



INTERNAL AUDIT DIVISION

REPORT 2019/035

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

There was a need to address critical
deficiencies in controls over strategic
planning and monitoring and management of
partnerships

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

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the operations in Tanzania for the Office of the United Nations High Commissioner for Refugees (UNHCR). The objective of the audit was to assess whether the UNHCR Representation in Tanzania was managing the delivery of services to its persons of concern in a cost-effective manner and in compliance with UNHCR's policy requirements, with due regard to the risks that it was exposed to in the context in which it was operating. The audit covered the period from 1 January 2017 to 30 June 2018 and included a review of: (a) planning and resource allocation; (b) partnership management; (c) health programmes; (d) procurement and vendor management; and (e) resettlement activities.

Notwithstanding the difficult operating environment, there were critical control weaknesses in the Representation's strategic planning and monitoring arrangements and the management of partnerships, which, if unaddressed, could adversely impact the achievement of its objectives in a cost-effective manner. The Representation needed to also strengthen its coordination and management oversight arrangements over procurement, public health projects and resettlement. In general, the Representation needed to better identify, implement and monitor mitigating actions that address key risks that it is exposed to.

OIOS made three critical and three important recommendations. To address issues identified in the audit, the Representation needed to:

- Develop and implement a coordinated plan of action to address the restrictive refugee protection environment in the country and the increased cost to the country programme (**critical**);
- Strengthen programme performance management by: (i) ensuring that realistic targets are set for performance indicators; (ii) reviewing and adjusting, where necessary, mechanisms for the collection and reporting of accurate data against performance indicators; (iii) reviewing performance against set targets and investigating large and/or unusual variances; and (iv) using performance reports to inform strategic planning and decision making (**critical**);
- Implement a time bound action plan for addressing the systemic and recurring issues related to the selection and retention of partners, designation of procurement to partners, and monitoring of projects, and institute measures to recover all ineligible and unauthorized project costs from partners (**critical**);
- Strengthen controls over safeguarding of medicines and related supplies at the Ngaraganza medical warehouse by: (i) developing and implementing standard operating procedures on medical inventory management; and (ii) ensuring robust monitoring of medical warehouse operations, including regarding the expiry date of medicines;
- Strengthen vendor management and procurement processes, in particular to ensure that procurements are planned and executed in line with established procedures; and
- Prioritize the implementation of strengthened resettlement procedures, including adequate fraud assessment, mitigation and detection measures, and institute appropriate management control arrangements over the resettlement process.

UNHCR accepted the recommendations, implemented three of them, and initiated action to implement the remaining three recommendations. OIOS appreciates the systematic and comprehensive measures taken by UNHCR, at various levels of the Organization, on these recommendations.

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Audit of the operations in Tanzania 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 Tanzania for the Office of the United Nations High Commissioner for Refugees (UNHCR).
2. The UNHCR Representation in Tanzania (hereinafter referred to as ‘the Representation’) was established in 1968 to provide refugees, asylum seekers and other persons of concern (PoCs) with international protection and humanitarian assistance. As at 30 June 2018, Tanzania hosted a total of 299,637 refugees and 45,840 asylum seekers, the majority of whom had arrived from the Democratic Republic of the Congo (DRC) since 1995 and from Burundi starting from 2015. The refugees and asylum seekers reside in three refugee camps, i.e. Nyarugusu, Nduta and Mtendeli.
3. Tanzania is a signatory to the 1951 Refugee Convention and its 1967 Protocol. However, the implementation of the Tanzania 1998 Refugees Act and related policies has resulted in a strict encampment practice, and refugees are not integrated into government services. Opportunities for refugees to gain self-reliance are limited, and they are almost completely dependent on humanitarian assistance and services, funded mostly by UNHCR.
4. Further changes in government directives and decisions since 2017 have made the protection environment in which the Representation operates less than favourable, and this is negatively impacting UNHCR’s refugee response in Tanzania. The delivery of services to PoCs has further been affected by inadequate funding: the 2018 country programme was only about 50 per cent funded, following a 30 per cent budget cut compared to 2017. Therefore, refugee camps remained over-crowded with the Representation continuing to face challenges in assisting refugees in key sectors like education, shelter and energy.
5. The Representation is headed by a Representative at the D-1 level. At the time of the audit, the Representation had 213 regular staff posts and 102 affiliate staff. It has a Country Office in Dar-es-Salaam, a Sub-Office in Kibondo, two Field Offices in Kasulu and Kigoma, and one Field Unit in Mwanza. The Representation recorded total expenditures of \$66.8 million in 2017 and \$26.4 million in the six months up to 30 June 2018. It worked with 16 partners in 2017 and 15 in 2018.
6. Comments provided by UNHCR are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

7. The objective of the audit was to assess whether the Representation was managing the delivery of services to its persons of concern in a cost-effective manner and in compliance with UNHCR’s policy requirements, with due regard to the risks that it was exposed to in the context in which it was operating.
8. This audit was included in the 2018 risk-based work plan of OIOS due to the increasingly challenging protection environment in Tanzania.
9. OIOS conducted this audit from September 2018 to January 2019. The audit covered the period from 1 January 2017 to 30 June 2018. Based on an activity-level risk assessment, the audit covered higher risk areas pertaining to the operations in Tanzania, which included: (a) planning and resource allocation;

(b) partnership management; (c) health programmes; (d) procurement and vendor management; and (e) resettlement activities.

10. The audit methodology included: (a) interviews of key personnel, (b) reviews of relevant documentation, (c) analytical reviews of data, (d) sample testing of controls using both systematic and random sampling methods; (e) visits to the Representation's Country Office in Dar-es-Salaam, Sub-Office in Kibondo, Field Offices in Kasulu and Kigoma, and the offices of five selected partners implementing UNHCR projects; and (f) observation of programme activities implemented in the three refugee camps.

11. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

III. AUDIT RESULTS

A. Planning and resource allocation

There was a critical need for the Representation to develop a plan of action that addresses risks arising from government policy changes so that refugees can receive protection in an effective and efficient manner

12. The Representation needs to ensure that its planning, resource allocation, programme monitoring and performance measurement processes are robust enough to manage the risk of failure to provide the most vital assistance to PoCs, especially given the fast-changing political environment affecting the protection of refugees in Tanzania. In this regard, it is essential that: protection goals and objectives are prioritized; strategies are developed; outputs and activities are defined; budgets are allocated; deliverables are established; implementation of the operations plan is monitored, and action is taken on performance shortcomings; and emerging risks are continuously identified and managed.

13. The Government of Tanzania's new refugee-related directives and decisions since 2017 had negatively impacted the Representation's ability to provide effective and efficient services to and protection of PoCs, as follows:

- In January 2017, the Government stopped prima facie refugee recognition for Burundian asylum-seekers and introduced individualized refugee status determination (RSD). Since then, it had rejected more than 85 per cent of the individual claims of asylum seekers from Burundi and DRC and closed the borders for new asylum seekers from these countries.
- In August 2017, the Government compelled UNHCR and the World Food Programme to stop cash-based interventions in the camps and because of this, the Representation lost an efficient modality for implementing its assistance programmes, limiting the refugees' choice to meet their own needs.
- Also in August 2017, a Tripartite Commission comprising of the Governments of Tanzania and Burundi and the UNHCR Representations in Burundi and Tanzania agreed to assist Burundian refugees willing to repatriate. In March 2018, the two governments decided to go further and promote returns of refugees to Burundi. Due to the unstable political situation in Burundi, UNHCR did not agree with this.
- In January 2018, the Government of Tanzania announced its withdrawal from the Comprehensive Refugee Response Framework (CRRF). This decision curtailed important prospects like the mainstreaming of refugees into government systems and developing refugee hosting areas. This not only increased the Representation's operational costs since it had to maintain parallel structures for the provision of water, sanitation, health and education services to refugees, but also reduced the benefits that CRRF intended to provide to host communities.

- In August 2018, the Government banned the use of motorcycles and bicycles in the camps and closed all markets set up for use by refugees and host communities. This negatively impacted the livelihoods and self-reliance activities undertaken by UNHCR for refugees, increasing their dependency on UNHCR assistance and contributing to loss of dignity and ability to take decisions over their own lives.

