



## **INTERNAL AUDIT DIVISION**

### **REPORT 2020/036**

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#### **Audit of the operations in Ethiopia for the Office of the United Nations High Commissioner for Refugees**

**There was a need to address the outdated  
and costly programme implementation  
arrangements which were negatively  
affecting protection and service delivery to  
refugees**

**1 October 2020  
Assignment No. AR2019-111-07**

# **Audit of the operations in Ethiopia 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 Ethiopia for the Office of the United Nations High Commissioner for Refugees (UNHCR). The objective of the audit was to assess whether the Representation was managing the delivery of services to its persons of concern (PoCs) in a cost-effective manner and in accordance 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 2018 to 30 September 2019. The audit included a review of: (a) planning and resource allocation; (b) partnership management; (c) supply and logistics; (d) construction and shelter; and (e) education activities.

Despite the changing environment in which the Representation was operating, its service delivery remained traditional with refugees residing in camps that were primarily funded by UNHCR and may not be sustainable in a resource constrained environment. This called for reinforced planning if the Representation was to meet its strategic objectives. Moreover, recurring control weaknesses from the last OIOS audit related to project management, procurement and fuel management remained.

OIOS made two critical and five important recommendations. To address issues identified in the audit, UNHCR needed to:

- Review the effectiveness of its organizational and staffing structure and implement an action plan for strengthening the use of the risk register as an active management tool;
- Strengthen strategic and operational planning and performance monitoring processes to ensure prioritization of needs and delivery of services in a cost-effective manner;
- Implement a sustainable plan of action that addresses the risks and weaknesses in projects implemented by the Government partner (**critical**);
- Implement oversight procedures which ensure: timely planning of key partnership management activities, adequate assessment of comparative advantage of partners conducting procurement, and effective link between financial and performance monitoring;
- Implement a sustainable plan of action to address the prolonged weaknesses and risks in procurement, contract management, and fleet and fuel management (**critical**);
- Strengthen the management of construction contracts to ensure that the projects are executed in a cost-effective and timely manner and that they realize best value for money; and
- Revise and monitor the implementation of an education strategy.

UNHCR accepted the recommendations and has initiated action to implement them.

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# **Audit of the operations in Ethiopia 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 Ethiopia for the Office of the United Nations High Commissioner for Refugees (UNHCR).
2. The UNHCR Representation in Ethiopia (hereinafter referred to as ‘the Representation’) was established in 1966 to provide refugees, asylum seekers and other persons of concern (PoCs) with international protection, humanitarian assistance and durable solutions, where feasible. As at 30 September 2019, the Representation was assisting 699,052 refugees and asylum seekers, mainly from South Sudan (46 per cent), Somalia (25 per cent) and Eritrea (16 per cent). Ninety-four per cent of this population resided in 26 refugee camps across the country and were assisted primarily by UNHCR.
3. In September 2016, during the Leaders’ Summit on Refugees and Migrants in New York, the Government of Ethiopia issued nine pledges with commitments to improve the rights and service delivery to refugees. In November 2017, the Government officially adopted the Comprehensive Refugee Response Framework (CRRF). A change in Government leadership in April 2018 also triggered a reform which affected the main UNHCR counterpart, the Agency for Refugee and Returnee Affairs (hereinafter referred to as “the Government partner”).
4. The Representation recorded expenditure of \$156 million in 2018 and \$138 million in 2019. It worked with 42 partners in 2018 and 39 in 2019. These partners implemented 70 per cent of the Representation’s programme related expenditures. The Representation was headed by a Representative at the D-2 level and it had, at the time of audit, 561 regular staff and 182 affiliate staff. It had a Country Office in Addis Ababa, five Sub-Offices in Gambella, Melkadida, Shire, Assosa and Jijiga, and 19 Field Offices and Field Units.
5. Comments provided by UNHCR are incorporated in italics.

