



INTERNAL AUDIT DIVISION

REPORT 2015/182

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

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

FINAL OVERALL RATING: PARTIALLY
SATISFACTORY

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AUDIT REPORT

Audit of the operations in Iran 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 Iran 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 Iran (hereinafter referred to as ‘the Representation’) was established in 1984. As at June 2015, the Representation estimated that there were 982,000 Afghan and Iraqi refugees in Iran, making it the third largest refugee hosting country in the world. The main Government counterpart of UNHCR was the Ministry of Interior’s Bureau of Aliens and Foreign Immigrants Affairs (BAFIA), which managed all refugee settlements in Iran. During 2014 and 2015, the operational priorities of the Representation were to: (a) preserve asylum space and strengthen protection of Afghan and Iraqi refugees; (b) enhance access to health and quality education for refugees; (c) improve livelihood opportunities for refugees including legal access to the labour market; (d) facilitate voluntary repatriation of Afghan and Iraqi refugees and advocate for increased resettlement opportunities; and (e) identify and support alternative durable solutions with a view to ending the protracted refugee situation.
4. The Representation was composed of a Country Office in Tehran, three Sub Offices in Kerman, Mashhad and Shiraz, one Field Office in Dogharoun, and two Voluntary Repatriation Centres in Esfahan and Soleimankhani. It was headed by a Representative at the D-1 level and had, as of June 2015, 116 regular staff posts, 40 affiliate staff, four staff on temporary assistance and two secondees. In 2014, it had total expenditure of \$30.2 million, of which programme-related expenditure amounted to \$21.9 million, and it worked with 18 partners to implement its project activities. In 2015, for the 6-month period ending 30 June 2015, the Representation spent \$7.9 million of its authorized budget of \$27.5 million. It worked with 17 partners, as one partner was not retained to implement projects in 2015.
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 Iran**.
7. The audit was included in the OIOS 2015 risk-based internal audit work plan for UNHCR due to risks associated with the management of programme and protection activities for a protracted caseload of refugees in a challenging operational environment.
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 plans for its programme and protection activities are developed 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 Iran; (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 June to August 2015. The audit covered the period from 1 January 2014 to 30 June 2015. The audit team visited the Representation's offices in Tehran, Mashhad, Dogharoun, Kerman and Shiraz.

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 **partially satisfactory**¹ in providing reasonable assurance regarding the **effective management of UNHCR operations in Iran**. OIOS made six recommendations to address issues identified in the audit.

13. The Representation's controls over strategic planning were working effectively. In terms of project management, the Representation conducted performance and financial monitoring of projects implemented by partners in accordance with UNHCR requirements. However, there was a need for the Representation to: (a) develop an action plan for ensuring that Project Partnership Agreements are signed in a timely manner; (b) strengthen health care arrangements for refugees; (c) assess the impact of its livelihood programme and review the feasibility of the implementation of the livelihoods strategy in light of reduced funding; (d) strengthen controls over acquisition, storage and distribution of non-food items; (e) improve procedures over beneficiary selection, disbursement and monitoring of cash assistance provided to persons of concern; and (f) enhance controls over management of cash and processing of payments.

14. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **partially satisfactory** as implementation of 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 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 Iran	(a) Strategic planning	Satisfactory	Satisfactory	Satisfactory	Satisfactory
	(b) Project management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(c) Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Strategic planning

Controls over strategic planning were satisfactory

15. The UNHCR Global Management Accountability Framework requires the Representation to prepare and implement a country strategy that is coherent and consistent with the UNHCR Global Strategic Priorities and guides it in meeting its commitment to protect, assist and find solutions for persons of concern. Based on a comprehensive needs assessment, the Representation is required to develop a Country Operations Plan that identifies the objectives for different planning population groups, as well as the related targets and budget allocation. The Representation is also required to establish a protection strategy for its operations.

16. The Representation prepared its Country Operations Plan for 2015, which was aligned with the UNHCR Global Strategic Priorities. In identifying its priorities for the year, it assessed the needs of the population of concern using community based approaches, outreach and networking. It also developed a protection strategy and an inter-agency fundraising strategy with an updated portfolio of projects to mobilize donor funding. The Representation's results framework linked its priorities to project targets, resources and activities. The Representation further prepared a detailed programme of work and established mechanisms to monitor it, as well as the related programme budget and expenditures, on a monthly basis. OIOS concluded that the Representation's controls over strategic planning were satisfactory.