14. However, the Representation's risk register did not identify emerging risks to its operations from these changes in the political landscape, and, as a result, corresponding mitigating actions to treat such risks were also not documented. OIOS also identified potential reputational risks to UNHCR due to some of the decisions that were made. For example, the Representation provided financial assistance to the Government's RSD processes which, given the near full rejection rate, could be perceived as UNHCR not supporting the refugees' right to asylum. The Representation had also financially supported the repatriation of 40,827 Burundians by 31 July 2018, whereas none of the neighboring countries hosting Burundian refugees had started repatriation due to the highly volatile environment in Burundi. In OIOS' view, the Representation did not sufficiently assess its risks prior to its decision-making process, to take into account the context in which it operates, which is one of the key principles of UNHCR's enterprise risk management framework.

15. In August 2017 and August 2018, two high-level delegations from UNHCR headquarters travelled to Tanzania to resolve the issues arising from the new refugee-related decisions of the Government, but the commitments made and agreements reached with the Government did not subsequently materialize. However, despite the current impasse and the challenges that it posed, the Representation had not developed a coordinated plan (with clear actions, targets and timelines), incorporating supportive actions from the Bureau for Africa and the Senior Executive Team, as well as other in-country stakeholders like other United Nations agencies and donors, to address the situation.

(1) The UNHCR Representation in Tanzania, in cooperation with the Regional Bureau for Africa and the Senior Executive Team, should develop and implement a coordinated plan of action to address the risks and challenges associated with the restrictive refugee protection environment in the country and the increased cost to the programme.

UNHCR accepted recommendation 1 and stated that after a careful analysis of the restrictive refugee protection environment, an action plan was developed by the Representation in consultation with the Director for Africa Bureau, Chef de Cabinet, Regional Coordinator for the Burundi Situation in Kenya, and the Assistant High Commissioner for Operations. This included engaging with the Government at a high level and strengthening collaboration at the technical level. A deeper risk analysis was conducted on the impact of restrictive protection environment and its implications to the activities and objectives of UNHCR. This analysis led to the development of a time bound mitigation plan covering both proactive and reactive measures. The risk register was updated to reflect these changes. Based on the action taken and documentation provided by UNHCR, recommendation 1 has been closed.

There was a critical need for the Representation to strengthen monitoring and reporting on the delivery of services to persons of concern, so that they create the desired impact

16. As part of its annual planning process, the Representation planned and prioritized its operations before the start of the project year, consulted the Government and reached agreement on broad priorities, and developed multi-year strategies to direct the implementation of related activities.

17. However, given the fast-changing environment in Tanzania that was affecting the UNHCR programme, OIOS was of the opinion that the Representation's mechanisms for re-assessing its strategy,

adjusting its performance objectives and targets, and dealing with increased programme costs in the midst of heavy budget cuts, were ineffective. Furthermore, performance data quality, which is important for accountability, effective monitoring of programmes and decision making, was compromised, and UNHCR lacked accurate performance information of its operations in Tanzania for strategic and financial decision making and donor reporting. These issues are discussed in more detail in the following paragraphs.

Strategies and targets not updated to reflect changes in refugee protection environment

18. The Representation did not update its multi-year multi-partner protection and solutions strategy in a timely manner. For example, this strategy continued to refer to CRRF despite the Government's decision to withdraw from it in January 2018.

19. The Representation also did not adjust its performance targets to reflect changes that happened during the year and, consequently, funds were not reallocated to other areas of need. For example:

- The 2018 target of 500 for the number of PoCs receiving cash grants was not adjusted to reflect the Government's ban on cash grants in August 2017 resulting in zero performance at mid-year 2018.
- The 2018 target for the number of emergency shelters was 1,151; however, there were no new arrivals due to the Government's decision to close the borders in January 2018. Mid-year 2018 results did not show any achievements against this target.
- For the issuance of identification travel documents to PoCs the Representation had a target of 5,000; however, by the time of the 2018 mid-year review no travel documents had been issued.

Lack of accurate performance data to inform strategic planning and decision making

20. OIOS also noted that the Representation lacked reliable programmatic data to inform its strategic planning and decision making process:

- The Representation's performance targets were not always accurately defined. For example, the target related to the number of households receiving core relief items in 2018 was 147,857, yet the total number of households for the whole population of concern in Tanzania was only about 60,000.
- The Representation did not interpret indicators in a consistent manner. For example, in setting targets for 'percentage of persons with disabilities who receive services' it considered the total population with specific needs, yet the results reported only related to newly assisted beneficiaries. Therefore, the results reported in Focus for 2017, i.e. 52 per cent, were not related to the target of 90 per cent.
- The Representation reported inaccurate information against the indicators and targets in its 2017 annual report and the 2018 mid-year report. For example, the 2017 report showed that the under five-year old child mortality rate was 12.1 against a target of 0.7 when the correct rate was 1.0.

21. In cases where targets were not met, the Representation did not provide explanations in its annual or mid-year reports, and measures to ensure they were met going forward were unclear. For example, the Representation only enrolled 4 per cent of secondary school-aged children in education against a target of 55 per cent; however, it did not explain why it did not meet the target by such a high margin. In some cases, its performance fell below the baseline from the prior year, without a justification provided. For example, for unaccompanied and separated children having best interest determination conducted, the Representation achieved 45 per cent when the stated baseline was 99 per cent. In cases where explanations were provided for performance gaps, they were not plausible. For example, the reason for non-achievement of the target for unaccompanied and separated children (45 per cent against a target of 70 per cent) was indicated as "the

lack of staff’, although targets should have been set based on the authorized operating level budget (including authorized staffing budget) and not the comprehensive needs budget.

Refugee service delivery not meeting UNHCR standards

22. Despite improvements in quality of refugee services from the time of the 2015 Burundi emergency, in 2018 key sectors continued to show significant gaps in performance. Therefore, based on recorded achievements, the quality of refugee services and protection was still inadequate. A key contributing factor was the lack of funding to implement such services by UNHCR, but targets were not adjusted to reflect the impact of the funding on performance. The education sector was significantly impacted, as the number of children per classroom in primary education averaged 160 children against a standard of 40 despite the implementation of a double shift system. The Representation had planned to meet the required standard within three years from the time of the audit, which meant that it needed to add 424 new classrooms. There were 27 classes in camps which were held under trees due to lack of classrooms, and another 73 classrooms were housed in emergency structures or tents. There were significant gaps in the shelter sector, where the percentage of families living in adequate shelters was 57 against the standard of 100 per cent. Additionally, only 50 per cent of families had a latrine against the standard of 100 per cent.

23. At the time of the audit, the Representation stated that it was developing a comprehensive plan with assistance from relevant stakeholders and in line with national policies and priorities for the integration of refugee programming for some sectors, which was still at the planning stage. This was necessary as the overcrowding of classrooms contributed to high number of school drop-outs and the lack of adequate shelters and latrines contributed to increased risk of sexual and gender based violence in the camps.

Lack of timely programme review to identify and reallocate cost savings

24. From OIOS’ review, there were missed opportunities to implement projects in a more cost effective manner. For example, the Representation worked with 15 partners in 2017 and in 2018 despite a 40 per cent reduction in the programme budget. Although a further budget cut was expected in 2019, the Representation was not planning to reduce the number of partners. Per the UNHCR policy on selection and retention of partners, the substantive reduction in funding called for the Representation to conduct a comprehensive partner review to find more efficient ways of delivering services. However, instead of assessing whether it was more cost effective to consolidate project activities, the Representation contracted more than one partner for implementing different activities, i.e. three partners for water, sanitation and hygiene projects in the camps; two for education; two for environment and energy; two for camp management; and two for shelter projects. As a result, the Representation’s programme was costlier since it had to cover the support costs for more partners and needed more staff resources for monitoring.

25. The issues cited above demonstrated that implementation challenges were not identified in a timely manner and lessons learnt were not used to correct programmes, so that they would create the desired impact among PoCs. This resulted in gaps in service delivery to PoCs which increased their vulnerability. The main reason for the cited weaknesses was the lack of management oversight and monitoring both at the country level and at the Bureau level. The Representation did not adjust its programmes and related targets to reflect the challenges presented by the environment it was operating e.g. the government restrictions and reduced funding. Until the audit, neither the Representation nor any headquarters entity, including the Bureau for Africa, had identified the inaccuracies and inconsistencies discussed above.

