending submission to the CoC and notification/approval of the 6 cases by the CoC.*

Action needed to ensure that the health insurance contract is processed in accordance with procurement rules and contractual terms

27. The Representation made payments of Iranian Rials (IRR) 81 million (about \$7 million) to an insurance company for the provision of health insurance to refugees from September 2011 to February 2012. However, the total approved amount for this contract was around IRR 62 million or approximately \$5.6 million. An amount of \$1.4 million (25 percent of the approved contract amount) was paid without meeting the procurement rules requirement for any amendment exceeding 15 per cent of the originally approved budgetary amount, or \$150,000, to be resubmitted to the CoC for review using the same procedures as for new submissions. Other actions carried out that were not in compliance with procurement rules or the contract terms included:

- The Representation was unable to raise a Purchase Order (PO) prior to the first payment. Consequently, the first payment was made without a PO in place.
- Although the payments to the vendor were made in 2011 and 2012, the final PO for the revised amount was raised on 31 August 2012, more than one year after the initial payments were made.
- The closeout of the contract was not done because of pending bills and lack of consensus about the number of beneficiaries with the insurance company.

**(5) The UNHCR Representation in the Islamic Republic of Iran should ensure that the contract is processed ex post facto in accordance with procurement rules and contractual terms by: (a) the preparation of a revised purchase order; (b) the submission to the Headquarters Committee on Contracts of payments in excess of originally approved limits; and (c) expediting the close-out/finalization of the contract with the insurance company after settling outstanding issues.**

*The Representation accepted recommendation 5 and stated that: (a) revised purchase orders for 2011, 2012 and 2013 were prepared covering the period during which payments were made to the insurance company. (b) The contract with the insurance company was one of six cases submitted for ex-post facto notification to LCC and CoC.; (c) Outstanding issues were settled and contract with the selected insurance company signed on 25 February 2013. Recommendation 5 remains open pending submission of the ex-post facto notification/approval concerning the previous insurance company contract by the CoC.*

Asset management was satisfactory

28. The Representation had 52 Property, Plant and Equipment items with an acquisition cost of \$1.67 million and a current value of \$0.81 million. The Representation also had 1,296 Serially Tracked Items with an acquisition cost of \$1.27 million and a current value \$0.31 million. A physical verification carried out at the Representation, Sub-office Kerman, Sub-office Mashhad and Field Office Dogharoun indicated that there were suitable asset controls at these locations.

#### **IV. ACKNOWLEDGEMENT**

29. OIOS wishes to express its appreciation to the Management and staff of the UNHCR Representation in the Islamic Republic of Iran for the assistance and cooperation extended to the auditors during this assignment.

(Signed) David Kanja  
Assistant Secretary-General for Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of the United Nations High Commissioner for Refugees operations in the Islamic Republic of Iran

Recom. no.	Recommendation	Critical <sup>2</sup> / Important <sup>3</sup>	C/ O <sup>4</sup>	Actions needed to close recommendation	Implementation date <sup>5</sup>
1	The UNHCR Representation in the Islamic Republic of Iran should put in place local procedures for the guidance of project control staff to ensure that financial verification of implementing partners is done in compliance with UNHCR rules.	Important	C	Implemented	
2	The UNHCR Representation in the Islamic Republic of Iran should put in place procedures at the local level to provide guidance to firms engaged for the implementing partner audit certification, to ensure that audit reports are prepared in compliance with rules on audit certification.	Important	C	Implemented	
3	The UNHCR Representation in the Islamic Republic of Iran should train its accounting staff in the use of the UNHCR Chart of Accounts, and should ensure that there are adequate supervisory reviews over the posting of expenditures.	Important	O	Conduct of financial management training by the Representation.	1 September 2013
4	The UNHCR Representation in the Islamic Republic of Iran should establish a mechanism for ensuring timely submission of procurement cases requiring approval of the UNHCR Headquarters Committee on Contracts (CoC).	Important	O	Notification/approval of 6 identified cases by the CoC.	1 September 2013
5	The UNHCR Representation in the Islamic Republic of Iran should ensure that the contract is	Important	O	Notification /approval concerning the insurance company contract by the CoC.	1 September 2013

<sup>2</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

<sup>3</sup> Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

<sup>4</sup> C = closed, O = open

<sup>5</sup> Date provided by the United Nations High Commissioner for Refugees Representation in the Islamic Republic of Iran in response to recommendations.

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of the United Nations High Commissioner for Refugees operations in the Islamic Republic of Iran

Recom. no.	Recommendation	Critical <sup>2</sup> / Important <sup>3</sup>	C/ O <sup>4</sup>	Actions needed to close recommendation	Implementation date <sup>5</sup>
	processed ex post facto in accordance with procurement rules and contractual terms by: (a) the preparation of a revised purchase order; (b) the submission to the Headquarters Committee on Contracts of payments in excess of originally approved limits; and (c) expediting the close-out/finalization of the contract with the insurance company after settling outstanding issues.				