B. Project management

Project Partnership Agreements needed to be signed in a timely manner

17. In accordance with the UNHCR Enhanced Framework for Implementing with Partners, the Representation is required to conclude the Project Partnership Agreement (PPA) with each partner in a timely manner.

18. The Representation signed the 2014 PPA with BAFIA only on 25 May 2014 and, as at 30 June 2015; it had signed the 2015 PPA with only 4 of its 17 partners. These delays had been systematic over

several years. This was partly outside the Representation's control and related to the operational complexities in the country. Nevertheless, and although the delays had been discussed with the Government of Iran, the Representation had not developed a strategic action plan, in coordination with the Bureau for Asia and the Pacific, to engage with the Government and obtain their commitment to ensure that PPAs could be finalized within reasonable timelines.

19. As a result of the late signing of agreements with partners, the implementation of programme interventions was adversely impacted. For example, planned activities like construction of schools, renovation of infrastructure in settlements and provision of special medical services for children had not commenced, health workers at 134 primary health centres had not received their monthly incentives since January 2015 although they continued to attend to the needs of the refugees, and the time available for completing the annual project activities was reduced to less than six months which was likely to affect the timeliness and quality of project activities.

(1) The UNHCR Representation in Iran, in coordination with the Bureau for Asia and the Pacific, should develop a strategic action plan to engage with the Government of Iran to ensure that future Project Partnership Agreements are concluded in a timely manner.

UNHCR accepted recommendation 1 and stated that the Representation, in coordination with the Bureau, had developed and was implementing a strategic action plan for the timely signature of PPAs in 2016 so that implementation of UNHCR interventions was not impacted by delays. Based on the action taken and documentation provided by UNHCR, recommendation 1 has been closed.

Performance and financial monitoring of projects implemented by partners were undertaken in accordance with the requirements

20. In accordance with the UNHCR Enhanced Framework for Implementing with Partners, the Representation is required to establish a plan for performance and financial monitoring to be conducted by a multi-functional team to verify project activities and expenditures reported in the narrative and financial reports of partners.

21. The Representation had a plan in place for performance and financial monitoring of projects implemented by partners, and it established a multi-functional monitoring team to undertake the monitoring visits to project sites and partners. For monitoring of construction work, the Representation had an infrastructure monitoring procedure in place and was using a technical expert. The Representation undertook 167 performance monitoring visits during the period from 1 January 2014 to 30 June 2015 to review various project activities implemented by partners and prepared monitoring reports using standard templates. It also ensured that financial verifications were undertaken to verify project expenditures and systematically documented before the release of instalments to partners. OIOS concluded that the Representation had adequate controls in place to ensure that performance and financial monitoring of partners implementing UNHCR projects were undertaken in line with the requirements.

Health care arrangements for refugees required strengthening

22. In accordance with the UNHCR Global Strategy for Public Health, the Representation is required to: (a) ensure that access to health care is a key component of its protection activities and programming priorities; (b) deliver its health programme within a public health and community development framework, with an emphasis on primary health care and support for secondary and occasionally tertiary health care; and (c) put in place arrangements that seek to minimize mortality and morbidity and improve quality of life of refugees.

23. The Representation identified access to health care as a priority intervention in its Country Operations Plans for 2014 and 2015. It spent about \$5 million in 2014 under the objective “Health status of the population improved”. It partnered with the Ministry of Health to provide preventive and curative primary health care to refugees and contracted a private insurance company to cover the secondary and tertiary health care needs of refugees. This health insurance scheme provided medical insurance coverage to 220,200 vulnerable refugees and up to 2,000 refugees having certain specified diseases. The performance indicators for 2014 indicated a slight improvement, as 80 per cent of the Afghan refugees had access to primary health care and 27 per cent had access to secondary and tertiary health care against 78 per cent and 25 per cent reported in 2013 respectively. Also, the Representation reported a mortality rate of 0.5 for the under-five years old, which was below the standard target of 1.5.

