



INTERNAL AUDIT DIVISION

REPORT 2015/134

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

Overall results relating to the effective
management of the operations in Montenegro
were initially assessed as partially
satisfactory. Implementation of four
important recommendations remains in
progress

FINAL OVERALL RATING: PARTIALLY
SATISFACTORY

2 November 2015
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AUDIT REPORT

Audit of the operations in Montenegro 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 Montenegro 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 Representation in Montenegro (hereinafter referred to as the 'Representation') was established in 2007 as an independent country office with an accredited Representative. The office, located in Podgorica, had originally been created in 1992 as part of the UNHCR Representation in Yugoslavia. In January 2015, it became part of the UNHCR Regional Representation for South Eastern Europe based in Bosnia-Herzegovina. The Representation was headed by a Representative at the P-4 level who reported to the D-1 Regional Representative in Bosnia-Herzegovina.
4. As of January 2015, the Representation assisted 20,848 persons of concern. This included 6,500 refugees and asylum seekers, mostly from the former Yugoslavia but also increasingly people fleeing from the Syrian conflict. There were also over 3,000 stateless persons in Montenegro, and more than 11,000 refugees from the former Yugoslavia who had acquired the legal status of "foreigner with permanent residence" and were on a path to full citizenship. In line with the UNHCR regional strategy, the Representation was planning to operationally disengage from the legacy caseload of refugees and stateless persons by 2017. From this date onwards it intended to focus on protection monitoring of the legacy caseload and active operational engagement with new refugees and asylum seekers from outside the region.
5. The Representation was fully staffed with 14 posts. It had expenditure of \$2.3 million in 2014, while for 2015 its operating level budget was reduced to \$1.8 million. It worked with five partners in 2014 with a combined expenditure of \$1.2 million which represented 88 per cent of the Representation's operational expenditure for the year. In 2015, the Representation retained four of its partners which included one government partner, one international non-governmental organization and two local partners. The government partner provided cash assistance to vulnerable persons of concern. One of the national partners was engaged to manage the Konik camps which housed approximately 1,500 persons of concern. The other national partner was a legal partner providing support to refugees seeking to integrate locally. The international partner provided assistance to refugees with regards to shelter and services to address specific needs.
6. Comments provided by UNHCR are incorporated in *italics*.

II. OBJECTIVE AND SCOPE

7. 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 Montenegro**.

8. The audit was included in the OIOS 2015 risk-based internal audit work plan for UNHCR at the request of UNHCR management. This was due to risks associated with operationally disengaging from the legacy caseload and the increasing number of new asylum seekers and refugees in Montenegro.

9. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined this key control as controls that provide reasonable assurance that policies and procedures: (a) exist to guide the management of UNHCR operations in Montenegro; (b) are implemented consistently; and (c) ensure the reliability and integrity of financial and operational information.

10. The key control was assessed for the control objectives shown in Table 1.

11. OIOS conducted the audit from May to August 2015. The audit covered the period from 1 January 2014 to 30 June 2015. The audit team visited the Country Office in Podgorica and the camps based in Konik.

12. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key control 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

13. The UNHCR governance, risk management and control processes examined were initially assessed as **partially satisfactory**¹ in providing reasonable assurance regarding the **effective management of UNHCR operations in Montenegro**. OIOS made four recommendations to address the issues identified.

14. There was a need for the Representation to: (a) establish a multi-year plan for achieving its long-term objectives; (b) strengthen controls over partner selection and partnership management; (c) ensure comprehensive monitoring and coordination of service provision in the Konik camps and develop a camp phase-out and closure strategy; and (d) address economic barriers to local integration.

15. The initial overall rating was based on the assessment of key control presented in Table 1. The final overall rating is **partially satisfactory** as implementation of four important recommendations remains in progress.