## **II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY**

6. The objective of the audit was to assess whether the Representation was managing the delivery of services to its PoCs in a cost-effective manner and in accordance with UNHCR’s policy requirements, with due regard to the risks that it was exposed to in the context in which it was operating.
7. This audit was included in the 2019 risk-based work plan of OIOS due to the risks related to the size and complexity of the operations in Ethiopia.
8. OIOS conducted this audit from October 2019 to January 2020. The audit covered the period from 1 January 2018 to 30 September 2019. Based on an activity-level risk assessment, the audit covered the following higher risk areas: (a) planning and resource allocation; (b) partnership management; (c) education; (d) procurement and contract management; and (e) construction projects including shelter activities. OIOS also assessed the progress made on the implementation of four audit recommendations from previous audits in the areas of: (i) procurement and vendor management; (ii) fuel and fleet management; (iii) partnership management; and (iv) security management. Through review of the above-mentioned areas, OIOS also drew overall conclusions about the control environment and the effectiveness of enterprise risk management in the Representation.

9. The audit methodology included: (a) interviews with key personnel; (b) a review of relevant documentation; (c) analytical review of data, including financial data from Managing for Systems, Resources and People (MSRP), the UNHCR enterprise resource planning system, performance data from Focus, the UNHCR results-based management system, and data on PoCs from proGres, the UNHCR enterprise registration tool; (d) sample testing of controls using systematic and random sampling methods; (e) visits to the Representation's Country Office in Addis Ababa, Sub-Offices in Melkadida and Gambella, and the offices of five partners implementing UNHCR projects; and (f) observation of programme activities implemented in Kobe, Melkadida, Buramino, Bokolmayo, Haloweyn, Kule and Nguenyiyiel refugee sites.

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

### **III. AUDIT RESULTS**

#### **A. Risk management and control environment**

There was a need for the Representation to undertake a review of its structure and strengthen the use of the risk register as a management tool

11. The gaps in the Representation's organigram and staffing structure and its slow follow-up on long outstanding audit recommendations not only weakened the control environment but also posed a significant reputational, financial and operational risk to UNHCR. Firstly, most control weaknesses identified by OIOS in this audit were pervasive and recurring for many years. Despite the well-known risks and issues regarding the implementation of the activities, in OIOS view, there was insufficient involvement by UNHCR Headquarters in supporting the Representation to strengthen its control environment. For instance, action had still not been taken to implement two critical and two important recommendations regarding procurement, partnership management, fleet and fuel management and security from OIOS' 2016 and 2012 audits. They were long outstanding beyond the initial target date for implementation provided by UNHCR.

12. Also, despite the changing operating environment, the Representation had not reviewed its organizational and staffing structure to ensure it was still effective in supporting the delivery of its mandate. The Representation was not involved in the Government partner's restructuring process and thus did not know how it would impact service delivery and related costs. This was important because UNHCR was funding 100 per cent of the Government partner's staffing costs, and the Representation and the Government partner together employed 3,866 staff with evidence that functions were being duplicated. For example, the two entities had staff overseeing programme implementation without delineating roles and responsibilities and thus accountability. Also, the Representation implemented most activities in registration despite the Government partner having dedicated 171 staff members (with an annual budget of \$1.4 million) towards this area. The respective responsibilities were not documented, and the Representation did not have a plan on how to streamline and ensure accountability of the Government partner's responsibilities.

13. At the beginning of 2019, the Representation appointed a Principal Risk Management and Compliance Advisor who was instrumental in identifying many of the risks the Representation was exposed to. The Representation's risk register was updated in August 2019 and adequately reflected the pertinent risks in the operation. However, risk management was not yet embedded in the Representation's management processes across different locations, functions and levels. It also needed to be better integrated into the strategic and annual planning processes. Overall, OIOS felt that the Representation's management team needed to take stronger ownership of the risk management process.

- (1) The UNHCR Representation in Ethiopia, in collaboration with the Regional Bureau for East, Horn of Africa and Great Lakes, should: (i) undertake a review of the effectiveness of its organizational and staffing structure in supporting the delivery of its mandate; and (ii) implement an action plan for strengthening the use of the risk register in its decision-making processes.**

*UNHCR accepted recommendation 1 and stated that: (i) the staffing review exercise was ongoing and would be completed in December 2020; (ii) all five risk goals identified were being implemented which demonstrated the use of risk register in the operation's decision making process in all aspects including programme planning, implementation, monitoring and reporting. The Representation expected to finalise the implementation of the action plan by the 31 March 2021. Recommendation 1 remains open pending receipt of documentary evidence of the: (i) the review of the organizational and staffing structure to eliminate potentially duplicated roles; and (ii) mainstreaming risk management into management processes at various levels to prevent recurring issues noted.*

## **B. Planning and resource allocation**

### The Representation needed to strengthen its planning and performance management processes

14. The UNHCR operation in Ethiopia is the largest in Africa with respect to overall budget allocation. The Representation conducted participatory assessments with refugee groups, which informed the annual planning process. It had a Multi-Year Multi-Partner Protection and Solutions Strategy (MYMPPSS) for the period 2017-2020 that was aligned with UNHCR's strategic directions.