24. As the contract with the private health insurance company ended in December 2014, the Representation initiated discussions with the Government to include all refugees under the national public universal health insurance. To support the new arrangements, the Government allocated an amount of about \$56 million and the Representation allocated \$8 million. However, at the time of the audit the Representation was still in the process of negotiating with the Government counterparts on an implementation mechanism with regard to inclusion of refugees into the universal public health insurance scheme. This included discussions on cost sharing mechanisms, legal arrangements, payment modalities and monitoring and reporting arrangements. The delay created a gap in service delivery, as refugees did not receive secondary and tertiary health care services. To address this gap, the Representation established an *ad-interim* medical assistance scheme, but this measure only addressed part of the needs as it did not cover all diseases included under the previous health insurance scheme. Further, due to limited funding, the Representation needed to put restrictions on the maximum amounts that could be reimbursed to beneficiaries. For example, it reduced the monthly health programme budget for all its offices from \$75,000 in May to \$50,000 in June 2015.

25. The above shortcomings happened because the Representation had not finalized its health care strategy and did not have a contingency plan for the provision of adequate health care services to address the delays in concluding the new insurance arrangements. As a result, the Representation could not ensure adequate provision of secondary and tertiary health care to its persons of concern.

(2) The UNHCR Representation in Iran should develop an action plan for finalizing the strategy for the provision of health care services to refugees, including the arrangement for covering refugees under the national public universal health insurance, and put in place a contingency plan to address any identified gaps in the provision of health care services.

UNHCR accepted recommendation 2 and stated that the PPA for provision of Universal Public Health Insurance was signed and operational since 25 October 2015, covering all registered refugee population under the national scheme of the country. The health strategy and contingency plan for the provision of health care services to refugees was being finalized. Recommendation 2 remains open pending receipt of the approved strategy and contingency plan for the provision of health care services to refugees.

There was a need to assess the impact of the Representation’s livelihoods programme and review the feasibility of the implementation of the livelihoods strategy in light of reduced funding

26. The UNHCR Global Strategy for Livelihoods for 2014-2018 requires the Representation to develop and implement a local livelihoods strategy, implementation plan and procedures to ensure that all persons of concern are able to make a safe and sustainable living that meets their basic needs, contributes to their dignity, and provides for full enjoyment of human rights. In addition, the UNHCR Operational Guidelines for Livelihoods Programming require the Representation to monitor and evaluate the impact

of programme outputs and input the results into the programming process to ensure that its livelihoods related initiatives have practical impact on the targeted population.

27. In line with its needs-assessed priority in the 2014 and 2015 Country Operations Plans to improve livelihoods opportunities for refugees including legal access to the local labour market, the Representation developed a livelihoods strategy. The strategy was aligned with the UNHCR Global Strategy for Livelihoods for 2014-2018 and the Representation's protection strategy. It was aimed at interventions in five areas related to: vocational training, home based enterprises, revolving loan schemes, cross border job placements and direct implementation. It was finalized and validated by BAFIA in June 2015. To implement the livelihoods strategy, the Representation also developed an implementation plan in 2015. Prior to the development of the strategy, the Representation, in 2014, implemented a diverse portfolio of livelihoods interventions working with six partners and directly implementing 14 projects valued at \$1.9 million. However, OIOS observed weaknesses in how the 2015 livelihoods programme was designed in follow-up to the 2014 programme:

- The Representation budgeted only \$0.8 million for livelihoods activities in 2015, although it continued to be a needs-assessed priority. The justification for the significant budget reduction and the de-prioritization of the livelihoods programme were not documented in the 2015 Country Operations Plan.
- The 2015 implementation plan did not consider the impact of livelihoods interventions carried out in the previous year.

28. The above shortcomings happened because the Representation had not evaluated the impact of its previous livelihoods interventions and had not revised the implementation plan in light of the changes in funding and the results of the impact achieved through the livelihoods projects already completed. As a result, the Representation could not demonstrate that the livelihoods programme and the investments spent on it had a practical impact on the targeted population in making them more self-reliant. Also, it could not ensure that the implementation plan for the approved livelihoods strategy was implementable in its current form.

(3) The UNHCR Representation in Iran should review and make appropriate revisions to the implementation plan for its livelihoods strategy in light of the funding situation and the results of the impact made through completed livelihoods interventions.