¹ A rating of “**partially satisfactory**” means that important (but not critical or pervasive) deficiencies exist 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

Table 1: Assessment of key control

Business objective	Key control	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 Montenegro	Regulatory framework	Partially satisfactory	Partially satisfactory	Satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

Regulatory framework

The Representation needed to establish a multi-year plan for achieving its long-term objectives by 2017

16. The UNHCR Manual requires the Representation, in developing annual plans for its operations, to set goals and objectives, define required outputs and activities, allocate budgets and establish deliverables. The strategic planning process should be informed by participatory and comprehensive needs assessments and consider age and gender diversity issues. The Manual further encourages the Representation to create multi-year plans, especially in situations where disengagement from an operation is envisaged.

17. The Representation conducted participatory assessments incorporating age and gender diversity considerations. The Representation also incorporated into both 2014 and 2015 operational plans aspects of comprehensive needs assessment against established criteria. These plans set goals, objectives and defined outputs and activities with allocated budgets and identified deliverables for each year. The 2015 Operations Plan, which was developed as part of the Regional Operations Plan, also identified long-term goals to be achieved throughout the region by 2017. These related to: finding solutions for the legacy caseload of conflict-related displacements allowing for responsible disengagement; improving the capacity of asylum systems in the region for new caseloads; and delivering essential documents to persons at risk of statelessness and strengthening mechanisms to detect and prevent new cases. However, the Representation did not develop a multi-year plan indicating: (a) the impacts needed in Montenegro for the Representation to consider the priority objectives achieved; or (b) the outputs and activities and their associated timings that were needed to achieve the objectives by 2017.

18. In the absence of a multi-year plan, the Representation did not have a defined set of activities with associated target completion dates necessary to achieve its long-term objectives. This limited the ability of the Representation to monitor progress towards the goals and to identify areas where these were not on track, and increased the risk of the Representation failing to meet its long-term objectives by 2017. The Representation explained that a multi-year plan was not yet developed because the long-term objectives had only recently been established and the Representation's transition from an independent country office to being part of the Regional Representation for South Eastern Europe in January 2015. However, as a sixth of the timeframe within which the objectives were to be achieved had already elapsed, it was important that the Representation quickly establish a multi-year plan to allow it to manage its performance for the remainder of the timeframe.

<p>(1) The UNHCR Representation in Montenegro, in coordination with the Regional Representation for South Eastern Europe, should develop a multi-year plan for the</p>

achievement of its long-term objectives and put in place arrangements for monitoring performance against the plan.

UNHCR accepted recommendation 1 and stated that the Representation drafted a strategy paper for responsible operational disengagement from assistance programmes for the former Yugoslavia caseload residing in Montenegro, and had shared the draft strategy with the Regional Office for review. The Representation was further developing the strategy based on the Regional Office's comments. The strategy would be part of the regional strategic document on the operational disengagement from refugees from the former Yugoslavia in the region. Recommendation 1 remains open pending receipt of the multi-year plan for the achievement of the Representation's three long-term objectives which should include relevant activities and outputs with planned dates.

Controls over partner selection and retention and partnership performance management needed to be strengthened

19. The UNHCR Enhanced Framework for Implementing with Partners requires the Representation to conduct the process for the selection and retention of implementing partners with due diligence and in an objective, consistent and transparent manner. The Representation is also required to use current templates for project partnership agreements including a framework for planned results against which partners should report at mid-year and year-end. The Representation is further required to establish a multi-functional team to undertake financial and performance monitoring of projects implemented by partners.

20. The Representation engaged three non-government partners (one international and two national) and one government partner throughout 2014 and 2015. The three established non-government partners had been in continuous partnership with the Representation since 2003, 2005 and 2007 respectively. In 2014, project partnership agreements were negotiated and signed with all partners in a timely manner. In 2014 and 2015, the agreements included frameworks for planned results, workplans and staffing tables. All partners submitted regular financial reports and these were verified by the Representation before additional installments were released. The Representation also made recommendations for improving financial controls and tracked their implementation by partners. However, OIOS observed the following control weaknesses related to partnership management:

- **Partner selection:** The Representation published calls for expression of interest for projects in 2014 but did not undertake wider solicitation of potential partners and allowed only two weeks for responses. This was shorter than the recommended timeline of four to six weeks. In December 2014, the Representation decided to extend the partnerships with all four partners and assessed their performance as strong. However, the justification recorded for these decisions made no references to the mid-year narrative reports or the performance targets that were not reported or likely to be missed.
- **Preparation of project partnership agreements:** While specific targets were set for the 28 established performance indicators in 2014 projects, no targets were set for any of the 17 impact indicators. In 2015, all 40 performance indicators had specific targets as did 12 of the impact indicators but there were still a further three impact indicators with no specified target.
- **Project monitoring:** All partners submitted mid-year and year-end narrative reports in 2014. Of the 28 performance indicators, only 9 were reported as met, 10 were not met and a further 9 were not reported on by the partners. As no targets had been set for impact indicators, their achievement could not be assessed. While the Representation established a multi-functional

Implementing Partnership Management Committee to make partner selection and retention decisions, it had not established a multi-functional monitoring team and an annual monitoring plan to undertake performance and financial monitoring of partners.

21. As a result of the above, the Representation was exposed to the risk of not selecting the best-fit partner for each project. Its ability to work with partners to identify areas of difficulty and to take corrective action to ensure that objectives were met was also undermined. The root cause of the observed shortcomings was that the Representation had not given sufficient priority to the selection and performance monitoring of partners. As the Representation had strong working relationships and regular contact with all partners, it had assumed that the performance was effective without conducting rigorous and objective performance management against the objectives specified in the partnership agreements.

(2) The UNHCR Representation in Montenegro should: (a) conduct a full partner selection and retention process for 2016 following early solicitation of existing and prospective new partners; (b) establish a multi-functional monitoring team and a monitoring plan to assess project performance against specified performance targets; and (c) develop a workplan in coordination with partners to undertake corrective action where project partnership objectives are not likely to be met.

UNHCR accepted recommendation 2 and stated that: (a) the Representation conducted the partner selection and retention process for 2016; (b) the Representation established the multi-functional monitoring team on 26 August 2015 and was in the process of developing a monitoring plan to be agreed upon with the partners; and (c) based on the findings from the monitoring missions, the workplan on corrective actions where objectives were off-course or not met would be prepared in coordination with partners by the end of November 2015. Recommendation 2 remains open pending receipt of a copy of the approved monitoring plan and a copy of the workplan to help partners in meeting project objectives.

There was a need to strengthen coordination and monitoring of the provision of services in the Konik camps and develop a camp phase-out and closure strategy

22. The Global Camp Coordination and Camp Management cluster (of which UNHCR is a member) developed Suggested Terms of Reference for Camp Management Agencies and a Camp Management Toolkit. For the two camps located on Government-owned land in the Konik area (Konik I and Konik II), the Representation is required to: appoint a Camp Management Agency to provide overall management of the camps; specify the responsibilities of the Camp Management Agency in a project partnership agreement; and monitor the Agency's performance against these responsibilities. As per the Suggested Terms of Reference, these responsibilities include, among others: the provision of infrastructure maintenance; leading coordination activities to avoid gaps and overlaps in providing service; and monitoring service provisions according to agreed upon guidelines, standards and indicators. The Toolkit also requires the Camp Management Agency to design a camp phase-out and closure strategy at the outset of the camp situation, and the Representation is required to monitor and support the Camp Management Agency in this endeavour.

23. The project partnership agreement with the Camp Management Agency covered all key responsibilities contained in the Suggested Terms of Reference. A number of the other general responsibilities were also performed by the Camp Management Agency. The Representation worked closely with the Camp Management Agency to reduce the risk of fires, following lessons learned from a fire that occurred in the Konik I camp in 2012, by providing fire extinguishers, demolishing illegal extensions, conducting awareness raising campaigns, replacing wooden barracks with less flammable containers and liaising with the local fire brigade.

24. However, OIOS observed three control weaknesses related to camp management. First, although the project partnership agreement required the Camp Management Agency to monitor the provision of social services, it did not cover other areas such as the provision of education or vocational training, which were funded by other donors. The agreement also made no reference to guidelines, standards and indicators against which these service provisions should be measured. Second, the partner had not formally documented who does what and where to help avoid gaps and overlaps in providing services. Third, although the first Konik camp was established in 1999 and the current Camp Management Agency had been in place since 2003, no camp phase-out and closure strategy had been developed. The 2014 project partnership agreement included a requirement to work towards developing such a strategy. However, this had not been done and no similar requirement was included in the 2015 project partnership agreement.