#### **Strategic and operational planning**

15. The MYMPPSS sought to integrate refugees into national systems to the maximum extent possible, which set the tone for the adoption of the CRRF in November 2017. However, the MYMPPSS was not supported by strategies to drive the desired changes, which impacted progress in achieving targets set for the Representation's five strategic objectives. For example, inclusion of refugees in national service delivery for 2018, 2019 and 2020 respectively was planned to be implemented in 3, 9 and all camps for health, education, and water, sanitation and hygiene (WASH), but the 2018 and 2019 targets were not achieved.

16. The MYMPPSS was not mainstreamed into the strategic plans and the country operations plan (COP) and was therefore ineffective in providing a long-term vision for the Representation. The UNHCR programme as reflected in the COP, had hardly changed to address the MYMPPSS vision and remained a traditional camp-based assistance programme with parallel service structures in refugee camps with limited self-reliance opportunities for refugees. Furthermore, key sector strategies for education, WASH and public health were outdated and did not reflect the MYMPPSS vision regarding the inclusion of refugees in national service structures. This was especially important considering reducing funds from donors.

17. Furthermore, contrary to UNHCR's strategic direction, the MYMPPSS did not drive implementation of programmes using cash-based interventions (CBI) although it would have been a more cost-efficient modality and given refugees more decision-making power. The Representation attributed this, amongst other things, to restrictions imposed by the Government. Consequently, it had not achieved six out of the eight targets in 2018 for implementing its CBI programme. Meanwhile, it continued to distribute non-food items in kind, which was a costlier option than CBI due to transport, storage, distribution and administration costs.

## **Data on population of concern**

18. The Government partner was responsible for the registration process, but the Representation implemented most of the related activities. However, the Representation's lack of credible data to inform its strategic and operational planning was evidenced by differences between the number of registered refugees and those receiving food assistance. In a population verification exercise conducted from September 2018 to July 2019 at a cost of \$7 million, the Representation could only verify 720,791 out of the total of 905,831 refugees who were registered before the verification exercise. Because this number included 121,660 new arrivals after the start of the exercise, the verified PoCs were 599,131, representing a 34 per cent reduction from those in the records. The Government had not accepted the new numbers at the time of the audit and requested that the verification exercise continue until missing persons are found.

19. At the time of the audit, the Representation had not yet investigated the large drop in refugee numbers. This was a missed opportunity to understand the PoC dynamics and design its protection interventions, including those related to continuous registration procedures. Also, the Government partner and the Representation had not taken measures to ensure that population registration data remained up to date; for example, it lacked procedures to record deaths. Also, contrary to normal practice, the Representation did not have a procedure for deactivating refugees who missed three consecutive food distributions. OIOS noted, for example, that the Representation did not follow up on 22,664 PoCs who missed food distribution in Gambella and Melkadida for every month in the third quarter of 2019.

20. The above situation raised the risk that the Representation lacked accurate population figures to determine assistance requirements and design relevant protection programming. This also created a reputational risk with donors and other stakeholders who were instrumental in supporting the CRRF.

## **Comprehensive Refugee Response Framework**

21. The first key tangible improvement of refugee rights in the spirit of CRRF in Ethiopia was the adoption of the new Refugee Proclamation by the Government on 17 January 2019. This new refugee proclamation allowed refugees to access a wide range of expanded rights and entitlements, including freedom of movement, the right to health services, access to education, the right to work, as well as a degree of local socio-economic integration. However, the lack of a national plan and Government procedures to implement these new rights delayed its implementation. The lack of a national action plan meant that key CRRF drivers remained undefined; e.g. how to: (i) integrate refugees into Government services; (ii) actively engage stakeholders; and (iii) fundraise for related activities. Also, progress on the legal front in implementing the CRRF had not translated into tangible gains for PoCs since its adoption in 2017.

