



INTERNAL AUDIT DIVISION

REPORT 2015/121

Audit of the operations in the Democratic Republic of the Congo for the Office of the United Nations High Commissioner for Refugees

Overall results relating to effective management of the operations in the Democratic Republic of the Congo were initially assessed as unsatisfactory. Implementation of two critical and three important recommendations remains in progress

FINAL OVERALL RATING: UNSATISFACTORY

14 October 2015

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AUDIT REPORT

Audit of the operations in the Democratic Republic of the Congo for the Office of the United Nations High Commissioner for Refugees

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the operations in the Democratic Republic of the Congo (DRC) for the Office of the United Nations High Commissioner for Refugees (UNHCR).
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 UNHCR Regional Representation in DRC (hereinafter referred to as ‘the Representation’) was established in 1975. Since 2013, the country has experienced a new emergency influx of refugees. As at 31 December 2014, the Representation assisted 68,000 refugees from the Central African Republic (CAR) and 20,000 refugees from Rwanda. In 2014 and 2015, the Representation’s key areas of priority were the construction and allocation of shelters and the provision of core relief items to refugees from CAR who were mainly located in the Equateur Province. In addition, the Representation assisted the most vulnerable of the 2.7 million Internally Displaced Persons (IDPs) in the eastern provinces of DRC with protection and shelter.
4. The Representation had a Branch Office in Kinshasa, sub-offices in Mbandaka and Goma, and 10 other offices in Libenge, Gbadolite, Zongo, Rutshuru, Kalemie, Lubumbashi, Bukavu, Uvira, Ango and Bunia. The Branch Office served simultaneously as a Regional Office because the UNHCR Representatives in the Republic of the Congo and Gabon also reported to the Regional Representative at the D-2 level. As at 31 December 2014, the Representation had 375 posts. It had total expenditure of \$85.5 million in 2014 and an initial authorized budget for 2015 of \$73.0 million. It worked with 15 partners in 2014 and 14 in 2015. These partners implemented 82 per cent of the Representation’s programme-related expenditures in 2014.
5. Comments provided by UNHCR are incorporated in *italics*.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of UNHCR governance, risk management and control processes in providing reasonable assurance regarding the **effective management of UNHCR operations in DRC**.
7. The audit was included in the OIOS 2015 risk-based internal audit work plan for UNHCR due to risks related to the growth of the operations in DRC caused by the large influx of refugees and the volatile operational context in the country.
8. The key controls tested for the audit were: (a) strategic planning; (b) project management; and (c) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Strategic planning** - controls that provide reasonable assurance that the Representation's strategic planning for its programme and protection activities is implemented in alignment with the UNHCR global strategic priorities.

(b) **Project management** - controls that provide reasonable assurance that there is proper planning and implementation as well as accurate and complete monitoring and reporting of the Representation's project activities.

(c) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the management of UNHCR operations in DRC; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

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

10. OIOS conducted the audit from January to May 2015. The audit covered the period from 1 January to 31 December 2014. OIOS visited the UNHCR offices in Kinshasa, Goma, Mbandaka, Libenge and Zongo, as well as two refugee camps.

11. 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 and analytical reviews, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

12. The UNHCR governance, risk management and control processes examined were initially assessed as **unsatisfactory**¹ in providing reasonable assurance regarding the **effective management of UNHCR operations in DRC**. OIOS made six recommendations to address the issues identified.

13. There was a critical need for the Representation to: (a) enhance financial monitoring of projects implemented by partners; (b) strengthen oversight of vendor and procurement management; and (c) strengthen controls over fuel management. In addition, there was a need to: (a) develop a coordinated system of performance monitoring by multi-functional teams; (b) ensure that assets and inventories are physically verified, records are updated and missing items are accounted for; and (c) enhance review of post requirements and organizational structure when opening new field offices.

14. The initial overall rating was based on the assessment of key controls presented in Table 1. The final overall rating is **unsatisfactory** as implementation of two critical and three important recommendations remains in progress.