25. As a result, there was an increased risk that humanitarian actors and local authorities working in the camps would not provide services to adequate levels. Further, while a number of less formal coordination mechanisms were in place, the absence of a documented agreement on coordination mechanisms increased the risk of gaps and overlaps in providing services. The lack of a documented strategy for camp phase-out and closure also increased the risk of delays in closing the camps and that the transitional needs of residents were not being adequately considered. The shortcomings related to the monitoring of services and coordination of actors arose because previously, management of the camps had been relatively simple with only a small number of donors and humanitarian actors involved. The Representation therefore did not consider it essential to explicitly define roles and reporting and monitoring requirements although the number of actors and donors needing coordination had increased since 2013. The lack of a camp phase-out and closure strategy resulted as the Representation did not enforce the requirement of the 2014 project partnership agreement to develop such a strategy as it considered it unlikely that the camps would be closed soon.

(3) The UNHCR Representation in Montenegro should: (a) include a requirement for the Camp Management Agency to monitor the provision of all services in the Konik camps against specified standards in the next revision of the partnership agreement; (b) document the roles and responsibilities of local authorities and humanitarian actors involved in the Konik camps; and (c) assist the Camp Management Agency, in coordination with the Government of Montenegro, in developing a camp phase-out and closure strategy for Konik I and Konik II camps.

UNHCR accepted recommendation 3 and stated that: (a) revision of the project partnership agreement with the partner had been initiated to include its obligation to monitor the provision of all services in the Konik camps; (b) a document on the roles and responsibilities of the local authorities and humanitarian actors involved in the Konik camps was finalized; and (c) the first draft of the strategy for the closure of the Konik camps had been prepared and would be presented to the Government, the municipality and other stakeholders for comments. This initiative could be completed by the end of the year. Recommendation 3 remains open pending receipt of a revised project partnership agreement including an obligation for the Camp Management Agency to monitor the provision of all services in the Konik camps against specified standards, as well as a camp phase-out and closure strategy for Konik I and Konik II camps.

There was a need to ensure that local integration solutions addressed economic barriers

26. As required by the UNHCR Framework for Durable Solutions for Refugees and Persons of Concern, the Representation needs to consider economic, social and cultural, and legal factors related to local integration. The Representation is also required to: adopt an integrated programming approach

while working closely with other agencies and undertaking needs assessments; and monitor the planning and implementation of the local integration programme to find sustainable solutions.

27. To achieve sustainable solutions in Montenegro, the Representation agreed a “Strategy for the permanent resolution of the issues of displaced and internally displaced persons with special focus on Konik area” with the Government of Montenegro and other actors. The strategy was informed by needs assessments undertaken by the Representation and its partners. As part of the strategy, an action plan was established that allocated specific actions to the Representation, six separate government ministries, multiple government directorates and local municipalities, non-governmental organizations, foreign embassies and donors. The action plan addressed a number of legal barriers as well as housing needs. The Representation worked closely with the Government and its legal partner to assist more than 11,000 persons of concern in obtaining the status of foreigner with permanent residence, which enabled them to enjoy access to a range of legal and social rights. The action plan also required progress to be made on access to education, health and labour rights for persons of concern. Cultural barriers were not explicitly addressed but the Representation’s needs assessments showed these to be relatively less important.

28. However, apart from actions related to improving housing conditions, economic barriers to local integration were also not considered by the action plan. Persons of concern provided with new accommodation would be required to pay a small amount of monthly rent and to pay utility bills. In cases where the occupants had no form of income, it was unclear whether the provision of housing would constitute a sustainable solution. This lack of focus on economic barriers to local integration happened despite the fact that participatory needs assessments had identified economic barriers as a significant challenge for persons of concern. The 2014 Operations Plan identified a livelihood programme to address these barriers as an unmet need due to lack of funding. While funding constraints made a full operational response to economic barriers challenging, the Representation had not included other activities such as advocacy or fundraising activities to address these barriers in either the action plan or the 2015 Operations Plan.