22. The Representation was supposed to support the set up and operationalization of the CRRF approach in Ethiopia. However, this was constrained by the Government partner's conflict of interest because it was setting up the CRRF which would see it lose its main role of implementing UNHCR programmes, as well as related funding and staffing. The Government partner, the main coordinator of refugee matters, was inactive for over a year due to its reform process. The key governance and operational CRRF structures established by the government and supported by the Representation in 2018 were also not functional. These included: (i) a Steering Committee that had last met in May 2018; (ii) lack of technical committees to guide the implementation of the nine pledges; and (iii) vacancies in the Government office responsible for coordinating CRRF activities, e.g. the office manager and the head of CRRF secretariat.

23. Consequently, delays in rolling out CRRF meant service delivery was not integrated into Government systems and thus, programme implementation remained in a camp setting fully funded by the

Representation regardless of the phase of displacement. The Representation continued running parallel systems in sectors like health and education which was not only costly but also unsustainable.

### **Performance management**

24. UNHCR's performance management system, Focus, lacked credible information for assessing the effectiveness of the Representation's programme and protection interventions and for decision making. The indicators and targets in Focus were not aligned to those in the MYMPPSS as well as sector strategies (i.e. health, education etc.). Thus, results reported in Focus were not measuring the effectiveness of strategies in creating the desired impact. The 2019 performance results framework was not adjusted to reflect the reduction in PoC numbers, which was the denominator used in calculating results. The results reported were therefore inaccurate. The Representation's 2018 year-end report did not adequately identify for mitigation root causes of its failure to meet set targets. There were inconsistencies between data from the Government education management information system and Focus.

25. The main reason for these gaps was that the Representation's management had not ensured a coherent strategic direction and the alignment of objectives at different levels. Its strategies were not only outdated but objectives contained therein had also not been implemented as was noted with the education strategy (see section F of this report). This may result in PoCs not having access to required protection.

**(2) The UNHCR Representation in Ethiopia should strengthen its strategic and operational planning and performance monitoring processes to ensure proper prioritization of needs and delivery of services to persons of concern in a cost-effective manner.**

*UNHCR accepted recommendation 2 and stated that as part of the new Global Results Framework, Ethiopia would have in place a revised results-based management approach and software that resets indicators and targets, so they are aligned to the new Multi Year Strategy. A new Multi Year Strategy would be developed in 2021. In its catalytic role, the Representation had taken several initiatives to support the Government to take the necessary steps to implement the CRRF. Following the conclusion of the Level 3 registration, the Government endorsed the verification figures in July 2020. Recommendation 2 remains open pending receipt of documentary evidence regarding implementation of: (a) an updated MYMPPSS; (b) approved strategies for key programme areas aligned to the overall vision in the MYMPPSS; (c) agreed plan of action with Government to operationalize key CRRF structures; (e) review of the performance framework to ensure accurate data is available for decision making; and (f) actions to correct and address in the long term the root causes of the drop in verified numbers including continuous registration procedures.*

## **C. Partnership management**

There was a critical need for UNHCR to address gaps in its diligence and oversight mechanisms over the Government partner

### **Partnership with the Government partner**

26. UNHCR has partnered with the Government partner since 1966 and the latter's overall programme budget was \$32 and \$28 million in 2018 and 2019 respectively. It coordinates all Government matters related to refugees, while at the same time being UNHCR's main partner and responsible for implementing over 42 per cent of the Representation's programme expenditures, including in registration, public health, and education. The Representation has always fully funded the Government partner's costs, including for example \$16.9 million in staffing costs for 2019. As the level of involvement and influence of the



Government partner in UNHCR operations has increased over the years, there has been a corresponding decline in the Representation's operating space for decision-making. Past OIOS audits of UNHCR operations in Ethiopia have raised similar issues that have not been fully addressed.

27. The Representation did not comply with the UNHCR policy on selection of partners regarding the projects implemented by the Government partner. Also, contrary to UNHCR guidelines, the Representation did not justify its decision not to conduct a full selection process in sectors like education, public health, food and non-food item distribution, and constructions where the Government partner did not have a unique mandate. In view of recurrent issues identified in the Government partner's implementation of UNHCR projects, the Representation should have obtained clearance from the Implementation Management and Assurance Service in UNHCR headquarters before signing new Project Partnership Agreements (PPA).

28. The Government partner procured items totalling \$17 million in 2018 and 2019, without the prerequisite prequalification from UNHCR headquarters, that was required for any total annual procurement over \$100,000. Also, the Government partner purchased items worth \$11 million in 2018 which was almost three times the threshold that had been approved by the Representation. The Representation had also not re-assessed the Government partner's capacity to procure goods and services of that magnitude.