<p>(2) The UNHCR Representation in Tanzania, in cooperation with the Regional Bureau for Africa and relevant headquarters entities, should put in place measures to strengthen its programme performance management by: (i) ensuring that realistic targets are set for performance indicators; (ii) reviewing and adjusting where necessary mechanisms for the</p>
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collection and reporting of accurate data against performance indicators; (iii) reviewing its performance against set targets and investigating large and/or unusual variances; and (iv) using performance reports to inform strategic planning and operational decision making.

UNHCR accepted recommendation 2 and stated that: (i) to ensure that realistic targets were set for performance indicators, the Representation reviewed the 2018 year-end reports and 2019 targets for reasonableness considering the operational context and available resources. For consistent monitoring, review and update of performance, the Tanzania operation designed a monthly performance monitoring tool for each objective and output, which was intended to help identify and trigger immediate rectifying actions for low performance; (ii) during the detailed planning for 2019, the Representation's multi-functional team (MFT) updated the country operation plan (COP) with due consideration of consistency in implementation of the strategy and approach as well as the results framework, while checking if the outputs and indicators were consistently selected across the population and camps. The review also included how each indicator was measured and interpreted; (iii) following the receipt of the 2019 operating level budget, the Representation organized detailed MFT planning sessions to collectively design the interventions with due consideration of the identified gaps and available resources; (iv) the operation continued to take measures to reduce costs of programme delivery. A call for expression of interest to identify a "best-fit" partner was scheduled to run in May 2019, and expected to, amongst other things, reduce the number of implementing partners; and (v) the Division of Programme Support and Management and the Bureau for Africa were going to re-invigorate their role in ensuring that a closer and strengthened performance management was attained at country level. Based on the action taken and documentation provided by UNHCR, recommendation 2 has been closed. OIOS will follow up on the reduction of partners under recommendation 3.

B. Partnership management

There was a critical need for the Representation to strengthen its management oversight over the selection and monitoring of partners, so that they implement UNHCR projects more cost effectively

26. In order to achieve expected project results through the use of partners, it is essential for the Representation to: (i) select or retain partners through a process with adequate transparency, consistency and timeliness; (ii) sign well developed project agreements with partners and transfer instalments in a timely manner; (iii) monitor the project activities and expenditures through a risk based and multi-functional approach; and (iv) effectively use and monitor the external audit reports of partner projects.

Control deficiencies in selection and retention of partners

27. The Representation had established an Implementing Partnership Management Committee (IPMC) tasked with overseeing the partner selection and retention process. Its recommendations for the selection of 15 partners at the end of 2015 for the 2016 projects were the result of a comprehensive and transparent process, and all 15 partners were also retained for 2017 following a desk review of their performance. All 2017 and 2018 Project Partnership Agreements (PPAs) were signed on time.

28. However, for the 2018 project year, whereas the MFT had reviewed the partners' 2017 project performance and noted certain implementation shortcomings, the IPMC did not meet until June 2018, six months after the PPAs had been signed and project implementation had started. In that meeting it retroactively approved the retention of all 15 partners, when the agreements had already been signed making such review ineffective. Some of the partners selected did not have a strong performance record. For example, despite MFT concerns about unsatisfactory performance of one partner in 2017, the IPMC

approved the retention of this partner. IPMC justified this decision with the argument that it did not have sufficient evidence of the partner's unsatisfactory performance. At the same time, the Representative had not notified this partner on performance weaknesses raised by the MFT until August 2018.

Weaknesses in designation of procurement to partners and monitoring of partner procurement

29. The Representation designated procurement with a total value of \$17.2 million, i.e. \$11.2 million for 2017 and \$6.0 million in 2018, to 13 partners, but without first assessing their capacity and experience to procure goods and services using UNHCR funds. Only one procurement capacity assessment was carried out for each partner in the audit period, but this occurred in July and August 2018 and was too late to meaningfully impact decision making on designation of procurement to partners. Moreover, considering the Representation's value-added tax (VAT) exemption status, if the above-mentioned procurement had been undertaken directly by UNHCR, it could have decreased its programme costs by \$3 million in 2017 and 2018 combined; an important consideration given the budget constraints. The Representation had not undertaken a review of the comparative advantage of procuring through partners as opposed to procuring through direct implementation, which would have taken into account *inter alia* the favourable financial implications from its tax exemption status.

30. OIOS noted from its review of procurement activities of five partners that none of them complied with the key procurement principles of fairness and transparency, effective competition, and protection of the best interests of UNHCR, although they had been prequalified by UNHCR Procurement Service in Budapest to undertake procurement on UNHCR's behalf using their own procurement rules and procedures. As reflected in the paragraphs below, this compromised the integrity of the procurement processes and did not result in obtaining best value for money.

31. OIOS review of the procurement of food worth \$130,000 by a government partner to refugees in a prison indicated that: (i) there was no evidence that the food was distributed to the beneficiaries; (ii) the quantities purchased per person appeared excessive with each inmate receiving more than double the number of calories than refugees in the camps; and (iii) the prices charged by the supplier were not aligned with those agreed upon in the frame agreement, and there was an increasing trend in the price over time without an explanation. The same government partner purchased stationery items worth \$9,000, which were delivered on 13 December 2017, a day before the procurement process was reported to have started. This and the fact that two of the three bids obtained had identical handwriting raised concerns about the integrity of the procurement process. The rates paid by this partner were also 10-30 per cent higher than those paid by the Representation for its stationery.

32. Review of the procurement of fuel efficient stoves by a partner at a cost of \$900,000 indicated several anomalies: (i) the partner opted for a request for quotation (RFQ) method of solicitation, although RFQ is applicable only to purchases of less than \$5,000; (ii) it was unclear why only five vendors were invited to bid, despite the high value of the procurement; (iii) bidders were allowed only five days to bid; (iv) four out of the five bids were eliminated at various stages of the bid evaluation process whilst in all four cases the decision was in OIOS' opinion questionable; (v) a proper technical evaluation was not conducted; (vi) the partner purchased the stoves at \$41 per piece when the local supplier had purchased them at \$17 from an international vendor; and (vii) whilst all stoves were to be supplied by the end of December 2016, according to the contract signed on 13 December 2016, their delivery started only in April 2017, with the full consignment completed in July 2017, seven months after the end of the project implementation period. It was also unclear why the purchase of the stoves, which represented half of this partner's total project budget of \$2 million, was initiated so late in the year. This suggested poor procurement planning, and increased risks associated with a rushed procurement process.

33. Another partner applied mandatory evaluation criteria inconsistently, thereby excluding vendors that had previously been found to be competent for similar products. OIOS also noted that: (i) contracts were not always awarded to the lowest bidder, without sufficient justification; (ii) bidders were allowed to submit revised/corrected bids increasing the risk of bid manipulation; (iii) payments were made to vendors above contracted rates; and (iv) specifications for the supply of goods were sometimes substandard which resulted in the partner having to re-tender. Lastly, for the purchase of computers, solar equipment and generators aggregating to \$130,365, although the goods received notes were dated January 2018, they were received between February and April 2018 which was outside the project implementation period.

34. Finally, one partner followed the RFQ method even for purchases in excess of \$10,000. The dates for the RFQs, purchase orders and the goods received notes were in some cases clearly overwritten and, therefore, possibly manipulated. Local procurement of medicines and medical supplies by this partner in Kigoma was not cost efficient as the items were available in Dar-es-Salaam at prices that were 15-45 per cent cheaper. In addition, the cost of medicines for \$41,255 was misclassified under the wrong budget line in the PPA.

35. The Representation's financial verifications of these partner projects had not raised any of the above-mentioned control weaknesses and anomalies.

Shortcomings in monitoring of partner projects

36. The Representation established monitoring plans for the MFT and project control. These plans defined risks for each partner and guided the Representation's financial and performance monitoring. OIOS visits to five partners identified control weaknesses that had not been identified by the Representation. Of most concern was that three of the five partners could not reconcile their financial records (general ledgers) to the figures reported to the Representation in the project financial report, with a total difference of \$782,310 of over and under reporting. It was not possible for OIOS to assess how much the Representation was potentially overcharged as a result of this.