¹ A rating of "**unsatisfactory**" means that one or more critical and/or pervasive important deficiencies exist in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

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
Effective management of UNHCR operations in DRC	(a) Strategic planning	Satisfactory	Satisfactory	Satisfactory	Satisfactory
	(b) Project management	Unsatisfactory	Unsatisfactory	Unsatisfactory	Unsatisfactory
	(c) Regulatory framework	Unsatisfactory	Unsatisfactory	Unsatisfactory	Unsatisfactory
FINAL OVERALL RATING: UNSATISFACTORY					

A. Strategic planning

Arrangements for strategic planning were satisfactory

15. In accordance with UNHCR rules, the Representation prepared a Country Operations Plan that was aligned with the UNHCR global strategic priorities and based on an assessment of the needs of the population of concern following a participatory assessment approach. It also developed a protection strategy and a regional contingency plan for the Congolese situation from which country-level contingency plans in the region were derived. The Representation's results framework linked its priorities to project targets, resources and activities. OIOS concluded that the Representation had adequate arrangements in place for strategic planning.

B. Project management

A coordinated system of performance monitoring by multi-functional teams was required

16. The UNHCR Manual requires the Representation to monitor partners' progress in implementing projects before accepting the quarterly reports submitted by the partners. Monitoring, in the UNHCR rules, refers to ongoing review of operations by a multi-functional team to track whether protection and solution activities are having the desired impact and are proceeding according to plan and agreed targets.

17. The Representation had not established a multi-functional monitoring team for each partner. In addition, the performance monitoring reports reviewed did not contain an assessment of performance against the agreed targets in the partner agreements. The only reports assessing performance against targets were overall assessments contained in the Representation's consolidated mid-year review and annual review reports. The available monitoring reports also did not contain information on follow-up actions taken on areas that were previously identified as not completed or experiencing delays. For example, for the water, sanitation and hygiene sector, Sub-Office Mbandaka noted slow progress in construction of family latrines and boreholes. Despite these signs of poor performance, no recommendations were made in the performance monitoring reports for the partners concerned to take corrective action, and there was no evidence of any follow-up undertaken. Furthermore, the performance monitoring activities conducted in various locations were not linked in an integrated manner at the Branch Office level to the Representation's approval of the quarterly reports submitted by partners.

18. Therefore, performance monitoring was not effective in identifying actions that needed to be taken on areas where the partner's performance was lacking and, as a result, the Representation was at risk of not achieving its project objectives. The main reason for the above shortcomings was that the Representation had not adequately planned and coordinated the performance monitoring activities between staff involved in monitoring in all sections and locations.

(1) The UNHCR Regional Representation in the Democratic Republic of the Congo should implement a coordinated system of performance monitoring by multi-functional teams that includes procedures to ensure that: (a) monitoring activities are linked to the approval of the partners' quarterly reports; (b) follow-up actions are taken on areas previously identified as not completed or experiencing delays; and (c) monitoring reports consistently assess reported project performance against established targets.

UNHCR accepted recommendation 1 and stated that the Representation was developing standard operating procedures for multi-functional teams for assessing actual performance against project targets. The reports of the multi-functional teams and the quarterly financial and narrative reports from partners would serve as a basis for the desk review by the Representation's Implementing Partnership Management Committee. The Representation was aiming to provide a sample of performance monitoring reports prepared by multi-functional teams by 30 November 2015. Recommendation 1 remains open pending receipt of a sample of performance monitoring reports prepared by multi-functional teams showing the assessment of actual performance against project targets and follow-up action taken on previously identified shortcomings, as well as evidence that performance monitoring reports submitted by each field location are reviewed to ensure that they support the quarterly approval of the partner reports at the country level.

There was a need to enhance financial monitoring of projects implemented by partners

19. The UNHCR Manual requires the Representation to undertake at least one financial monitoring visit per year to each partner and to test partner project expenditures with focus on high value transactions and areas the Representation has identified as high risk. The main purpose of financial monitoring is to assess the reliability of the partners' accounting systems and the effectiveness of the internal controls in place. The rules also require the Representation to review all project audit reports and develop action plans to remedy issues identified to mitigate financial risks and improve partners' internal controls.