UNHCR accepted recommendation 3 and stated that the Representation developed a revised implementation plan for 2016 livelihoods strategy which was aligned and further strengthened with the level of funding available in 2016. The Representation also started an impact evaluation of the 2014 programme and so far completed the impact assessment of one PPA, which was being finalized. Recommendation 3 remains open pending receipt of the updated implementation plan for the livelihoods strategy following the completion of the impact evaluation of the 2014 livelihoods programme.

Controls over acquisition, storage and distribution of non-food items required strengthening

29. UNHCR rules require the Representation to put in place adequate arrangements for warehousing and inventory management, as well as distribution of non-food items (NFI). This includes: establishing an NFI strategy based on an assessment of the needs of the persons of concern; establishing safe storing conditions in the warehouses; recording all inventory movements; preparing detailed NFI distribution plans; conducting regular on-site distribution monitoring; undertaking post distribution monitoring; updating the actual quantities distributed in an electronic system; and preparing reconciliation reports.

30. The Representation acquired, stored and distributed NFIs to assist persons of concern in 2014 and 2015. It procured over \$4.4 million worth of goods for distribution during this period. It initiated central procurement of NFIs and prepared a detailed plan for the distributions to take place in 2015. These measures addressed weaknesses experienced in 2014 when its Sub Offices undertook ad-hoc procurement of NFIs and distributions were conducted in a disjointed and uncoordinated manner. However, the following shortcomings were observed in how the Representation managed its inventory in the warehouses and the NFI distributions:

- The Representation did not establish a strategy for acquisition, storage and distribution of NFIs.
- The Representation had two warehouses where it stored NFIs. OIOS visit to the warehouse in Dogharoun identified, for example, stock of 250 mattresses and 13 wheelchairs, which did not match the records in Managing for Systems, Resources and People (MSRP) system, the UNHCR enterprise resource planning system. The warehouse contained 250 mattresses and 11,863 blankets that had been received more than three years earlier, and there was no plan to distribute them.
- A review of a sample of distributions undertaken at 5 of the 36 distribution locations in 2014 indicated that the Representation did not accurately and consistently maintain distribution reports with beneficiary signatures for these distributions. It also did not establish adequate controls to reconcile the quantities of NFIs issued from the warehouses and distributed to beneficiaries. Also, monitoring reports were not uniformly prepared for all the distributions where UNHCR staff were present. For example, the Sub Office in Shiraz did not prepare monitoring reports for educational kits valued at \$16,300 distributed in 2014.

31. The above shortcomings happened because the Representation did not develop and implement a sound strategy and control framework over the supply chain for NFIs, in line with UNHCR requirements. To streamline the NFI planning, distribution and monitoring process, the Representation was developing local operating procedures, but they were not yet finalized and implemented at the time of the audit. As a result, the Representation was exposed to the risk that NFIs distributed may not reach the intended beneficiaries.

(4) The UNHCR Representation in Iran should enforce the requirement to establish: a) a strategy for the acquisition, storage and distribution of non-food items; b) procedures specifying the distribution methodology and responsibilities for monitoring, reconciling and recording of non-food item distributed; and c) an action plan for distributing old stock in warehouses.

UNHCR accepted recommendation 4 and stated that the Representation strengthened monitoring and reconciliation controls over storage and management of inventory levels and distributed the obsolete items. The strategy for acquisition and distribution of NFIs would be developed based on the inputs from the needs assessment and the post distribution monitoring exercise in settlements. Standard operating procedures for NFIs were being developed. Recommendation 4 remains open pending receipt of the approved strategy and local procedures for planning, distribution and monitoring of NFIs.

The Representation needed to improve its procedures for beneficiary selection, disbursement and monitoring of cash assistance provided to the persons of concern

32. The UNHCR Operational Guidelines for Cash-Based Interventions require the Representation to establish adequate controls, including local operating procedures, for delivering its cash assistance programmes. The requirements include the need to ensure that limited resources are targeted at the most vulnerable beneficiaries and that these persons are accurately identified and receive the assistance in a timely manner. The Representation should also conduct a post-distribution assessment of the impact of the cash assistance programmes.