37. At one of the partners, OIOS identified numerous deficiencies which required prompt and decisive follow-up by the Representation, as follows:

- The partner did not prepare bank reconciliations systematically. Consequently, it was unable to explain differences between payments in the general ledger and the bank statements amounting to \$10,355.
- The partner did not effectively manage funds budgeted for official travel amounting to \$255,000. For example, contrary to proper financial management, one senior level staff member self-approved his travel and did not provide proof that he had travelled on missions totalling \$38,261. In 2017, the partner spent \$3,500 on avoidable itinerary change requests. One staff member claimed the cost of train tickets to his home during a prolonged mission in which he received daily subsistence allowance (DSA) of \$7,500. Also, travel amounting to \$6,461 was made for purposes that were not related to the project.
- The Representation did not define in the PPAs with the partner the subsistence allowance rates that the partner should use for official travel. In consequence, staff were paid DSA of \$504 per day for all international travel, regardless of locations visited. This would have been much less had they applied United Nations subsistence allowance rates.
- The partner made an ineligible payment amounting to \$6,023 related to the renovation of the house of a senior staff member.
- The partner misclassified its purchase of computers worth \$20,515 under unrelated account codes and this had an impact on the accuracy of the project financial report. The partner also exceeded

the budget for personnel costs by \$12,457 in 2017 and concealed this by classifying the excess under other account codes.

Delays in recovery of pending receivables from partners

38. Unutilized funds and other receivables held by five partners at the end of the project period were not refunded to UNHCR, as required. The receivables dating back from projects from 2012 to 2017 totalled \$430,410. Although the Representation had instituted actions to recover these funds, the actions were ineffective. For example, the Representation's last communication with two partners with pending receivables was over six months earlier, increasing the risk that the amounts would no longer be recoverable and resulting in a financial loss to UNHCR.

39. The issues cited above were caused by several reasons which collectively resulted in a weak control environment. OIOS was particularly concerned about the weaknesses in the following key controls in partnership management: (i) the IPMC did not undertake the necessary due diligence during the selection of partners to ensure that they were able to implement activities in an effective and efficient manner; (ii) the Programme Unit did not establish the necessary controls for managing project partnerships, including assessing partners' capacity before designating procurement authority to them and recovering unutilised funds at the end of projects; and (iii) there were gaps in project quality assurance by the multi-functional and project control teams which affected the Representation's ability to identify and mitigate key risks to project implementation in a timely manner. Thus, the Representation was exposed to the risk of loss of project funds and partners' failure to implement project activities effectively.

40. In its previous audit of UNHCR operations in Tanzania, OIOS had raised two important recommendations on partnership management, one related to designation of procurement to partners and the other related to financial and performance monitoring of projects. Although these recommendations had subsequently been closed based on documentary evidence and assurances provided by the Representation, the current audit confirmed that any improvements that may have been made by UNHCR after the 2015 audit had not been sustained. The control weaknesses were therefore recurring.

(3) The UNHCR Representation in Tanzania, in collaboration with the Regional Bureau for Africa, should: (i) review its processes, including in terms of management supervision and monitoring, for the selection and retention of partners, designation of procurement to partners, and monitoring of projects, and implement a time bound action plan addressing the systemic and recurring issues raised in this audit in an effective and sustainable manner; and (ii) institute measures to recover all ineligible and unauthorized project costs and receivables from partners.

UNHCR accepted recommendation 3 and stated that considering that partners in Tanzania were not exempted from the VAT on their purchases, an assessment of partners was completed in February and March 2019, particularly elaborating on the comparative assessment between direct versus delegated procurement and the financial impact of the VAT status. As a result, specific partners had now reduced procurement budgets in their PPAs and most procurement was put under direct implementation by UNHCR, with the exception of specialized items, partner administrative needs, and where UNHCR had no or limited capacity. The Representation strengthened its oversight on procurement delegated to partners, by instituting a more thorough, consistent and systematic verification and monitoring of procurement activities by partners. Risk based monitoring plans were developed and executed in 2018 and 2019. The second line of defense was also strengthened. There was a more systematic and consistent collaboration from the Bureau and the Divisions in headquarters. Periodic alerts on specific aspects of the operations were sent to the Representation, drawing attention of managers, and country focal points to initiate corrective actions and or further

consult for guidance. Recommendation 3 remains open pending receipt of evidence to support that: (i) a proper process was followed in the selection and retention of partners, including but not limited to ensuring that the number of partners is reasonable; and (ii) measures have been implemented to recover all ineligible and unauthorized project costs including receivables from partners.

C. Health

There was a need for the Representation to strengthen controls over safeguarding of medicines and related supplies, so that they reach intended beneficiaries and are properly accounted for

41. The Representation incurred health programme expenditures of \$7.5 million in 2017 and had a health budget of \$12.0 million for 2018. In order to meet the public health needs of persons of concern and in line with UNHCR's policy guidance for health programming, it is necessary for the Representation to: (i) assess the health needs of persons of concern; (ii) involve the population of concern, host communities, host government, and health partners in the development and implementation of the health strategy; (iii) develop, implement and monitor programmes and projects that meet the prioritized assessed needs; and (iv) effectively manage the selection, retention, and monitoring of health partners.

42. The Representation had a comprehensive Public Health and Nutrition Strategy for Burundian and Congolese Refugees. The strategy was aligned with UNHCR's corporate strategy on public health. Health services were provided in coordination with the Ministry of Health. The Representation met most key health indicators, which was commendable considering its limited funding available and the difficult operating environment in the three camps. However, OIOS in its visits to the health facilities identified some gaps in the provision of health care, notably in medical inventory management, as described in the following paragraphs. Some of these shortcomings had been identified in the Representation's monitoring reports, but had not been addressed.

43. At Ngaraganza warehouse, which was the main medical warehouse for several United Nations agencies including UNHCR in Tanzania, OIOS could not determine the value of medicines, medical supplies and medical equipment because the partner implementing the project did not record the value of items held. The partner lacked a logistics management system and thus maintained related records in an excel spreadsheet, which was susceptible to errors and unauthorized changes. The warehouse was manned by a junior level pharmaceutical technician because the partner faced challenges in identifying a qualified pharmacist. For the same reason, the position remained vacant throughout 2017. In consequence, there was inadequate segregation of duties between the functions of picking, packing, recording in the excel sheets and authorization of the issuance of medicines resulting in weak accountability over inventory and increasing the risk of loss of medicines and related supplies.

44. In addition, OIOS identified the following deficiencies in warehouse management:

- Medicines were not properly labelled, with sampled medicines often having the wrong description. They were being referred to as tablets, ampoules, vials, bottles or tubes when they were in fact not. The warehouse was also not properly organized; for example, the same items were stored at multiple locations.
- The warehouse did not follow good storage practices for pharmaceuticals. For example, access was impaired by the close stacking of items and limited aisle space (30-40 centimeters) between the rows. The boxes were piled high to the ceiling, which made physical verification difficult. Termites had also eaten into the wooden pallets and some of the boxes containing items.
- The bin cards did not systematically record the beginning balance, movements in and out, and the current balance of an item at any given time. This compromised the accuracy of records. For

example, the bin cards did not reference specific purchase orders, issue numbers, or to whom the items were issued. Balances from one bin card were also not carried forward to another. The warehouse had run out of bin cards and was using photocopied paper, which was not legible. Many bin cards were only maintained from September 2018.

- There were discrepancies between physical verification and records which remained unexplained. This increased the risk of misappropriation, theft and/or loss.

45. Proper records of expired medicines and those nearing expiry were not kept, and these items were not segregated from others with a good shelf life. OIOS analysis showed that 89 medicines and infusion fluids and 13 items of medical supplies would expire in 2019. Of the 89 medicines/infusion fluids, 30 items were assessed as overstocked and were unlikely to be consumed considering the consumption trends. One warehouse held infusion fluids at the time of the audit valued at \$170,000 that were purchased in 2016 and due to expire in June 2019. The Representation explained that these items were purchased during the Burundi emergency and that it was considering donating them to the Government. However, the planned donation did not comply with guidelines on quality and acceptable shelf life and needed clearance from the UNHCR Regional or Global Public Health Officer. OIOS was of the view that these items should have been identified for donation well in advance of their expiry dates.

46. In the absence of adequate monitoring of warehouse operations by the Representation, the partner had not established and implemented proper systems and procedures to safeguard and account for the large quantities of medicines and related supplies it managed. This included the lack of standard operating procedures (SOPs) on medical inventory management. While a monitoring procedure and a work flow chart were in place, they were not proper substitutes for SOPs that typically provide detailed procedures regarding managing, controlling, recording and accounting for stock. The weaknesses in the record keeping and management of the warehouses raised the risk of loss and/or theft as well as failure to properly account for medicines and related supplies.