# **APPENDIX I**

## **Management Response**

## MANAGEMENT RESPONSE

## Audit of the United Nations High Commissioner for Refugees operations in the Islamic Republic of Iran

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Representation in the Islamic Republic of Iran should put in place local procedures for the guidance of project control staff to ensure that financial verification of implementing partners is done in compliance with UNHCR rules.	Important	Yes	Senior Project Control Associate	1 January 2013	<i>Status: Implemented.</i> Following the OIOS audit of its operation, UNHCR Representation in the IRI contacted the UNHCR HQ Implementing Partner (IP) unit to advise on standard procedures for effective financial monitoring of IPs. While acknowledging lack of a standard format for financial verification of IPFRs, they provided samples of checklists being used in other operations as well as one presented in a Project Control symposium by a/m HQ unit in November 2010. Respective correspondences as well as shared formats) Nevertheless, the operation has put in place additional procedures to improve financial verification exercises for closure of its 2012 sub-agreements.

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

<sup>2</sup> Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

## MANAGEMENT RESPONSE

## Audit of the United Nations High Commissioner for Refugees operations in the Islamic Republic of Iran

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
2	The UNHCR Representation in the Islamic Republic of Iran should put in place procedures at the local level to provide guidance to firms engaged for the implementing partner audit certification, to ensure that audit reports are prepared in compliance with rules on audit certification.	Important	Yes	Senior Project Control Associate	31 August 2013	<p>With regards to recommendation#2, in order to ensure adherence to UNHCR rules on audit certification, UNHCR Representation in the IRI held an extensive meeting on 18 May 2013 with the executive team of its audit company reviewing the auditors terms of reference as well as the required worksheets. As the outcome, the audit company prepared a comprehensive checklist to incorporate the required information for its auditors for audit of UNHCR 2012 sub-agreements.. UNHCR will monitor adherence of its future audit certificates with required formats prior to their finalization.</p> <p>OIOS had raised the time of submission of 2011 audit reports i.e. 30 August 2012 as violation of UNHCR rules on audit certification. , It should be noted that UNHCR Representation in the IRI had obtained an extension of deadline for</p>

## MANAGEMENT RESPONSE

## Audit of the United Nations High Commissioner for Refugees operations in the Islamic Republic of Iran

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>submission/recording of its 2011 projects audit certificates until 31 August 2012.</p> <p>Furthermore, the independent auditors also participated in an IP training workshop held by this Representation on 13 February 2013 to further familiarize themselves with UNHCR financial rules and regulations.</p>
3	The UNHCR Representation in the Islamic Republic of Iran should train its accounting staff in the use of the UNHCR Chart of Accounts, and should ensure that there are adequate supervisory reviews over the posting of expenditures.	Important	Yes	Senior Admin/Finance Officer	1 September 2013	<p><i>Status: On-going.</i> The annual workshop for all Admin./Finance Staff will take place in Tehran in August 2013 to refresher their knowledge on financial management issues. In the meantime, the offices has provided regular coaching of relevant on the proper use of UNHCR Chart of Accounts and indicate clearly the role and responsibilities for each Staff in their respective areas. The office has sent a memo to all managers to remind them about their financial responsibilities as per</p>

## MANAGEMENT RESPONSE

## Audit of the United Nations High Commissioner for Refugees operations in the Islamic Republic of Iran

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						the office DOAP . The internal financial control mechanism was also reinforced in order to ensure that all expenditures done by the office are in conformity with UNHCR Financial rules and procedures.
4	The UNHCR Representation in the Islamic Republic of Iran should establish a mechanism for ensuring timely submission of procurement cases requiring approval of the UNHCR Committee on Contracts (CoC).	Important	Yes	Senior Programme Officer	1 September 2013	<p><i>Status: On-going.</i> In follow-up to audit recommendations, UNHCR Iran Supply Unit has been tasked from January 2013 to report on bi-weekly basis regarding purchase orders and payments to vendors in order to ensure sufficient control mechanisms for cases requiring submission to CoC.</p> <p>Regarding previous cases of submission, all 6 identified cases for submission to CoC have been approved by LCC and shared with the desk to be channeled through CoC.</p> <p>Also UNHCR Iran has reinforced control mechanisms to monitor purchase-orders and payments on bi-</p>

MANAGEMENT RESPONSE

Audit of the United Nations High Commissioner for Refugees operations in the Islamic Republic of Iran

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						weekly basis. The role of LCC and respecting procurement rules and regulations have been highlighted through a memo from the representative to all procurement involved staff members dated 25 June 2013.
5	The UNHCR Representation in the Islamic Republic of Iran should ensure that the contract is processed in accordance with procurement rules and contractual terms by: (a) the preparation of a revised purchase order; (b) the submission to the Committee on Contracts of payments in excess of originally approved limits ; and (c) expediting the close-out/finalization of the contract with the insurance company after settling outstanding issues.	Important	Yes	Senior Programme Officer	1 September 2013	<i>Status: a) Implemented, b) On-going, c) Implemented.</i> As per recommendations of OIOS auditors, the operation is providing supporting documents namely: a) revised POs for all respective years of 2011, 2012 and 2013 during which the payments were made to the Insurance Company. As also explained in detail to auditors, the reason behind initial payment to the company with non-PO voucher was a technical gap in MSRP system which did not support number digits for total payment in local currency. After SMS provision of solution in the system, revised POs were issued. ; b) The case of the

## MANAGEMENT RESPONSE

## Audit of the United Nations High Commissioner for Refugees operations in the Islamic Republic of Iran

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						insurance company was one of six cases mentioned under comment number 4 for which the operation has submitted an Ex post facto notification to LCC and CoC. c) Finalized contract with the Insurance Company has been signed on 25 February 2013.