29. As a result of this, there was a risk that the solutions pursued by the Representation related to local integration would not be sustainable. This occurred because the Representation had focused its limited funding and resources on supporting as many persons of concern as possible in obtaining the status of foreigner with permanent residence before the deadline set by the Government for obtaining this status expired. Therefore, the Representation had not paid enough attention to the issue of identifying key economic barriers to sustainable local integration. Now that the deadline had expired, the Representation could better focus on addressing these economic barriers, subject to availability of funding.

(4) The UNHCR Representation in Montenegro should: (a) identify key economic barriers to sustainable local integration; and (b) include activities, dependent on available funding, to address these barriers in its 2016 Operations Plan.

UNHCR accepted recommendation 4 and stated that within the partner selection and retention process for 2016, the Representation included the obligation of the selected partner to identify key economic barriers to sustainable local integration. Following receipt of the submissions, the Representation decided to revise the 2016 Operations Plan to include livelihood components. Two activities were foreseen: research on potentials of economic sustainability of UNHCR persons of concern; and supporting implementation of the most suitable livelihood projects. Revision of the 2016 Operations Plan would be completed by the end of 2015. Recommendation 4 remains open pending receipt of the 2016 Operations Plan showing identified barriers to sustainable local integration and activities to address them.

Controls over financial management were functioning as intended

30. The UNHCR Manual and Financial Internal Control Framework require the Representation to ensure that all payments are suitably authorized, with relevant supporting documentation kept on file. They also require the Representation to: ensure appropriate segregation of financial duties; conduct month-end closure activities including bank reconciliations and submission of financial reports to headquarters; ensure the physical security of petty cash and its appropriate documentation; and budget for and monitor administrative expenditures.

31. OIOS reviewed a sample of 89 vouchers with a combined value of over \$1.7 million. The sample represented 9 per cent of vouchers issued between 1 January 2014 and 20 April 2015 and covered 72 per cent of the total value of these vouchers. The sample included payments to the partners, all vouchers issued where the approver was also the payee, and a selection of procurement transactions and administrative expenses. In all cases, appropriate supporting documents were kept on file. Where the approver was the same as the payee, other approvals such as signed travel requests by other staff members were in the files. OIOS also reviewed all purchase orders and requisitions as well as a sample of 15 high value non-purchase order vouchers and observed that in all cases no individual performed conflicting roles for the same transaction. In addition, monthly bank reconciliations were performed and kept on file as required. The Representation submitted month-end packages to headquarters on a timely basis and closely monitored administrative expenditures against the budget. Controls over petty cash, including physical security and access controls and maintenance of the petty cash ledger, were also functioning as intended. The Representation moved into shared United Nations office premises provided free of charge by the Government in March 2014. As a result, it was able to reduce its budget for administration by more than 40 per cent from \$339,000 in 2014 to \$194,000 in 2015. The Representation was also exploring additional cost saving measures through increased collaboration with the other United Nations agencies in Montenegro. OIOS concluded that the Representation's controls over financial management were functioning as intended.

IV. ACKNOWLEDGEMENT

32. 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 Montenegro 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 Representation in Montenegro, in coordination with the Regional Representation for South Eastern Europe, should develop a multi-year plan for the achievement of its long-term objectives, and put in place arrangements for monitoring performance against the plan.	Important	O	Submission to OIOS of the multi-year plan for the achievement of the Representation's three long-term objectives which should include relevant activities and outputs with planned dates.	31 December 2015
2	The UNHCR Representation in Montenegro should: (a) conduct a full partner selection and retention process for 2016 following early solicitation of existing and prospective new partners; (b) establish a multi-functional monitoring team and a monitoring plan to assess project performance against specified performance targets; and c) develop a workplan in coordination with partners to undertake corrective action where project partnership objectives are not likely to be met.	Important	O	Submission to OIOS of a copy of the approved monitoring plan and a copy of the workplan to help partners in meeting project objectives.	30 November 2015
3	The UNHCR Representation in Montenegro should: (a) include a requirement for the Camp Management Agency to monitor the provision of all services in the Konik camps against specified standards in the next revision of the partnership agreement; (b) document the roles and responsibilities of local authorities and humanitarian actors involved in the Konik camps; and (c) assist the Camp Management Agency, in	Important	O	Submission to OIOS of a revised project partnership agreement including an obligation for the Camp Management Agency to monitor the provision of all services in the Konik camps against specified standards; as well as a camp phase out and closure strategy for Konik I and Konik II camps.	31 December 2015

¹ Critical recommendations address critical and/or pervasive deficiencies 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.