(4) The UNHCR Representation in Tanzania, in consultation with the Public Health Section of the Division of Programme Support and Management, should implement an action plan to strengthen controls over safeguarding of medicines and related supplies at the Ngaraganza medical warehouse by: (i) developing and implementing standard operating procedures on medical inventory management; and (ii) ensuring robust monitoring of medical warehouse operations, including regarding the expiry date of medicines.

UNHCR accepted recommendation 4 and stated that: (i) the SOPs were developed covering the areas of pharmaceutical management and medical supply warehousing; (ii) the staffing capacity was strengthened with the recruitment of a roving pharmacist, and an associate public health officer; (iii) the stock balances were updated, and a periodic and systematic monitoring of issuances and deliveries, stock taking and balance reconciliations were put in place; (iv) actions were taken, after receiving the appropriate authority, to dispose of the expired and soon-to-be expired medical supplies. Recommendation 4 remains open pending receipt of: (i) evidence of implementation of the SOPs for medical inventory management; (ii) the updated stock balances at the warehouse and a sample of reports of the monitoring exercises undertaken; and (c) evidence of actions taken to dispose of expired medicines.

D. Procurement and vendor management

There was a need for the Representation to ensure compliance with the UNHCR procurement rules and procedures to obtain best value on purchases and to safeguard the integrity of procurement

47. The Representation issued 405 purchase orders valued at \$21.6 million between 1 January 2017 and 30 June 2018. In order to safeguard the integrity of the procurement process and ensure that value for money is received from the purchase of goods and services, the Representation is required to: (i) prepare an annual procurement plan according to identified needs; (ii) establish an effective vendor management system; (iii) initiate timely procurement activities in accordance with the procurement plan; and (iv) ensure adequate oversight over the procurement activities by establishing a Local Committee on Contracts (LCC). OIOS reviewed 22 contracts and related purchase orders amounting to a total of \$7.7 million (36 per cent) and payments totalling \$1.1 million.

48. The Representation had separate procurement plans for programme and administrative needs. While there was an improvement in the comprehensiveness of procurement plans between 2017 and 2018, some gaps remained in the identification of procurement needs and the procurement planning process in general. The plans were not comprehensive as they did not cover procurements designated to partners, as required, and excluded significant costs such as office leases. The plans also did not indicate the dates when the items were required, which impacted the monitoring of purchases to ensure they were initiated and submitted to the relevant committees for approval in a timely manner. For example, in 2017 the procurement of air charter and medical services had to be subject to ex-post facto approval from the Headquarters Committee on Contracts (HCC) and LCC respectively. There was also no evidence that the procurement plans were approved.

49. The lack of adequate procurement planning processes contributed to the following shortcomings:

- The Representation did not identify and establish frame agreements for regularly needed services such as office renovations and repairs. Thus, procurement of services was carried out on a piecemeal basis as opposed to combining and sourcing them as one larger contract thereby obtaining better value for money. For example, OIOS was of the view that the numerous renovations executed in the Kibondo Sub-Office in 2017 totaling \$21,739 should have been managed under a frame agreement.
- There were more than 90 purchase orders that were processed only after receipt of corresponding invoices from the vendors. An example was the purchase of tires for \$10,425, in which the Representation received the tires and the related invoice from the vendor before preparing a requisition and a purchase order in the system. A local purchase order was used for this purchase instead of a system-generated purchase order which contravened UNHCR rules. A purchase order was later created in MSRP. The Representation explained that there were some cases where it could not establish the value of the services and therefore only prepared the purchase order upon receipt of the related invoice. This was however not always the case, as noted by OIOS for some services, e.g. insurance and security.

50. The Representation had a Vendor Review Committee (VRC) to support the solicitation of vendors in the period under audit. However, its effectiveness was impacted by the lack of regularity of its meetings, which should have taken place monthly or more often but were convened only twice in 2017 and once in 2018. There were at least four planned meetings that did not take place. The Committee reviewed only nine new vendors out of 65 created during the period. OIOS review of the vendor database indicated 33 duplicate vendor accounts that were approved and active. Failure to maintain an updated vendor database increased the risk that payments would be made to wrong accounts.

51. The Representation had established an LCC and made submissions for its review and approval of the award of contracts. The Representation was also submitting procurement cases to the Regional Committee on Contracts (RCC) in Nairobi and the HCC in Geneva, depending on the threshold. OIOS; however, identified several instances where procurement oversight was not effective, as follows:

- The Representation made 14 purchases totaling \$1.4 million without the prior approval of the LCC, RCC or HCC. These included three high-value contracts which required the approval of the HCC related to fuel for \$231,181 and travel agency services from two different vendors for a total of \$726,568.
- The quality of submissions to the various committees on contracts was frequently insufficient and/or incorrect, as evidenced by errors and missing and/or incorrect information presented to the committees. For example, the submissions contained errors on evaluation results, prices and contract start dates, as well as typographic errors. Submissions also lacked the required annexes, dates and signatures on the technical evaluations. This negatively affected the quality of decisions made by the committees, which sometimes had to request a resubmission of the case that further delayed the procurement process.
- The Representation undertook a bidding process for the supply of medicines and recommended to split the procurement between four vendors for a total of \$347,585. The Representation submitted one of the four awards, due to the amount involved, to the RCC for review and approval. It submitted the other three awards only to the LCC as their value was below the threshold of \$150,000. The RCC observed that the bidding process was not conducted in accordance with UNHCR procurement rules and rejected the tender with the recommendation to enter into a negotiated contract with the winning bidder and any other technically compliant bidder, to come up with the best offer. At the same time, the RCC requested the Representation to henceforth seek guidance from RCC when undertaking complex tenders, and to arrange procurement training for relevant staff through either UNHCR Procurement Service in Budapest or the Regional Service Centre in Nairobi. The Representation, however, proceeded with renegotiating only the highest value contract to obtain a lower price, but did not enter into any negotiations with the other three vendors with whom it signed the contracts without any further action. Therefore, in essence, the Representation disregarded the point made by the RCC that the procurement process was flawed. The RCC was not aware of the three contract awards that were not submitted to it, even though they were part of the same tender.

52. The Representation made monthly payments to the police (totaling \$722,677 in the period under audit) as allowances for the officers that provided security services in the refugee camps. The payment for each officer was to be based on the number of days worked in the camp during the month. The Representation did not validate the number of days worked before effecting payment but relied on records provided by the police commandant. No attendance sheets were available to evidence that police officers had been present in the camps, on the days claimed for payment. This raised the risk that payments may not have been made to bona fide officers on duty.

53. The weaknesses regarding planning occurred due to lack of management commitment to allocate sufficient time to needs assessment and procurement planning before the start of the year and inadequate coordination between various units to ensure comprehensive and timely planning. The weaknesses in vendor management and procurement procedures occurred because of inadequate management oversight to ensure compliance with set rules. Consequently, the Representation was at risk of not receiving value for money from its procurement activities.

(5) The UNHCR Representation in Tanzania should develop and implement an action plan to strengthen management control over its vendor management and procurement processes, in particular to ensure that procurements are planned and executed in line with established procedures.

UNHCR accepted recommendation 5 and stated that: (i) the VRC convened in February 2019 and completed performance reviews for suppliers. SOPs were developed on vendor registration process as a guidance to all vendor creators in the office and a monthly clean-up/check was instituted; (ii) the 2019 procurement plan was completed and would be updated on a quarterly basis. All submissions to the committees on contracts would be reviewed by the Supply Officer prior to their submission for endorsement. All LCC members were trained on contract committee rules; and (iii) the Representation made arrangements for automated payments to police officers. The monthly attendance report and the payment and tally sheet are now systematically approved by the Commanding Officer and UNHCR. Based on the action taken and documentation provided by UNHCR, recommendation 5 has been closed.

E. Resettlement

There was a need for the Representation to strengthen management control and fraud prevention and detection mechanisms over resettlement procedures to ensure integrity of the process

54. Resettlement was a key durable solution for the Representation. It included the Group Resettlement Programme for Congolese refugees representing 80 per cent of total resettlement submissions. In 2017, the Representation had submitted 4,821 individuals to resettlement countries against a target of 4,100. During 2018, up to the end of September, the Representation had submitted 5,524 individuals for resettlement against the 2018 annual target of 6,400 (86 per cent of the target).