20. The Representation conducted financial monitoring at least four times a year for each partner, which was more than required by UNHCR rules. However, the Representation's financial monitoring visits were not focusing on high risks. For example, cash-based transactions were a high risk area in the Equateur Province since there were no banking facilities, which meant that partners were carrying and paying expenditures in cash. These expenditures related to partner personnel costs, repatriation grants to returning refugees, purchases for office supplies and payments to construction labourers. Although the Representation was aware of control weaknesses over cash payments at 12 of the 14 partners based in the Equateur Province, as reported by the external auditor auditing projects implemented by these partners, it had not taken appropriate action to address the risks related to transporting cash to make payments. OIOS visited six partners and observed that none of them had implemented a system of operational advances in the name of the staff member receiving the cash, as required by UNHCR rules. Instead, the advance was in the name of the office location, which diffused accountability. In addition, none of the six partners had established cash accounting procedures detailing the custodian holding the cash, cash ceilings and detailed procedures for cash payments.

21. Furthermore, the Representation lacked a system to ensure timely implementation of recommendations raised by the external auditor in the project audit reports. There were a total of 36 audit reports issued in 2014 of which 9 had a qualified audit opinion. These 36 audit reports contained 86 recommendations of which 26 were pending implementation at the time of the audit in March 2015. The main systemic weaknesses raised by the external auditor related to: lack of adequate accounting systems; weak cash and financial management; inadequate segregation of duties; and weak asset management. In addition, the external auditor reported that 19 partner projects still had recommendations from prior years that had not been implemented. OIOS review identified that a government partner was unable to provide any listing of expenditures for two projects in Equateur Province totalling \$754,000 although supporting documentation for expenditures was available in unorganized boxes. Two other partners with expenditures in 2014 of \$3.7 million and \$0.9 million had their accounting systems maintained in Excel spreadsheets, which were prone to errors and were not adequately designed for recording large numbers of transactions.

22. The main reason for the above weaknesses was that the Representation had not implemented a plan to ensure appropriate focus on high risk areas in its financial monitoring of partners. As a result, the Representation was not able to ensure that deficiencies in internal controls at partners were mitigated in a timely manner and that partner expenditures recorded for 2014, amounting to \$37.1 million, were reliable and accurate.

(2) The UNHCR Regional Representation in the Democratic Republic of the Congo should implement an action plan to strengthen its financial monitoring of partners to ensure it focuses on: reviewing identified high risk areas, such as cash payments; and improving effectiveness of partners' internal controls including status of implementation of project audit recommendations.

UNHCR accepted recommendation 2 and stated that the Representation had implemented an action plan to strengthen financial monitoring. Currently, the Representation was monitoring the three remaining project audit recommendations that were outstanding from 2013. Based on the action taken and documentation provided by UNHCR, recommendation 2 has been closed.

C. Regulatory framework

Significant control deficiencies were observed in vendor and procurement management

23. UNHCR procurement rules and procedures require the Representation to develop an annual procurement plan and to implement competitive and transparent procurement processes. Relevant committees on contracts should be in place to review and advise on all contracts above \$20,000, based on pre-established thresholds. The Representation is further required to prequalify vendors, and to evaluate and record them in the vendor database. A Vendor Review Committee should be in place to facilitate and oversee the implementation of the vendor registration and evaluation process.

24. The Representation established a Vendor Review Committee in August 2014; but since then, no formal meetings had taken place. As a result, out of 1,780 active vendors recorded in the vendor database, only 136 vendors (or 8 per cent) had vendor files. For the other vendors, the required vendor registration forms and vendor documents such as the business license, taxpayer registration certificate, value-added tax registration certificate, and the acceptance of the United Nations laws on child work and environmental related issues were absent. There were also no records of implementation of vendor vetting procedures, including the use of a vendor evaluation checklist, to properly vet potential vendors prior to engaging their services. In addition, the Representation did not have vendor performance

assessments to support ongoing evaluation of vendors. The database included 30 vendors with up to eight different vendor numbers for the same vendor.

