Audit of regional activities managed by the United Nations High Commissioner for Refugees Bureau for Africa

Overall results relating to the effective management of regional activities managed by the UNHCR Bureau for Africa were initially assessed as satisfactory.

FINAL OVERALL RATING:
SATISFACTORY

19 December 2013
Assignment No. AR2013/114/01
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AUDIT REPORT

Audit of regional activities managed by the United Nations High Commissioner for Refugees Bureau for Africa

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of regional activities managed by the United Nations High Commissioner for Refugees (UNHCR) Bureau for Africa.

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 Bureau for Africa has, like other Bureaux, projects that relate to two categories of regional activities. The first category covers unforeseen and/or emergency needs of a relatively small scale in field operations in Africa. It involves Representatives requesting the Director of the Bureau for spending authority increases effected through budget appropriation transfers. Upon approval by the Director, the Bureau’s spending authority for regional activities is reduced and that of the requesting field operation is increased. This category provides the Bureau with the flexibility to respond to unforeseen and/or emergency needs in the field in Africa. The budget transfers that relate to it totalled $2.7 million in 2011 and $4.9 million in 2012.

4. The second category is aimed at financing activities whose purpose is to: strengthen partnerships with key stakeholders; advocate for and mobilize political and financial support for African operations; and increase the visibility of persons of concern and UNHCR operations in Africa. Typically, activities expensed under this project include those that involve more than one operation or activities that operations do not budget for. Examples include: donor, media and photo missions; support to the Africa Non-Governmental Organizations Taskforce; and support to African governments to attend UNHCR governance and other important meetings. Total expenditures for this category of activities for the period 1 January 2011 to 31 May 2013 totalled $510,000. Eighty-eight per cent, or $450,000, of the expenditures was paid in the field after approval from the Bureau.

II. OBJECTIVE AND SCOPE

5. The audit was conducted to assess the adequacy and effectiveness of the UNHCR Bureau for Africa’s governance, risk management and control processes in providing reasonable assurance regarding effective management of the Bureau’s regional activities in Africa.

6. This audit was included in OIOS’ 2013 risk-based annual work plan, in consultation with the Bureau for Africa, due to risks related to the adequacy of controls over expenditures for regional activities.

7. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined regulatory framework as controls that provide reasonable assurance that policies and procedures exist, are adequate and are effective in guiding the Bureau for Africa in the implementation of regional activities in Africa.
8. The key control was assessed for the control objectives shown in Table 1.

9. OIOS conducted the audit from June to July 2013. The audit covered the period from 1 January 2011 to 31 May 2013.

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.

**III. AUDIT RESULTS**

11. The Bureau for Africa governance, risk management and control processes examined were satisfactory in providing reasonable assurance regarding the **effective management of the Bureau’s regional activities in Africa**.

12. Regulatory framework was initially assessed as satisfactory because controls over transfer of budget appropriations to operations in the field were adequate and in accordance with relevant policies and procedures. Expenditures charged to regional activities were supported by original invoices, purchase orders and other documentary evidence of the receipt for goods and services. The audit noted inconsistent compliance with competitive bidding requirements, and requirements regarding reviews by the relevant Committee on Contracts. Corrective action was taken by the Bureau for Africa by developing a payment and procedures tracking form for expenditures charged to regional activities to ensure compliance with the requirement of competitive bidding and submission to relevant Committee on Contracts.

13. The initial overall rating was based on the assessment of key control presented in Table 1 below. The final overall rating is **satisfactory**.

<table>
<thead>
<tr>
<th>Business objective</th>
<th>Key control</th>
<th>Control objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective management of the Bureau for Africa’s regional activities in Africa</td>
<td>Regulatory framework</td>
<td>Efficient and effective operations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Satisfactory</td>
</tr>
</tbody>
</table>

**FINAL OVERALL RATING: SATISFACTORY**
Regulatory framework

Controls over transfer of budget appropriations to operations in the field for unmet needs and small emergencies were adequate

14. According to the UNHCR resource allocation framework, Directors of Regional Bureaux may authorize transfers of budget appropriations across countries or sub-regions in their region for both operational and administrative support projects following discussion with the Representatives concerned, as long as the overall Bureau budget is not increased, the ratio of staff and support costs to operational costs remains the same or decreases, and any earmarking and conditions on budget pillar transfers are respected. OIOS tested the approvals and processing of transferred budget appropriations to 10 countries totalling $4.7 million, some 62 per cent of the total transfers in 2011/2012, and was satisfied that controls were adequate over the transfer of funds to field operations to cover unmet needs or small emergencies. The process for approving and processing funds to increase the budget appropriation of field operations and decrease budget appropriations of regional activities was managed in accordance with the relevant rules. After the Bureau Director’s approval, the Programme Budget Service (PBS) was notified in writing of the decisions made on transfers.

The Bureau for Africa took corrective action to ensure that procurement of goods and services was consistently conducted by following a competitive process

15. Generally, initiatives financed under the second category of regional activities included those that involved more than one operation/country and focused on: i) strengthening partnerships with key stakeholders; ii) advocating for and mobilizing the political and financial support for African operations; and iii) increasing the visibility of persons of concern and UNHCR’s operations in Africa. At the time of the audit, there was insufficient evidence that the required competitive bidding had been fully implemented for $120,030, or 63 per cent of the total amount tested of expenditures charged to this category. Therefore, there was a risk that the organization had not obtained best value for money. Moreover, some of the expenditures that should have been submitted for review and approval to the relevant Committee on Contracts were not submitted. These expenditures were related to the following two cases: (a) the selection of a contractor without adhering to a competitive process; and, (b) the selection of the facilities for two regional meetings in March 2012 and April 2013 held in Tanzania and South Africa with expenditures of $15,968 and $41,662 respectively.

16. The main reason for these shortcomings was that the Bureau for Africa approved the charging of expenditures by field operations but did not adequately verify that each operation had complied with the required procedures and could produce adequate supporting documentation. Whilst the audit was still ongoing, the Bureau for Africa developed a payment and procedures tracking form for expenditures charged to regional activities to ensure compliance with the requirements for competitive bidding and submission to the relevant Committee on Contracts. In view of the actions taken, no recommendation was raised.
IV. ACKNOWLEDGEMENT

17. OIOS wishes to express its appreciation to the Management and staff of United Nations High Commissioner for Refugees Bureau for Africa for the assistance and cooperation extended to the auditors during this assignment.

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

Management Response
Memorandum

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To/A: Mr. Krishna Menon, Officer in Charge, UNHCR Audit Service, OIOS

Through: Ms. Kumiko Matsuura-Mueller, Controller and Director, Division of Financial and Administrative Management, DFAM

From/De: Ms. Ana-Maria Cristescu, Senior Policy Advisor (Finance), DFAM

File Code/Dossier: FIN-02-01-02
CM00/2013/0115/NB/nb

Subject/Objet: Response to the draft audit of regional activities managed by the UNHCR's Bureau for Africa (AR2013/114/01)

Date: 16 December 2013

1. Please find hereunder the response to the draft report on the above mentioned audit.

2. Only one minor comment is made on the draft report. In paragraph 14, (first sentence-second line) the word 'authorize' is proposed to be used instead of the word 'order'.

3. Thank you for your attention.