55. To ensure adequate, harmonized and transparent resettlement management and processing, as per the UNHCR Resettlement Handbook and the Policy and Operational Guidelines on Addressing Fraud Committed by Persons of Concern, it is essential for the Representation to segregate roles in resettlement, assess and review resettlement cases in line with the baseline procedures, conduct a fraud risk assessment and implement fraud prevention, detection and response or mitigating measures, assess human resources needs based on resettlement needs and targets, and track the progress of achievement of resettlement targets.

56. The Representation had segregated roles in ProGres, the UNHCR registration and case management system, between resettlement, registration and protection functions. Its Resettlement Unit had assessed and reviewed resettlement cases, and was using ProGres for resettlement processing and raising Resettlement Referral Forms through ProGres. The Representation had assessed its resettlement staffing requirements in line with the benchmarks. It was in the process of updating its SOPs for resettlement to reflect adjusted procedures for the new version 4 of ProGres recently put into use.

57. OIOS reviewed 12 resettlement submissions to verify the application of required procedures. In general, relevant documentation, checks and reviews had been done for these cases. However, even though the Resettlement Unit had implemented double reviews of submissions within the Unit, there was little oversight from management of the Country Office over submissions and workings of the Unit. This was especially important since submissions for the Group Resettlement Programme did not go for review to the Regional Resettlement Section in Nairobi, but were directly submitted to the resettlement countries.

58. The Representation had updated the fraud vulnerability assessment at the time of audit and scored itself with 21 out of 48 marks, which meant that a systematic review was needed to reduce its vulnerability

to resettlement fraud. The key weaknesses from its own vulnerability assessment were the need to: finalize updating the procedures for resettlement; strengthen file management; conduct staff refresher trainings including on resettlement fraud; and conduct regular reviews of, for example, photo changes in ProGres. OIOS also noted other gaps in fraud mitigation procedures that needed to be addressed. For example, the Representation had not yet established the required fraud assessment panel or implemented procedures for such a panel to deal with fraud allegations and investigations. This was concerning considering the fact that the Representation had received 43 fraud allegations; two dating from 2017 and 41 from 2018. None of the 41 allegations from 2018 had been investigated at the time of the audit. Given that 30 of these 41 allegations were pending for over six months, there was a risk that the Representation could have been exposed to resettlement fraud for an extended period.

59. The Representation also lacked a procedure for opening and dealing with the complaints of refugees received in the complaint box in Nyarugusu camp. This was not assigned to a senior staff member and opening and dealing with complaints was not done regularly. In Mtendeli and Nduta camp, the complaint boxes had not been installed. Also, the Representation's recently implemented ProGres version 4 did not have the audit report function or the functionality to lock cases for which the Resettlement Referral Form had been submitted. Both are key measures to prevent irregularities or fraud. The Representation had raised these points with the proGres migration team from headquarters but the solution was still pending.

60. The weaknesses listed above increased the risk of fraud and irregularities in resettlement. The main reasons were the lack of sufficient prioritization and supervision by management to ensure review and approval of resettlement procedures and adequate fraud assessment, mitigation and detection procedures.

(6) The UNHCR Representation in Tanzania should prioritize the implementation of strengthened resettlement procedures, including adequate fraud assessment, mitigation and detection measures, and institute appropriate management control arrangements over the resettlement process.

UNHCR accepted recommendation 6 and stated that: (i) the fraud panel was established and select members trained. The panel procedures were finalized and investigations were on-going and scheduled accordingly; (ii) regular checking of resettlement complaints box was instituted; (iii) the fraud vulnerability assessment was on-going; (iv) in consultation with headquarters, the Resettlement Procedures in Tanzania were in the final stages of finalization; (v) the SOP on group resettlement was finalized. Recommendation 6 remains open pending receipt of: (i) evidence of the implementation of procedures for the fraud assessment panel to deal with fraud allegations and investigations; and results of the assessment of the 43 allegations pending at the time of audit; (ii) evidence of the procedures implemented for complaint boxes in all three camps; and (iii) an updated fraud vulnerability assessment; (iv) finalized resettlement procedures approved by headquarters; and (v) evidence of the oversight measures implemented over the Resettlement Unit, including the Group Resettlement submissions.

IV. ACKNOWLEDGEMENT

61. 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) Eleanor T. Burns
Director, Internal Audit Division
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	The UNHCR Representation in Tanzania in cooperation with the Regional Bureau for Africa and the Senior Executive Team should develop and implement a coordinated plan of action as part of its risk management procedures to address the restrictive refugee protection environment in the country and the increased cost to the programme.	Critical	C	Action completed.	Implemented.
2	The UNHCR Representation in Tanzania, in cooperation with the Regional Bureau for Africa and relevant headquarters entities, should put in place measures to strengthen its programme performance management by: (i) ensuring that realistic targets are set for performance indicators; (ii) reviewing and adjusting where necessary mechanisms for the collection and reporting of accurate data against performance indicators; (iii) reviewing its performance against set targets and investigating large and/or unusual variances; and (iv) using performance reports to inform strategic planning and operational decision making.	Critical	C	Action completed.	Implemented.
3	The UNHCR Representation in Tanzania, in collaboration with the Regional Bureau for Africa, should: (i) review its processes, including in terms of management supervision and monitoring, for the selection and retention of partners, designation of procurement to partners, and monitoring of projects, and implement a time bound action plan addressing	Critical	O	Submission to OIOS of evidence to support that: (i) a proper process was followed in the selection and retention of partners, including but not limited to ensuring that the number of partners is reasonable; and (ii) measures have been implemented to recover all ineligible and	30 September 2019

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 Tanzania for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical/ Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
	the systemic and recurring issues raised in this audit in an effective and sustainable manner; and (ii) institute measures to recover all ineligible and unauthorized project costs and receivables from partners.			unauthorized project costs including receivables from partners.	
4	The UNHCR Representation in Tanzania, in consultation with the Public Health Section of the Division of Programme Support and Management, should implement an action plan to strengthen controls over safeguarding of medicines and related supplies at the Ngaraganza medical warehouse by: (i) developing and implementing standard operating procedures on medical inventory management; and (ii) ensuring robust monitoring of medical warehouse operations, including regarding the expiry date of medicines.	Important	O	Submission to OIOS of: (i) evidence of implementation of the SOPs for medical inventory management; (ii) the updated stock balances at the warehouse and a sample of reports of the monitoring exercises undertaken; and (iii) evidence of the actions taken to dispose of expired medicines.	30 September 2019
5	The UNHCR Representation in Tanzania should develop and implement an action plan to strengthen management control over its vendor management and procurement processes, in particular to ensure that procurements are planned and executed in line with established procedures.	Important	C	Action completed.	Implemented.
6	The UNHCR Representation in Tanzania should prioritize the implementation of strengthened resettlement procedures, including adequate fraud assessment, mitigation and detection measures, and institute appropriate management control arrangements over the resettlement process.	Important	O	Submission to OIOS of: (i) evidence of the implementation of procedures for the fraud assessment panel to deal with fraud allegations and investigations; and results of the assessment of the 43 allegations pending at the time of the audit; (ii) evidence of the procedures implemented for complaint boxes in all three camps; (iii) an updated fraud vulnerability assessment given the actions taken so far; (iv) the finalized resettlement procedures approved by headquarters; and (v) evidence of the oversight measures implemented over the Resettlement	30 September 2019

STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical/ Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
				Unit, including the Group Resettlement submissions.	

APPENDIX I

Management Response

Management Response

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

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of Responsible Individual	Implementation Date	Client comments
1	The UNHCR Representation in Tanzania in cooperation with the Regional Bureau for Africa and the Senior Executive Team should develop and implement a coordinated plan of action as part of its risk management procedures to address the restrictive refugee protection environment in the country and the increased cost to the programme.	Critical	Yes	Representative	30 April 2019	<p>i. After a careful analysis of the restrictive refugee protection environment, an action plan has been developed by the Representation Office (RO) in consultation with the Director for Africa Bureau, Chef de Cabinet, Regional Coordinator for the Burundi situation in Kenya, and the Asst. High Commissioner for Operations. Several discussions were held at senior and technical levels between RO and HQ, on the continuously evolving operational context that contributes to the increasingly narrowing protection space that limits the pursuit of solutions and negatively impacts programmatic activities in Tanzania.</p> <p>Part of the strategy is to escalate the issues to senior executives of UNHCR. The Assistant High Commissioner for Protection (AHC-P) went on a mission to Tanzania in August 2017 and 2018. Following his 2018 mission, the AHC-P addressed his concerns in a letter to the Minister of Home Affairs detailing his observations of the mission, including concerns related to voluntary repatriation of Burundian refugees and the refugee status determination procedures. The High Commissioner (HC), during his visit in February 2019 met with senior government officials to discuss the ongoing challenges. In response, the Government reaffirmed its commitment to the Global Compact on Refugees (GCR) and the President assured the HC that Tanzania would continue</p>

⁵ 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.