29. The Government partner's procurement manual was not aligned to UNHCR minimum requirements and the implementation of the required rules and procedures were weak. It procured items without comparing prices from vendors and frequently used single source suppliers. For the bidding for 27 one-stop reception and registration centers (worth \$1.6 million), it used the request for quotation method as their procurement manual did not have thresholds for different types of procurement. Consequently, contractors were selected based on price without considering quality, qualifications or prior experience, and this may have contributed to the poor-quality work noted at the centres as discussed below. Further, bidding documents were not always available, and the Government partner lacked a documented basis for selecting vendors which raised a high risk of manipulation of the bidding processes. The Representation's monitoring and project audit reports corroborated the OIOS findings.

30. The Representation also did not assess the Government partner's: (i) capacity to effectively implement programme activities especially in sectors that were not its core competence; and (ii) controls to safeguard UNHCR resources. The following capacity gaps impacted the delivery of services:

- The Government partner failed to complete the construction of 27 one-stop reception and registration centers. One year after the due date, only 16 had been constructed but even these were incomplete, of poor quality and not in use. At the time of audit, the Representation had halted the construction project but had not agreed on a way forward to bring the constructions to completion.
- A food distribution attended by OIOS in Kule camp was conducted almost one month later than planned. Also, only three out of five food ration items were available. The Government partner also lacked staff to distribute food and resorted to using teachers and health workers for the task for one week of every month. This impacted the Representation's delivery in related services during this period. In addition, OIOS observed that children were given food rations for the whole family, there was no crowd control during food distribution, and the food scoopers were standing with their feet in the food supply. This endangered the PoCs' health, especially the vulnerable.
- Most targets in the education sector were not met. Prioritization was given to teaching students, with limited consideration to quality and building sustainable systems to address well-known issues that plagued the education sector as presented in section F of this report. Consequently, they remained unresolved.

31. The Representation's monitoring of the Government partner's performance in project implementation was inadequate as noted in the following paragraphs. Similar issues were observed in previous OIOS audits.

32. Construction: The Government partner did not involve UNHCR technical staff in all its construction activities i.e. project design, preparation of bills of quantity, procurement, contracting, supervision, monitoring, and certification of works prior to effecting payments. The Government partner rejected the Representation's bills of quantity and developed their own for the one-stop centers. The Representation's multi-functional teams (MFTs) established to undertake monitoring of UNHCR projects also did not have an assigned engineer to monitor the construction work. Consequently, significant design issues like offices lacking windows were not identified for rectification in a timely manner.

33. Staff salaries: The Representation spent \$16.9 million in 2019 on salaries for 3,123 Government partner staff. This number included 674 "overhead staff" who were not directly involved in UNHCR project delivery at an annual cost of \$6.4 million (representing 21 per cent of the total budget). Contrary to UNHCR's move towards having sustainable programmes, the Representation continued paying 100 per cent of the Government partner's salary bill. The Government partner also paid salary rates that were much higher than national rates; e.g., primary school teacher salaries were 2 to 3 times higher than Government rates. This undermined effective prioritization of limited resources and complicated arrangements to transfer these functions to line ministries under the CRRF.

34. Fleet management: There were inconsistencies in the Representation's and the Government partner's records regarding number of vehicles held by the latter. The Representation's records showed that 320 vehicles were held by the Government partner while the partner reported having 379 vehicles. Vehicles donated by the Representation to the Government partner continued to carry the UNHCR license plates, which presented a reputational risk to UNHCR. The Representation also continued to cover fuel and maintenance costs for donated vehicles amounting to \$1.3 million in 2019 alone, which was not compliant with UNHCR rules. Seventy-five per cent of the vehicles operated by the Government partner were older than five years and were thus costlier to maintain and per UNHCR guidelines should have been disposed of. OIOS was particularly concerned that the Representation continued paying insurance costs for old vehicles that had already been donated to the Government.