25. The audit reviewed 42 purchase orders and 10 lease agreements totalling \$6.7 million out of the total procurement of \$11.2 million in 2014 and noted weaknesses in 25 of the contracts with a value of \$4.3 million (64 per cent of the reviewed amount). These weaknesses included the following:

- The Representation did not prepare an annual procurement plan.
- The Representation did not submit contracts totalling \$3.2 million to the relevant committee on contracts for review and approval before the contracts were signed and the services provided. This included an aircraft charter contract for \$1,940,887 and two fuel contracts totaling \$789,350.
- Ten contracts expired and were not renewed in a timely manner or were renewed several times without any re-tendering process. For example, an office security contract with a value of \$54,000 expired in February 2015 and had not yet been renewed at the time of audit in March 2015 although services continued to be rendered. In addition, five office lease agreements with a total value of \$61,000 had expired in 2013 and had not been reviewed, renewed and submitted to the Regional Committee on Contracts although the offices continued to be leased.
- The Representation did not provide the vendors with the required time for submitting bids in the tendering process for contracts with a total value of \$772,000. For example, for a contract for sanitary napkins amounting to \$238,000, the vendors were given only two days to bid instead of the required four to eight weeks, and for a tender for specialized drugs totaling \$218,904, the vendors were given only four days to submit their bids.

26. The main reason for the above control deficiencies was inadequate management oversight to ensure implementation of the required procurement planning, vendor management, contract management, and tendering procedures. As a result, the Representation was exposed to risks of engaging vendors that were not genuine and not obtaining value for money.

(3) The UNHCR Regional Representation in the Democratic Republic of the Congo should put in place: (a) an annual procurement plan; (b) procedures for ensuring that contracts are submitted for review and approval by the relevant committee on contracts in accordance with applicable thresholds; and (c) arrangements for ensuring completion of the vendor vetting, registration and performance evaluation procedures.

UNHCR accepted recommendation 3 and stated that the Representation: (a) completed the 2015 annual purchasing plan in May 2015, and the 2016 purchasing plan would be completed in December 2015; (b) issued a memorandum reminding all staff in DRC of the existence of the procedures for ensuring that contracts are submitted for review and approval by the established committee on contracts in accordance with applicable thresholds; and (c) issued a memorandum to all staff in DRC on the establishment of Vendor Review Committees. Recommendation 3 remains open pending receipt of evidence that all contracts above the threshold of \$20,000 have been systematically submitted to the relevant committees on contracts since the audit took place, as well as proof of completion of the vendor vetting, registration and performance evaluation process.

Controls over fuel management needed significant strengthening

27. According to the UNHCR Manual, the Representation should ensure that fuel procured for use in the country operation is safeguarded and accurately accounted for while minimizing losses. Particular care is required for maintaining adequate storage facilities with robust access controls, and transportation mechanisms need to be designed with a view to minimizing losses during transportation of fuel. In addition, the UNHCR Fleet Management System requires the Representation to ensure that fuel consumption by each vehicle is monitored closely.

28. The Representation did not properly monitor and account for the distribution of fuel, and did not have adequate fuel storage infrastructures. The audit observed the following control deficiencies:

- In 2014, the Representation acquired 1.7 million litres of diesel and 0.3 million litres of petrol worth about \$2.5 million. In the same year, the Representation issued 1.6 million litres of diesel and 0.3 million litres of petrol. However, the Representation could not explain where the following fuel quantities had been transferred to: 14,000 litres of diesel from Mbandaka; 7,000 litres of diesel from Dongo; 26,000 litres of petrol from Mbandaka; and 3,000 litres of petrol from Dongo. The total fuel unaccounted for in these cases had an estimated value of \$70,000.
- The Representation lacked effective controls over receipt, issuance and stock-taking of fuel due to inadequate infrastructures, especially in Libenge and Zongo where the Representation was reported to have distributed 300,000 litres of diesel and 90,000 litres of petrol in 2014 with an estimated value of \$500,000. For example, in Zongo, there were no distribution pumps to measure the issuances of fuel and no fuel flow meters to measure the receipt of fuel. Fuel was stored in drums, and issuances were done by jerry cans. Although a new tank was about to be installed, this tank was not calibrated. In Libenge, there were also no fuel flow meters to measure the receipt of fuel and the tank was not calibrated. As a result, stock taking of fuel could not be done and there was no reconciliation conducted between the physical fuel available and the recorded fuel balance. Fuel stock records were therefore not accurate and could not be agreed to the physical quantity on hand.
- The Representation did not sufficiently analyze the fuel consumption data received from its logistics partner to check the factual accuracy of fuel consumption data and to take necessary corrective action. In Kinshasa, eight vehicles recorded monthly overconsumption of fuel; but the Representation had not reviewed and followed up on the reasons for this overconsumption. In Libenge and Zongo, most of the vehicle odometers were not working; hence, fuel consumption rates could not be assessed.

29. The main reason for the above weaknesses was that the Representation lacked adequate infrastructure and procedures to systematically monitor and report on fuel consumption, and its receipt, issuance and stock taking of fuel. As a result, the Representation risked losing fuel and failing to detect fuel losses.

- (4) The UNHCR Regional Representation in the Democratic Republic of the Congo should:**
(a) install adequate infrastructure in all locations to allow effective measurement of receipt, issuance and stock taking of fuel; and (b) implement procedures for accounting for fuel transfers between locations, assessing monthly fuel consumption reports and ensuring that reported consumption rates are based on functioning odometers.

UNHCR accepted recommendation 4 and stated that the Representation was currently reviewing the

entire infrastructure for the management of fuel through its partner. Recommendation 4 remains open pending receipt of evidence of the procedures implemented for accounting for fuel transfers between locations and assessing monthly fuel consumption in all offices, as well as evidence of the installation of working odometers in all vehicles.

There was a need to ensure that assets and inventories are physically verified, records are updated and missing items are accounted for

30. UNHCR rules require the Representation to physically verify at least annually all Property, Plant and Equipment (PPE) and Serially Tracked Items (STIs), update asset records and account for any differences encountered. The Local Asset Management Board is responsible for overseeing the management of assets. The Representation should also conduct monthly, quarterly and annual physical verifications of inventory in all warehouses to ensure their complete and accurate recording in the accounting system.

31. The Representation had 347 PPE with a purchase value of \$12.9 million and 7,127 STIs with a purchase value of \$8.8 million. It had eight warehouses containing 18 inventory types with a value of \$1.7 million. OIOS noted that the Representation did not comply with the rules regarding asset and inventory management in the following instances:

- The Representation had not physically verified 16 PPE items with a purchase value of \$298,000 and could not confirm whether they still existed and were used in the operation. OIOS test checked 50 PPE items and observed that two vehicles that could not be physically verified were reportedly sold already in 2012 were still shown in the asset records. In addition, two PPEs could not be found, two vehicles and three generators were recorded in the wrong location, and six generators and four boats had no barcodes.
- The Representation had not verified 5,698 STIs (80 per cent of all recorded STIs) with a purchase value of \$6.5 million. Also, 674 STIs had not been verified since 2009 and therefore their existence was questionable.
- There were several types of inventory items which the Representation had not recorded in the inventory records although they were kept in the warehouses. This included over 20,000 items of construction materials and non-food items that were stored in the Mbandaka, Zongo and Libenge warehouses.
- Inventory records for the Zongo warehouse were inaccurate because receipts and issuances had not been updated. The incorrect records had, however, been signed and sent to UNHCR headquarters in February 2015 as being the correct physical inventory on hand. For example, the number of items reported for 11 out of 13 recorded inventory types was incorrect.

32. As a result, the asset and inventory records for the Representation were not accurate and reliable. Therefore, there was a risk that inventories and assets were lost while no accountability could be established. The main reason for the deficiencies was the lack of adequate monitoring by management and oversight by the Local Asset Management Board to ensure that asset and inventory procedures were implemented as required, such as in terms of the physical verification of assets; updating of asset and inventory records; and accounting for differences between physical and recorded items.