⁶ 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.

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

						<p>to meet its international obligations towards refugees, including respect for voluntary return.</p> <p>A key component of the action plan is to engage at a high level in the government and to strengthen collaboration at the technical level. To pursue this, UNHCR offered to support a national dialogue on refugee management and support to host communities, involving the national government, local authorities and other stakeholders. Cognizant of the current situation, the dialogue aims to deliver a government led national framework including the identification of key priorities for 2019-2021 using a whole of government approach. After the dialogue the government’s specific priorities to protect and support refugees and host communities will be presented to the international community. It will inform the development of a joint UNHCR/Government action plan, the updating of the current Multi Year Multi Partners (MYMP) strategy, and elaboration of the Government led implementation of the GCR.</p> <p>(ii) The RO reviewed the MYMP (2017-21) vision and objectives, including the deliverables.</p> <p>The revisions reflect the change in the operational and protection environment since the MYMP was developed in the second half of 2017. While the structure of the document has not changed substantially, the content is significantly re-oriented with more focus on evidence to influence the policy dialogue and undertake advocacy. The need for data analysis and evidence is important in an increasingly restrictive policy environment.</p> <p>The results of the national dialogue will further inform the MYMP to reflect the government’s priorities and revised milestones based on the changes in policy</p>
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Audit of the operations in Tanzania for the Office of the United Nations High Commissioner for Refugees

						<p>environment. A revised MYMP has been prepared for the national consultations.</p> <p>(iii) A deeper risk analysis was conducted on the impact of restrictive protection environment and its implications to the activities and objectives of UNHCR. This analysis led to the development of time bound mitigation plan covering both proactive and reactive measures. The risk register has been updated to reflect these changes. In addition, the Enterprise Risk Management Unit (ERM) and the Bureau have analyzed the updated register and shared their comments. In line with the UNHCR policy and to ensure that further changes in the operating environment are timely captured, a follow-up risk review and refinement of the register are scheduled during the ongoing 2020/21 operations planning process. The operation has strengthened its capacity at both senior management and technical levels to deal with the complex protection and operational environment. ERM has deployed a roving Snr Risk Management Advisor pending recruitment of the in-situ Risk Advisor. Key staff have participated in HQ organized webinars to promote risk culture and integrity. The office is also in the process of further aligning the senior management structure with the size and complexity of the operation by strengthening Programme and Protection capacities.</p>
2	The UNHCR Representation in Tanzania, in cooperation with the Regional Bureau for Africa and relevant headquarters entities, should put in place measures to strengthen its programme performance	Critical	Yes	Assistant Representative Programme	30 April 2019	<p>i.To ensure that realistic targets are set for performance indicators, the RO has initiated and completed the following steps:</p> <ul style="list-style-type: none"> - The operation reviewed the 2018 year-end reports as well as the 2019 set targets for reasonableness considering the operational context and available resources. - Upon receipt of the administrative instructions (AI) for year-end reporting, further guidance (at

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	<p>management by: (i) ensuring that realistic targets are set for performance indicators; (ii) reviewing and adjusting where necessary mechanisms for the collection and reporting of accurate data against performance indicators; (iii) reviewing its performance against set targets and investigating large and/or unusual variances; and (iv) using performance reports to inform strategic planning and operational decision making.</p>					<p>PPG and objective level) was provided by Programme Unit in RO to MFT, sector focal points and Prog Unit in the field offices.</p> <ul style="list-style-type: none"> - Two-hour session was organized with the MFT members to go through the requirements and establish common understanding on impact and performance indicators. - Sectoral submissions from focal points are reviewed and compiled at field office and further clarification/alignment sought when needed. - Final report reviewed and compiled by programme field units and endorsed by Head of Office, are submitted to RO - RO programme unit collated and reviewed the submissions including for consistency and reasonableness of the report. This is a 2nd layer of oversight to ensure accuracy and quality. Clarification and/or alignment was sought before the report is inputted in to Focus. The remarks column of each submission reflects how the indicator is measured and/or interpreted. This serves as a guide for consistent interpretation of indicators and targets across different field and sub-offices. - Inputted report was then crosschecked with field submission to confirm correct capture of the report in Focus. <p>The following tools on performance management have been instituted:</p> <ol style="list-style-type: none"> a. Indicator tracking table per implementer b. Indicator tracking table per location c. Monthly Monitoring and Evaluation (M&E) tool <p>For consistent monitoring, review and update of performance, the operation has designed monthly performance monitoring tool for each objective and output. This monitors progress of each performance</p>
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						<p>indicator and analyze trends. The Indicator Tracking tools by “implementer” and “location” zoom in and identify any lag in progress and trigger immediate rectifying actions.</p> <p>ii. During the detailed planning for 2019, the MFT have updated the country operation plan (COP) with due consideration of consistency in implementation of strategy and approach as well as the results framework, checking if the outputs and indicators are consistently selected across population and camps.</p> <p>The review also included how each indicator is measured and interpreted. While most of the indicators are interpreted as per the indicator guidance sheets and indicator attributes from Focus, some required further discussion and consensus by the MFT (for example definition of “skills training provided”, and “health facilities equipped/rehabilitated”). These agreed interpretations are part of the above mentioned tracking tools that have been put into place per partner and per location.</p> <p>The MFT is reviewing the information gathered from these tools and lessons learnt will feedback into updating/upgrading them accordingly. In addition to the tools referred above, in order to ensure consistency among users across sectors and locations, the operation has put in place an “Indicators measuring-interpretation sample”.</p> <p>iii. Following the receipt of 2019 OL, the operation had organized MFT detail planning session to collectively design the interventions with due consideration of the identified gaps and available resources. After collective discussions, the MFT updated the interventions and targets in their respective areas vis-à-vis what was envisaged in the accordingly.</p>
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					<p>The exercise has updated outputs vis-à-vis the prevailing context and respective operating level budget (OL) allocation at output level. Furthermore, the indicator tracking and monitoring tools (mentioned above) will be analyzed regularly to see progress towards set targets, per implementer and per location. The M&E tool was developed by the office to track progress of indicators and align them accordingly in a timely manner. The operation has also scheduled for a midyear review in July where MFT will thoroughly review performance in accordance to the plan and advancing towards the set targets. Any further change of operational/protection context and/or variance will then trigger further update and alignment of the current results framework.</p> <p>iv. As mentioned above, the operation has developed systems and mechanisms such as the Monthly M&E tool, to assist in tracking progress of deliverables vis-à-vis performance targets of each output by implementer. This tool collects data on a monthly basis such as performance progress data. For example, under Health and Nutrition, the operation has identified “number of persons referred to secondary and tertiary health care”. This tool will highlight trends that may signal over or under performance, reveal inaccuracies, and prompt the operation in realigning the intervention and in calibrating the targets. In addition, this tool compares and tracks the monthly progress reports submitted by partners as well as a guide for routine and periodic performance monitoring by sector focal persons individually as well as by MFT.</p> <p>The operation has also designated a focal person at programme unit in RO to regularly review and update the indicators, set targets and achievements as necessary in consultation with the MFT and sector focal points, during designated period of year. The</p>
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						<p>clear allocation of responsibilities and the oversight provided by senior programme officer, helped in ensuring that the designated tasks are done timely and correctly.</p> <p>v. The operation has continued to take measures to reduce costs of programme delivery including the redesigning of programmes such as: solarization of boreholes, reverse medical referrals, mobile courts inside the camps, installation and monitoring of fuel management systems and engagement of the refugee population in various activities (such as construction of shelter and sanitation facilities, and sensitization on environmental protection). In addition, a call for expression of interest to identify a “best-fit” partner will be broadly published in May. The operation aims to identify partners who could work across all camps to reduce the number of implementing partners.</p> <p>Finally, the technical division (DPSM) and particularly the bureau, will re-invigorate their role in ensuring that a closer and strengthen performance management are attained at country level. The soon to be established Strategic Planning and Management Service at the new regional structures are responsible to: cover the full spectrum of managerial oversight including performance management and ensuring overall quality assurance and managerial support to operations. Currently, the Desk reviews the plans, budget and implementation during the COP and detailed submissions, mid-year review and year-end reporting.</p> <p>Based on the above measures that have been put in place and on-going initiatives, UNHCR request closure of this recommendation.</p>
3	The UNHCR Representation in Tanzania, in collaboration	Critical	Yes	Assistant Representation Programme	30 April 2019	<p>i. Additional measures have been instituted to ensure that due diligence process has been followed in the selection and retention of partners.</p>