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 Montenegro 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
	coordination with the Government of Montenegro, in developing a camp phase-out and closure strategy for Konik I and Konik II camps.				
4	The UNHCR Representation in Montenegro should: (a) identify key economic barriers to sustainable local integration; and (b) include activities, dependent on available funding, to address these barriers in its 2016 Operations Plan.	Important	O	Submission to OIOS of the 2016 Operations Plan showing identified barriers to sustainable local integration and activities to address them.	31 December 2015

APPENDIX I

Management Response

Management Response

Audit of the operations in Montenegro 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 Representation in Montenegro, in coordination with the Regional Representation for South Eastern Europe, should develop a multi-year plan for the achievement of its long-term objectives, and put in place arrangements for monitoring performance against the plan.	Important	Yes	Protection Officer	31-Dec-2015	The Representation drafted a strategy paper for responsible operational disengagement from assistance programmes for former Yugoslavia caseload residing in Montenegro. The draft strategy was shared with the Regional Office for review. Following comments from the RO, the strategy is being further developed. This Strategy will be part of the regional strategic document on the operational disengagement from refugees from former Yugoslavia in the region.
2	The UNHCR Representation in Montenegro should: a) conduct a full partner selection and retention process for 2016 following early solicitation of existing and prospective new partners; b) establish a multi-functional monitoring team and a monitoring plan to assess project performance against specified performance targets; and c) develop a workplan in coordination with partners to undertake corrective action where project partnership objectives are on course to not	Important	Yes	Associate Programme Officer	30-Nov-2015	a) The Representation has conducted the 2016 partner selection and retention process. b) The Representation established the multi-functional monitoring team on 26 August 2015 and is in process of developing a monitoring plan to be agreed upon with the partners. c) Based on the findings from the

¹ Critical recommendations address critical and/or pervasive deficiencies 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.

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.

Management Response

Audit of the operations in Montenegro 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
	be met.					monitoring missions the workplan on corrective actions where objectives were off-course or not met will be prepared in coordination with partners by the end of November 2015.
3	The UNHCR Representation in Montenegro should: a) include a requirement for the Camp Management Agency to monitor the provision of all services in the Konik camps against specified standards in the next revision of the partnership agreement; b) document the roles and responsibilities of local authorities and humanitarian actors involved in the Konik camps; and c) assist the Camp Management Agency, in coordination with the Government of Montenegro, in developing a camp phase out and closure strategy for Konik I and Konik II camps.	Important	Yes	Associate Programme Officer	31-Dec-2015	<p>a) Revision of the project partnership agreement with the partner has been initiated to include their obligation to monitor the provision of all services in the Konik camps.</p> <p>b) A document on the roles and responsibilities of the local authorities and humanitarian actors involved in the Konik camps is finalized.</p> <p>c) The first draft of the Strategy for the closure of the Konik camps has been prepared and will be presented to the Government, the municipality and other stakeholders for comments. This initiative can be completed by the end of the year.</p>
4	The UNHCR Representation in Montenegro should: a) identify key economic barriers to sustainable local integration; and b) include activities,	Important	Yes	Associate Programme Officer	31-Dec-2015	Within the 2016 partner selection and retention process, the Representation included the obligation of the selected partner to identify key economic

Management Response

Audit of the operations in Montenegro 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
	dependent on available funding, to address these barriers in its 2016 Operations Plan.					barriers to sustainable local integration. Following receipt of the submissions the Representation decided to revise the 2016 Operations Plan to include livelihood components. Two activities are foreseen: research on potentials of economic sustainability of UNHCR persons of concern; and supporting implementation of the most suitable livelihood projects. Revision of the 2016 Operations Plan will be completed by the end of 2015.