33. In 2014, the Representation disbursed \$1.5 million as cash assistance to support 3,251 persons of concern. It developed and updated local procedures for various types of cash assistance like loss of income, basic needs, emergencies and medical costs. It recorded the assistance information in its Reception Database, a database used to record bio-data of beneficiaries, their vulnerability assessment details and actual cash assistance provided. However, a review of general controls over cash-based assistance and a sample of actual disbursements, indicated the following weaknesses:

- The Representation used the standard UNHCR vulnerability assessment form and the heightened risk identification tool, which is a UNHCR tool to enhance the identification of persons at risk by asking a series of questions to identify level of vulnerability and type of assistance needed. However, a community-based approach for assessment of the vulnerability and protection risks of persons of concern was not applied as required by the Representation's own local procedures. For example, the Representation did not conduct home visits in all cases to assess the beneficiary situation.
- The Representation generated a payment request for each cash payment. The payment request required the signature of four persons. In cases where the amount was in excess of \$2,000, a requisition, purchase order and receipt were created, after which the Finance Unit generated the payment voucher and a cheque was issued. Each beneficiary was asked to personally collect the cheque. While 220,000 vulnerable refugees had a bank account, the Representation did not use bank transfers for the payments. The disbursement process that the Representation implemented was therefore inefficient.
- The Representation did not conduct a post-distribution assessment to evaluate the impact of cash assistance provided.

34. The above control deficiencies happened because of gaps and inefficiencies in the local procedures regarding distribution and monitoring controls. As a result, the Representation's limited cash assistance resources may not have reached the most vulnerable beneficiaries.

(5) The UNHCR Representation in Iran should update its local procedures on cash assistance to specify efficient arrangements for disbursement and monitoring of cash payments, post-distribution assessments, and the application of a community-based approach for vulnerability assessments and selection of beneficiaries.

UNHCR accepted recommendation 5 and stated that the Representation was updating its procedures on cash assistance. Recommendation 5 remains open pending receipt of the updated procedures on cash assistance.

C. Regulatory framework

Prompt action was taken to address remaining control deficiencies in procurement and vendor management

35. UNHCR procurement rules and procedures require the Representation to: (a) prepare an annual procurement plan according to identified needs; (b) initiate procurement activities in accordance with the procurement plan to facilitate transparent and competitive procurement; (c) establish an effective vendor management system; and (d) ensure adequate oversight over the procurement activities, requiring all contracts entered into with one single vendor equal to or greater than \$20,000 and up to \$150,000 to be approved by the Local Committee on Contracts.

36. In 2014, the Representation procured approximately \$8.3 million worth of goods and services. It established an annual procurement plan and a Vendor Review Committee that held regular meetings to approve the registration of qualified vendors. The Representation also duly established the Local Committee on Contracts, which held 12 meetings between January 2014 and June 2015 to provide oversight over procurement activities. OIOS reviewed 25 procurement cases with a value of \$6.0 million and representing 72 per cent of the total value of procurement undertaken during the period under review. This review indicated that the Representation, in general, followed the required tendering procedures; ensured that submissions to the Local Committee on Contracts were adequately documented; and ensured that the selection recommendations were based on the evaluation of bids. OIOS observed some deficiencies in that some inactive and duplicate vendors were recorded in the vendor database; cumulative procurement per vendor was not systematically tracked; and vendor performance was not systematically evaluated after receipt of goods and services. However, whilst the audit fieldwork was still ongoing, the Representation took prompt action to address these deficiencies and put appropriate control measures in place.

Controls over management of cash and processing of payments needed to be enhanced

37. The UNHCR Manual requires the Representation to implement effective controls over delegation of authority in financial management, monitoring of administrative expenditures, processing of payments, management of petty cash, preparation and review of bank reconciliations, follow-up and closure of open items (accounts receivable), and monthly financial reporting.

38. A review of general financial controls and a sample of month-end closing reports, bank reconciliations and payment vouchers indicated that the Representation regularly updated its Delegation of Authority Protocol and had put in place adequate controls over monitoring of administrative expenditures, preparation and review of bank reconciliations, follow-up and closure of open items, and monthly financial reporting. However, the Representation did not ensure that: all payment vouchers were supported by appropriate documentation and were physically signed by preparer, verifier and approver; the payee name on the cheques issued matched with the vendor name in MSRP; and the use of operational advances complied with UNHCR rules and procedures. OIOS reviewed 67 payment vouchers and identified the following exceptions in nine cases as a result of these deficiencies:

- In two cases, the Representation paid refugees an amount totalling \$7,500 for cash assistance without ensuring that original hospital bills were attached to support the claim;
- The Representation paid a vendor \$3,770 as final payment on contract closure, without first resolving outstanding contractual issues like payment of social security contributions and taxes for employees and value added tax for services acquired;

- In four cases, amounting to \$11,307, the beneficiary name on the cheques did not match the name registered in MSRP; and
- At two of the four Sub Offices, the Representation used operational advances to make regular cash payments, instead of creating a cash account and these advances were settled only at year end, whereas the rules required that operational advances be settled on a monthly basis.