35. Medicines: The Government partner procured medicines and medical supplies locally worth \$0.8 million as a stop gap measure due to delays in international orders placed. For instance, international orders for medicines placed in 2016 only started arriving in 2019. There was inadequate guidance in the Government partner's PPA regarding the purchase and management of medicines, and relevant standard operating procedures on that subject from the Representation were outdated. Contrary to UNHCR guidance on the procurement of medicines, UNHCR was not involved in the local purchase of medicines by the Government partner, which purchased 20 per cent of medicines locally; exceeding the five per cent threshold set by UNHCR. Also, it did not prequalify suppliers for medicines, nor conduct analytical tests on critical medicines as required by UNHCR. It based purchase decisions only on price with no consideration given to quality.

36. The Government partner's poor management of medicines was evident in the many reported stock outs and expiry of large quantities of medicines. Proper records were not maintained so the value of medicines that expired in storage could not be quantified. This was caused by inadequate processes by the Government partner to assess medicine needs. The inventories of medicines were also not verified by the Representation for accuracy. Although annual stock counts were conducted by the Government partner, large variances were not investigated. The Government partner also lacked storage capacity, with medicines kept in ordinary stores at high temperatures for long periods. This raised the risk of degradation and reduced their shelf life before their distribution. Regarding this, the Government partner had received

funding from UNHCR in 2015 to construct a medicine store but it was never built, and the funding was not recovered.

37. The Government partner did not provide the Representation access to implementation sites and thus the latter was unable to conduct the required due diligence, capacity assessment and performance monitoring vis-à-vis the Government partner to ensure cost effective delivery of services to PoCs and safeguarding of UNHCR resources. There was also limited evidence of support and oversight from the former Regional Bureau for Africa in finding a solution to the longstanding issues which had been raised in earlier audits. It also meant there was a lack of management accountability over the efficient and effective use of funds in compliance with relevant rules. In OIOS view, the new Regional Bureau for East, Horn of Africa and Great Lakes in cooperation with senior management at headquarters needs to take a strong coordination and oversight role to support the Representation in addressing the issues mentioned above.

**(3) The Regional Bureau for East, Horn of Africa and Great Lakes, in collaboration with the Assistant High Commissioner (Operations), should implement a sustainable plan of action which addresses the risks and well-known and long-standing weaknesses associated with projects implemented by the Government partner and the non-compliance with established UNHCR rules and procedures.**

*UNHCR accepted recommendation 3 and stated that an improvement mitigation plan for the Government partner was developed and was being monitored to address well known and long-standing implementation weaknesses at quarterly high level meetings of all the three parties scheduled to address identified gaps. Acknowledging that the operating challenges with the Government partner had persisted despite UNHCR's efforts to address the same, UNHCR would commission an advisory engagement, to identify root causes and address pervasive issues within projects implemented by the Government partner in a sustainable manner. Recommendation 3 remains open pending receipt of an agreed action plan to address the significant risks including the Government's: (a) increased involvement in implementation which creates a conflict with its coordination role; (b) unsustainable and high programme implementation costs; (c) weaknesses in implementing programmes, especially regarding education, health, constructions, and food and non-food item distributions; (d) completion of the 11 outstanding and upscaling of the 16 poorly constructed one-stop centers; and (e) granting access of UNHCR monitoring staff to programme implementation sites and records.*

### **General partnership management matters**

38. The Representation signed PPAs with all its partners late, i.e. in May 2018 and March 2019 respectively, instead of December of the preceding year, which impacted timely programme implementation. In OIOS' view the key reason was inadequate planning by the Representation mainly due to the late conclusion of the partner selection process. The Representation had tried to mitigate the negative effects by signing temporary Letters of Mutual Intent with partners in 2018, but this did not address the identified root cause of inadequate planning and resulted in reduced monitoring of partners in 2018 due to the limited information agreed in the Letters.

39. The Representation designated procurement worth \$37 million in 2018 and \$23 million in 2019 to 28 and 26 partners respectively without assessing whether there was any comparative advantage in them procuring on UNHCR's behalf. As the Representation was exempt from value added tax (15 per cent), there could be a potential saving up to \$9 million in a two-year period by procuring the same items and services itself; however, this potential saving was not considered prior to designating procurement to partners. Partners also systematically procured above the amount approved in the Representation's partner procurement designation forms.

40. For partner financial and programme performance monitoring, the Representation had developed risk-based monitoring plans that were carried out by MFTs. However, the work of the MFTs were not fully effective, as there were limited linkages between the financial and programme performance monitoring conducted, and the Representation approved project instalments to partners without confirmation of adequate progress in project implementation. This increased the risk that funding would be provided for activities that were incomplete, as was noted with the construction of the one-stop centres where costs were approved, and projects closed in 2018 although the construction project was still ongoing. MFTs also did not follow up on implementation of their previous monitoring recommendations.