(5) The UNHCR Regional Representation in the Democratic Republic of the Congo should develop and implement an action plan that assigns clear roles and responsibilities for

monitoring by management and oversight by the Local Asset Management Board to ensure that all assets and inventories are physically verified, records are updated and missing items are accounted for.

UNHCR accepted recommendation 5 and stated that the physical verification of PPE had been completed and data updated in the asset records for most items. The physical verification of STIs was ongoing. At least one Local Asset Management Board session for the disposal of all eligible and identified items would take place before the end of the year. Recommendation 5 remains open pending receipt of evidence of completion of the physical verification of all STIs and inventories in warehouses and updating of the asset and inventory records.

Arrangements for opening field offices needed to be strengthened

33. The UNHCR policy on Framework for Resource Allocation and Management requires the Representation to send a proposal for approval to the Budget Committee at UNHCR headquarters when it plans to open field offices which require additional resources. The proposal should provide an explanation of the circumstances that underlie the request, the intended impact or results and a description of the resource implications with a proposed organigram. The Representation can include temporary assistance posts in the administrative budget for up to six months after which normal staff positions should be created or approval sought from the Budget Committee to continue with temporary posts.

34. The Representation operated in a volatile operational context, which necessitated it to open, close and modify offices to address the needs of persons of concern. It opened new offices in Ango and Rutshuru in 2014 and created staff positions in 2014 for the offices in Zongo and Gbadolite that were initially opened in 2013. It also closed three offices in Dungu, Dongo and Buburu in 2014. However, the Representation opened the new offices without obtaining the appropriate approval from the Budget Committee since all (except one) of the new offices came at an additional cost in terms of staffing and administration. The Representation obtained approval from the Director of the Bureau for Africa for opening the new offices, but did not request approval from the Budget Committee even though additional funds were required. Due to lack of additional funds for the new offices, the Representation utilized existing administrative budgets from other offices. However, these administrative budgets were not sufficient to cover all of the costs, resulting in some budget lines being overspent. For example, in 2014 for Sub-Office Goma, the budget line for temporary assistance was overspent by \$102,380, the budget line for supply and materials by \$29,580 and the budget line for services by \$23,483, all relating to expenses for the new office in Rutshuru. Furthermore, due to lack of timely review of post requirements, temporary staff members were serving beyond the six-month period prescribed by UNHCR rules. For example, for the office in Rutshuru, opened in June 2014, as no staff positions had been created, temporary staff had been serving for nine months at the time of the audit. Some temporary staff had been employed up to 729 days which meant that their temporary contracts had reached the maximum allowable duration and should have been terminated.

35. The Representation explained that it needed flexibility to open new offices to deal with operational needs in a timely manner. However, it had not put in place appropriate arrangements to review its post requirements and to enforce compliance with the UNHCR rules that require additional funds to be approved by the Budget Committee for opening new offices and new staff positions to be created within six months.

(6) The UNHCR Regional Representation in the Democratic Republic of the Congo, in consultation with the Bureau for Africa and relevant divisions, should strengthen its arrangements for opening new field offices to ensure that: (a) appropriate approval is obtained for opening offices in line with the UNHCR policy on Framework for Resource

Allocation and Management; and (b) review of post requirements is conducted in a timely manner.

UNHCR accepted recommendation 6 and stated that the Representation had put in place the following measures to expedite the filling of vacant national positions: the Vacancy Management Committee was created in April 2015; Standard Operations Procedures for Human Resources Management including for vacancy management were established; and Standard Operations Procedures formalizing steps to be followed when opening a new office in the DRC had been issued. Recommendation 6 remains open pending receipt of supporting documentation for the arrangements put in place for ensuring that timely review of post requirements is conducted to avoid keeping staff on temporary assistance beyond six months either by creating new posts or by obtaining Budget Committee approval for continuing these temporary posts beyond the six months.

IV. ACKNOWLEDGEMENT

36. OIOS wishes to express its appreciation to the management and staff of UNHCR for the assistance and cooperation extended to the auditors during this assignment.