39. The above weaknesses happened due to inadequate management monitoring and supervision to ensure full compliance with UNHCR rules on financial management. As a result, the Representation was exposed to financial risks and increased potential for fraud.

(6) The UNHCR Representation in Iran should put in place arrangements to make regular cash payments through cash accounts with appropriate limits and enhance supervisory controls over processing of payments.

UNHCR accepted recommendation 6 and stated that the Representation requested the Treasury Section at headquarters to open a bank account to reduce the use of operational advances and cash payments. All payment vouchers were now signed by the preparer, verifier and approver. Based on the action taken and documentation provided by UNHCR, recommendation 6 has been closed.

IV. ACKNOWLEDGEMENT

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

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

STATUS OF AUDIT RECOMMENDATIONS

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

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	The UNHCR Representation in Iran, in coordination with the Bureau for Asia and the Pacific, should develop a strategic action plan to engage with the Government of Iran to ensure that future Project Partnership Agreements are concluded in a timely manner.	Important	C	Action completed	Implemented
2	The UNHCR Representation in Iran should develop an action plan for finalizing the strategy for the provision of health care services to refugees, including the arrangement for covering refugees under the national public universal health insurance, and put in place a contingency plan to address any identified gaps in the provision of health care services.	Important	O	Submission to OIOS of the approved strategy and contingency plan for the provision of health care services to refugees.	29 February 2016
3	The UNHCR Representation in Iran should review and make appropriate revisions to the implementation plan for its livelihoods strategy in light of the funding situation and the results of the impact made through completed livelihoods interventions.	Important	O	Submission to OIOS of the updated implementation plan for the livelihoods strategy following the completion of the impact evaluation of the 2014 livelihoods programme.	31 March 2016
4	The UNHCR Representation in Iran should enforce the requirement to establish: a) a strategy for the acquisition, storage and distribution of non-food items; b) procedures specifying the distribution methodology and responsibilities for monitoring, reconciling and recording of non-food item distributed; and c) an action plan for distributing old stock in warehouses.	Important	O	Submission to OIOS of the approved strategy and local procedures for planning, distribution and monitoring of NFIs.	31 January 2016

² 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.

³ 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.

⁴ C = closed, O = open

⁵ Date provided by UNHCR in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

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

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
5	The UNHCR Representation in Iran should update its local procedures on cash assistance to specify efficient arrangements for disbursement and monitoring of cash payments, including in terms of post-distribution assessments, and the application of a community-based approach for the vulnerability assessments and selection of beneficiaries.	Important	O	Submission to OIOS of the updated procedures on cash assistance.	31 March 2016
6	The UNHCR Representation in Iran should put in place arrangements to make regular cash payments through cash accounts with appropriate limits and enhance supervisory controls over processing of payments.	Important	C	Action completed	Implemented

APPENDIX I

Management Response

Management Response

Audit of the operations in Iran 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 Iran, in coordination with the Bureau for Asia and the Pacific, should develop a strategic action plan to engage with the Government of Iran to ensure that future Project Partnership Agreements are concluded in a timely manner.	Important	Yes	Representative	30 October 2015	The Representation has continued to be fully and regularly engaged with the Government in consulting, planning, discussing, developing and finalizing UNHCR interventions and tripartite partnership agreement. UNHCR has developed and is implementing a strategic action plan for the timely signature of the Project Partnership Agreements (PPA) in 2016 so that implementation of UNHCR interventions is not impacted by delays. The Bureau supports the country action plan, will monitor its implementation and coordinate interventions with the Iranian officials and the Permanent Mission if required.
2	The UNHCR Representation in Iran should develop an action plan for finalizing the strategy for the provision of health care services to refugees, including the arrangement for covering refugees under the national public universal health insurance, and put in place a contingency plan to address any identified gaps in the provision of health care services.	Important	Yes	Programme Officer/ Senior Programme Officer	February 2016 (final draft strategy)	The health strategy and contingency plan for the provision of health care services to refugees is at pre-final draft to be completed by February 2016, bearing in mind the recent developments in the secondary and tertiary health care services under the Universal Public Health Insurance. Additionally, the Project Partnership Agreement for provision of Universal Public Health Insurance (UPHI) was signed and operational since 25 October 2015 covering all registered refugee population under the national scheme of the Country.