**(4) The UNHCR Representation in Ethiopia should improve its partnership management by implementing the mandatory controls regarding: (i) the selection of partners; (ii) timely conclusion of project partnership agreements; (iii) assessing whether partners had any comparative advantage in conducting procurement; and (iv) financial and performance monitoring prior to releasing instalments to partners.**

*UNHCR accepted recommendation 4 and stated that the operation conducted the standard partner selection process in 2020. Based on satisfactory performance in 2020, the selected partners would be retained for the 2021 Programme. The Ethiopian operation designed a modified performance monitoring tool for each PPA which was being implemented in the different offices. The Operation had worked out a timeline for carrying out comparative analysis for procurement for 2021 PPAs. Recommendation 4 remains open pending receipt of: (a) an implemented action plan to address timely selection and signing of PPAs, implementation of risk based monitoring plans, and adequate linking of financial and performance monitoring; and (b) evidence of the conduct of assessment of comparative advantage of partners undertaking procurement, designation of procurement to partners based on an adequate assessment of partners' capacity to procure on UNHCR's behalf in accordance with procurement procedures.*

## **D. Supply and logistics management**

There was a critical need for the Representation to strengthen its procurement, contract management, and fleet and fuel management processes

### **Procurement management**

41. During the audit period, the Representation issued 1,618 purchase orders valued at \$30.7 million primarily for construction activities, non-food items and office administration services. The Representation had prepared an annual procurement plan, but the plan did not include those procurement activities that would be delegated to implementing partners. Procurement practices and procedures were generally lax, as shown by the following examples:

- Due to weaknesses in planning: (a) ex-post facto approval was needed for 11 cases from the Local Committee on Contracts (LCC) for contract extensions and for goods and services totalling \$213,669; (b) the Government prohibited the delivery of iron sheets worth \$187,000 meant for internally displaced persons (IDP) shelters because they did not meet its standards. The iron sheets were eventually replaced and delivered over a year after ordering by which time, IDPs had returned home; and (c) pre-conditions for the approval of certain procurements were not complied with. For example, the Representation did not alert the Regional Committee on Contracts about its failure to obtain recommended technical clearance from the Staff Housing Unit in Geneva before initiating construction costing \$222,000.

- Due to lack of timely follow-up, purchase orders raised in 2018 totaling \$1.5 million were not fulfilled by December 2019 for goods such as air conditioners, solar panels and medical equipment. The delays increased the risk that the required goods would not be delivered, and the funding lost as it could not be carried forward to 2020.
- The Representation's bid opening committee was not properly constituted as it had no chairperson. The Secretary of LCC who should have chaired the bid opening meetings was not part of the committee, and poor practices were adopted by bids being opened consistently by the same member and witnessed by the same alternate. In addition, bids were sometimes delivered to a designated email address, which was accessible by four staff who were not members of the bid opening committee.
- Technical evaluations of bids were sometimes ineffective and flawed. For example: (a) for the construction of the Assosa Field Office block (\$869,015), no civil engineer was involved in the technical evaluation; and (b) the criteria for an electrical installation for \$691,000 was changed during the evaluation process, incorrectly disqualifying the lowest bidder due to absence of a quote for an uninterruptable power supply unit which was not required in the solicitation documents.

42. Moreover, the winning bid for a water supply line, sewer and walk-way project at Dimma Field Unit (\$65,755) exactly matched the UNHCR engineer's estimate, indicating that the bidder may have had privileged information. After the contract was awarded, a 15 per cent increase to the contract price was provided even before any work started. Additionally, the contractor did not provide the required performance bond or schedule of works although they were reminded several times. At the time of audit, the contractor had not started the work and had two other contracts at the same site that had been stalled for two years and had also abandoned the construction of bunkers at Okugo refugee camp in September 2019.

43. Additionally, the Representation increased agreed contract amounts by 15 to 20 per cent prior to the start of work. For example, two contractors that were hired to construct staff accommodation (\$441,000) in Gambella were provided a 15 per cent increase, even though the contract clearly stated that prices could not be adjusted. For the construction of staff accommodation in Jijiga, two modifications totaling \$50,000 were made after the issuance of the purchase order without prior approval by the LCC.