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	<p>with the Regional Bureau for Africa, should: (i) review its processes, including in terms of management supervision and monitoring, for the selection and retention of partners, designation of procurement to partners, and monitoring of projects, and implement a time bound action plan addressing the systemic and recurring issues raised in this audit in an effective and sustainable manner; and (ii) institute measures to recover all ineligible and unauthorized project costs from partners.</p>					<p>ii. Considering that partners are not exempted from the value-added tax (VAT) on their purchases, a new assessment of partners was completed in February and March 2019, particularly elaborating on the comparative assessment between direct versus delegated procurement and the financial impact of the VAT status. Thus, specific partners have now reduced procurement budget in their PPA and most procurement are under direct implementation except for very specialized items (where technical expertise is required), partner administrative needs, and where UNHCR has no or limited capacity. Areas of improvement and mitigation measures were also indicated on each of these assessments made such as closer monitoring of procurement, reduced budget, and other actions/mitigation points indicated in the assessment form.</p> <p>iii. UNHCR Tanzania strengthened its oversight on procurement delegated to partners, by instituting a more thorough, consistent and systematic verification and monitoring on procurement activities by partners. The Supply Unit is constantly represented in the MFT verification of partners. Their inputs have become more prominent and rigorous in the verification reports. Secondary and follow-up actions are done on the prior verification findings, audit recommendations and comments in the procurement assessment forms of partners. A supplementary checklist has been developed to support the Project Verification report (PMC-03) that can be used for deeper scrutiny of partners with substantial procurement and with previous findings that can be considered as potential risks.</p> <p>Risk based monitoring plans were developed and executed in 2018 and 2019. Financial and project</p>
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						<p>monitoring are done through the MFT. The completed final verification reports and performance monitoring done, showed a more rigorous and systematic approach done by the well represented MFT. Technical sectors including supply participated bringing their expertise particularly on PPAs with the specific sectoral objectives involved.</p> <p>The second line of defense was also strengthened. There is a more systematic and consistent collaboration from the bureau and divisions in HQ. Periodic alerts on specific aspects of the operations are sent to the RO, drawing attention of managers, and country focal points to initiate corrective actions and or further consult for guidance. These include the monthly monitoring of country financial report, status of implementation and expenditures, recovery of outstanding partner balances, available budgets, status of project audit recommendations, write offs, among other matters.</p> <p>Based on the above exhaustive measures that have been put in place by the Representation Office, we therefore request closure of this recommendation.</p>
4	<p>The UNHCR Representation in Tanzania, in consultation with the Public Health Section of the Division of Programme Support and Management, should implement an action plan to strengthen controls over safeguarding of medicines and related supplies at the Ngaraganza medical warehouse by: (i) developing and</p>	Important	Yes	Assistant Representative – Programme	30 April 2019	<p>i. The Standard Operating Procedures (SOPs) have been developed, approved and issued for implementation covering the areas of pharmaceutical management and medical supply warehousing. The staffing capacity was strengthened with the recruitment of Roving Pharmacist, and Assoc. Public Health Officer (in Kasulu). The pharmacist will focus on the overall management of medicines, in terms of procurement, monitoring of consumptions trends, and liaising with government and the partner involved. Both positions will be reporting to the Public Health</p>

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	implementing standard operating procedures on medical inventory management; and (ii) ensuring robust monitoring of medical warehouse operations, including regarding the expiry date of medicines.					<p>Officer who is responsible for the overall health management of the camps.</p> <p>ii. The stock balances have been updated and a periodic and systematic monitoring of issuance and deliveries, stock taking and balance reconciliation have been put in place. Bin cards and tally sheets have been procured and are now in use. Standards reports are now being prepared and reviewed by the Public Officer and the Head of Office. Discrepancies, if any, are being traced and reconciled. The Office has established a clear assignment of responsibilities and oversight on the management of the medical supply warehouse.</p> <p>iii. Actions have been taken, after receiving the appropriate authority, to dispose the expired and soon-to-be expired medical supplies (medicines).</p> <p>Based on the above measures that have been put in place, the office believes that this recommendation has been fully implemented and request its closure.</p>
5	The UNHCR Representation in Tanzania should develop and implement an action plan to strengthen management control over its vendor management and procurement processes, in particular to ensure that procurements are planned and executed in line with established procedures.	Important	Yes	Supply Officer	30 April 2019	<p>i. The Vendor Review Committee (VRC) convened on 19th February 2019. Vendor performance review has been completed on 20 Suppliers, prioritizing those under frame agreements and with frequent purchases (regular/active vendors). The deactivation exercise in MSRP duplicate vendors has been completed by the Vendor Management and Contract Administration Unit (VMCA). To ascertain no further duplications, SOPs have been developed on vendor registration process as a guidance to all vendor creators in the office and a monthly clean-up/check has been instituted.</p> <p>ii. The 2019 Comprehensive Procurement Plan have been completed. This plan serves as the overall tool in</p>

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					<p>identifying procurements that need to be submitted to the appropriate committees on contract, depending on its total value. This plan will be updated quarterly based on actual and emerging procurement needs of the operation.</p> <p>Additional measures were instituted to ensure accuracy and completeness on the submissions to Committee on Contracts (CoC) as follow:</p> <p>The SOP on procurement of goods and services was re-issued to all Supply Staff and requesting units, reiterating the relevant rules and procedures. A secondary review of all submissions to COC, is done by the Supply Officer (serving as the technical expert) in RO, prior to its endorsement to the relevant Committee on Contracts (CoC). All local CoC members have been trained on contract committee rules through WEBEX conducted by Headquarters COC secretariat on the new rules and procedures on 17 and 23rd of April 2019. It has been agreed that, succeeding CoC meetings shall follow-up on the recommendations of the previous minutes, directly to the designated officer, in coordination with the Supply Officer in RO who will track and monitor these recommendations. A summary table of COC recommendations from local, regional and HQ, have been put place.</p> <p>To institute a stronger contract management, a simple and practical tracking table of procurement contracts has been developed. This tool monitor payments made, contract expiry, balance, and threshold, covering purchases that were completed and in the pipeline (as per the procurement plan).</p>
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						<p>iii. In addition to the arrangements made with bank on the automated payments to police officers, the monthly attendance report and the payment and tally sheet attested by the Commanding Officer and UNHCR, have been provided.</p> <p>Based on the above measures that have been put in place, the office believes that this recommendation has been fully implemented and request its closure.</p>
6	<p>The UNHCR Representation in Tanzania should prioritize the implementation of strengthened resettlement procedures, including adequate fraud assessment, mitigation and detection measures, and institute appropriate management control arrangements over the resettlement process.</p>	Important	Yes	Deputy Representative	30 September 2019	<p>Further to the actions that have been taken and reported in the first round of audit reply, below are additional and on-going measures to address this recommendation.</p> <p>i. The fraud panel has been established and select members trained. The panel procedures have been finalized and investigations are on-going and scheduled accordingly.</p> <p>ii. Regular checking of resettlement complaints box is instituted. To improve the existing SOPs on the reporting mechanism/s, the Protection Unit and Community Specialist are further developing the SOPs and other modalities of complaints mechanisms to ensure a wider, more systematic and accountable handling and overall management of feedback and complaints.</p> <p>iii. The fraud vulnerability assessment is on-going.</p> <p>iv. In consultation with HQ, the Resettlement Procedures in Tanzania are in the final stages of finalization.</p> <p>v. The SOP on group resettlement has been finalized. The SOP reflect the instituted oversight on this process within the agreed framework with the receiving country.</p>