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 Iran 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
3	The UNHCR Representation in Iran should review and make appropriate revisions to the implementation plan for its livelihoods strategy in light of the funding situation and the results of the impact made through completed livelihoods interventions.	Important	Yes	Programme Officer/ Senior Programme Officer	1 st Quarter 2016	<p>To ensure that livelihoods related initiatives have practical impact on targeted population, enhanced monitoring and evaluation mechanism have been established throughout UNHCR Iran for both current livelihood programming and previously implemented programs; The Livelihood sub-unit and livelihood focal points in the Sub/Field offices have started impact evaluation of the previous year programs which applies to both types of projects such as those directly implemented by UNHCR or through Project Partnership Agreements. So far the impact assessment of one of the Project Partnership Agreements has been completed for random beneficiaries of 2014, however final analysis is pending review of the livelihood sub-unit of Iran. The finalized evaluation will be shared upon final review.</p> <p>UNHCR Iran have already developed a revised implementation plan for 2016 for both Strategy and implementation of livelihood related interventions (partners and Direct projects) which is aligned and further strengthened with the level of funding available in 2016 as well as practical economic opportunities available both in Iran and Afghanistan.</p>
4	The UNHCR Representation in Iran should enforce the requirement to establish: a) a strategy for the acquisition, storage and distribution of non-food items; b) procedures specifying the distribution methodology and responsibilities for monitoring,	Important	Yes	Senior Programme Officer/ Associate Community Services Officer	<p>(a) 31 December 2015</p> <p>(b) January 2016</p> <p>(c) implemented</p>	<p>(a) UNHCR Supply team further enhanced the warehouse management in accordance with the UNHCR Standard Operating Procedures (SOPs) on warehouse and inventory management.</p> <p>(b) Templates for planning, identification, distribution, monitoring and evaluation of non-</p>

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	reconciling and recording of non-food item distributed; and c) an action plan for distributing old stock in warehouses.					<p>food items (NFIs) (hygiene and sanitary items) have been developed and rolled out in all Sub-Offices. In addition SOP for NFIs is under development and is planned to be completed by end 2015. A basic needs assessment for hygiene and sanitary items was conducted throughout the country in October. It will in combination with findings of a Post Distribution Monitoring exercise in settlements, inform modalities of implementation and programme interventions with regards to support for hygiene and sanitary items starting 2016.</p> <p>(c) In coordination with the counterparts, and after the approval of the plan of distribution, a 2nd round of hygiene material together with NFIs was distributed and completed on the 24 November 2015. A last round of distribution is planned during the first quarter of 2016, for the remaining hygiene items (hygiene kits) which however do not include any 'old stock', now fully distributed.</p>
5	The UNHCR Representation in Iran should update its local procedures on cash assistance to specify efficient arrangements for: disbursement and monitoring of cash payments, including in terms of post-distribution assessments, and the application of a community-based approach for the vulnerability assessments and selection of beneficiaries.	Important	Yes	Senior Programme Officer / Protection Officer (ORT)	1 st Quarter 2016	UNHCR Representation has initiated updating procedures on cash assistance including improvement of Standards Operating Procedures (SOP). To strengthen the local capacity, UNHCR staff attended the Cash Based Interventions (CBI) training in December 2015. The updated procedures inclusive of assessment, disbursement and monitoring for cash based interventions, applying a community based approach are planned to be finalized by end of First Quarter 2016.

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6	The UNHCR Representation in Iran should put in place arrangements to make regular cash payments through cash accounts with appropriate limits and enhance supervisory controls over processing of payments.	Important			Closed	Recommendation 6 has been closed.