(Signed) David Kanja
Assistant Secretary-General, Acting Head
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of the operations in the Democratic Republic of the Congo for the Office of the United Nations High Commissioner for Refugees

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	The UNHCR Regional Representation in the Democratic Republic of the Congo should implement a coordinated system of performance monitoring by multi-functional teams that includes procedures to ensure that: (a) monitoring activities are linked to the approval of the partners' quarterly reports; (b) follow-up actions are taken on areas previously identified as not completed or experiencing delays; and (c) monitoring reports consistently assess reported project performance against established targets.	Important	O	Submission to OIOS of a sample of performance monitoring reports prepared by multi-functional teams showing the assessment of actual performance against project targets and follow-up action taken on previously identified shortcomings, as well as evidence that performance monitoring reports submitted by each field location are reviewed to ensure that they support the quarterly approval of the partner reports at the country level.	30 November 2015
2	The UNHCR Regional Representation in the Democratic Republic of the Congo should implement an action plan to strengthen its financial monitoring of partners to ensure it focuses on: reviewing identified high risk areas, such as cash payments; and improving effectiveness of partners' internal controls including status of implementation of project audit recommendations.	Critical	C	Action completed.	Implemented
3	The UNHCR Regional Representation in the Democratic Republic of the Congo should put in place: (a) an annual procurement plan; (b) procedures for ensuring that contracts are submitted for review and approval by the relevant Committee on Contracts in accordance with applicable thresholds; and (c) arrangements for ensuring	Critical	O	Submission to OIOS of evidence that all contracts above the threshold value of \$20,000 have been systematically submitted to the relevant Committees on Contracts since the audit took place, as well as proof of completion of the vendor vetting, registration and performance evaluation process.	30 November 2015

¹ 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.

² Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

³ C = closed, O = open

⁴ Date provided by UNHCR in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

Audit of the operations in the Democratic Republic of the Congo for the Office of the United Nations High Commissioner for Refugees

Recom. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	completion of the vendor vetting, registration and performance evaluation procedures.				
4	The UNHCR Regional Representation in the Democratic Republic of the Congo should: (a) install adequate infrastructure in all locations to allow effective measurement of receipt, issuance and stock taking of fuel; and (b) implement procedures for accounting for fuel transfers between locations, assessing monthly fuel consumption reports and ensuring that reported consumption rates are based on functioning odometers.	Critical	O	Submission to OIOS of evidence of the procedures implemented for accounting for fuel transfers between locations and assessing monthly fuel consumption in all offices, as well as evidence of the installation of working odometers in all vehicles.	31 March 2016
5	The UNHCR Regional Representation in the Democratic Republic of the Congo should develop and implement an action plan that assigns clear roles and responsibilities for monitoring by management and oversight by the Local Asset Management Board to ensure that all assets and inventories are physically verified, records are updated and missing items are accounted for.	Important	O	Submission to OIOS of evidence of completion of the physical verification of all STIs and inventories in warehouses and updating of the asset and inventory records.	31 December 2015
6	The UNHCR Regional Representation in the Democratic Republic of the Congo, in consultation with the Bureau for Africa and relevant Divisions, should strengthen its arrangements for opening new field offices to ensure that: (a) appropriate approval is obtained for opening offices in line with the UNHCR policy on Framework for Resource Allocation and Management; and (b) review of post requirements is conducted in a timely manner.	Important	O	Submission to OIOS of supporting documentation for the arrangements put in place for ensuring that timely review of post requirements is conducted to avoid keeping staff on temporary assistance beyond six months either by creating new posts or by obtaining Budget Committee approval for continuing these temporary posts beyond the six months.	31 December 2015

APPENDIX I

Management Response

Management Response

Audit of the operations in the Democratic Republic of the Congo for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical/ ¹ Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Regional Representation in the Democratic Republic of the Congo should implement a coordinated system of performance monitoring by multi-functional teams that includes procedures to ensure that monitoring activities are linked to the approval of the partners' quarterly reports, follow-up actions are taken on areas previously identified as not completed or experiencing delays, and monitoring reports consistently assess reported project performance against established targets.	Important	Yes	Assistant Regional Representative of Programme	30 November 2015	<p>The Representation is developing standard operating procedures for multi-functional teams (MFT) assessing actual performance against project targets.</p> <p>The MFT reports and the quarterly financial and narrative reports from partners will serve as a basis for the desk review by the Implementing Partnership Management Committee.</p> <p>The Representation aims to provide a sample of performance monitoring reports prepared by multi-functional teams by 30 November 2015.</p>
2	The UNHCR Regional Representation in the Democratic Republic of the Congo should implement an action plan to strengthen its financial monitoring of partners that focuses on review of identified high risk areas, such as payments in cash, and improving effectiveness of internal controls at the partners including in terms of timely implementation of project audit recommendations.	Critical	Yes	Project control officers	31 December 2015	The Representation has implemented an action plan to strengthen financial monitoring. Currently, the Representation is monitoring the three project audit recommendations that are outstanding for 2013.
3	The UNHCR Regional Representation in the Democratic Republic of the	Critical	Yes	Assistant Regional	August 2015	(i)The Representation completed the 2015 annual purchasing plan in May 2015. The 2016 purchasing

¹ 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.

² 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 operations in the Democratic Republic of the Congo for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical/ ¹ / Important ²	Accepted? (Yes/ No)	Title of responsible individual	Implementation date	Client comments
	Congo should put in place: (i) an annual procurement plan; (ii) procedures for ensuring that contracts are submitted for review and approval by the relevant Committee on Contracts in accordance with applicable thresholds; and (iii) arrangements for ensuring completion of timely vendor vetting, registration and performance evaluation procedures			Representative Supply	August 2015 November 2015	plan will be completed in December 2015. (ii) The Representation issued a memorandum reminding all staff in DRC of the existence of the procedures for ensuring that contracts are submitted for review and approval by the established Committee on Contracts in accordance with applicable thresholds. (iii) The Representation issued a memorandum to all staff in DRC on the establishment of Vendor Review Committees (VCR).
4	The UNHCR Regional Representation in the Democratic Republic of the Congo should: (i) install adequate infrastructure in all locations to allow effective measurement of receipt and issuance as well as stock taking of fuel; and (ii) implement procedures for accounting for fuel transfers between locations, assessing monthly fuel consumption reports and ensuring that reported consumption rates are based on functioning odometers, and taking corrective action on overconsumption or identified losses of fuel	Critical	Yes	Assistant Regional Representative Supply	31 March 2016	The Representation is currently reviewing the entire infrastructure for the management of fuel through its partner.
5	The UNHCR Regional Representation in the Democratic Republic of the Congo should develop and implement an action plan that assigns clear roles and responsibilities for monitoring by management and oversight by the	Important	Yes	Assist Regional Representative Supply	31 December 2015	The Representation has initiated the physical verification process of all the Property Plant and Equipment (PPE) and Serially Tracked Items (STI). PPE: the physical verification has been completed and data has been updated in MSRP for most items.

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	Local Asset Management Board to ensure that all assets and inventories are physically verified, records are updated and missing items are accounted for.					STI: The physical verification is ongoing. All STIs will be updated in MSRP and at least one LAMB session for the disposal of all eligible and identified items will take place before the end of the year.
6	The UNHCR Regional Representation in the Democratic Republic of the Congo, in consultation with the Bureau for Africa and relevant Divisions, should strengthen its arrangements for opening new field offices to ensure that: (i) appropriate approval is obtained for opening offices in line with the UNHCR policy on Framework for Resource Allocation and Management; and (ii) review of post requirements is conducted in a timely manner.	Important	YES	Snr Regional Human Resources Officer	31 December 2015	The Representation has put in place the following measures to expedite the filling of vacant national positions: -The Vacancy Management Committee (VMC) was created in April 2015. - Standard Operations Procedures for Human Resources management including for Vacancy Management were established. - Standard Operations Procedures formalizing steps to be followed when opening new Office in the DRC have been issued.