### **Fleet and fuel management**

44. In 2019, the Representation commissioned an internal review of its vehicle fleet, which assessed it against a fleet management maturity model. The review concluded that the Representation had severe procedural gaps in its management of the fleet and fuel, such as undefined responsibilities, absence of standard operating procedures, inadequate controls, and insufficient technical capacity and technology. The Representation's fleet was also excessive, as the review assessed that it needed only 414 vehicles against the current level of 817 vehicles. This did not include vehicles which were being rented at an annual cost of \$2.4 million in 2018 and \$1.3 million in 2019. Based on the review report, which was issued in August 2019, the Representation prepared a 50-point plan to address fleet and fuel management weaknesses. As of November 2019, only 9 actions had been completed and 3 were ongoing.

45. The Representation had not conducted a cost-benefit analysis of procuring fuel in bulk and was therefore paying more than the prevailing rates for its fuel. For instance, the UNHCR offices in Gambella and Melkadida paid 23.45 Birr per liter (before storage and administration costs), whereas fuel from local stations costs about 19.65 Birr per liter. Controls were lax over accounting for fuel procured, stored and disbursed. For instance, the fuel pump in Sub-Office Melkadida was broken and therefore no measurement was being taken, while fuel tanks in both Melkadida and Gambella were not calibrated. At the time of audit, OIOS identified a 2,005 liter difference between actual fuel and the amount recorded. Diesel for generators in Melkadida was transported in barrels with no mechanisms to validate the quantity delivered and no analysis of generator consumption.

46. While some measures had been taken by the Representation to address prolonged weaknesses in supply and logistics management, the lax controls and insufficient management oversight increased the risks of reduced operational effectiveness, financial loss and fraud.

**(5) The Regional Bureau for East, Horn of Africa and Great Lakes should implement a sustainable plan of action to address the structural and systemic weaknesses in controls and thus risks in procurement, contract management, and fleet and fuel management.**

*UNHCR accepted recommendation 5 and stated that the Regional Bureau has engaged with the Division of Emergency, Security and Supply (DESS) to review the current structure and functions of the Supply Unit to enable the Representation to take the appropriate actions to address any structural and systemic weakness.. Fleet and fuel management had been improved with the introduction of several Standard Operating Procedures (SOPs) and fuel monitoring forms. Recommendation 5 remains open pending receipt of evidence of implementation of: (a) an action plan to address the persistent non-compliance with UNHCR procurement guidelines; (b) updated vehicle needs assessment report and resultant plan of action to right size the fleet; (c) an action plan to address structural and systemic weaknesses noted in the 2019 fleet assessment review; and (d) measures that ensure fuel costs are reasonable and required reconciliations are conducted on a regular basis.*

## **E. Construction and shelter activities**

There was a need for the Representation to strengthen its capacity in planning and overseeing construction and shelter activities

### **Construction activities**

47. The Representation directly implemented construction projects worth \$4.7 million in the audit period. OIOS reviewed construction work totaling \$2.5 million primarily related to staff accommodation blocks and offices and noted that problems were being encountered. For the Gambella staff residences and offices, with an initial budget \$1.6 million and completion date of December 2016, the construction had still not been fully completed as of October 2019. The cost of the works had also escalated to \$3.4 million. An independent assessment of the Gambella construction project, commissioned by the Representation in July 2019, flagged numerous instances of outstanding installations such as electrical and sanitary connections and poor-quality work. Therefore, further costs were anticipated before the work would be completed. The Representation had not yet quantified the additional works.

48. The above situation mainly resulted as the Representation's project management was weak. There was no project management board to oversee the project, and no project manager assigned to oversee the day to day construction work to ensure problems and poor-quality work were identified and corrected in a timely manner. Although in 2017/18, the Representation recruited two international United Nations volunteers to oversee the project, they lacked the required competencies to manage a large project. The Representation also complicated the project by splitting the construction into 13 smaller sub-contracts on a single site. As of November 2019, to address the issues, a temporary project manager was appointed to develop plans to correct the defects.

49. OIOS also noted other issues in different projects which included: (a) the construction of a staff block in Aysaita Field Unit had started before securing the land, for which ownership was subsequently contested resulting in additional costs and delays; (b) the Representation did not process the necessary land title for the construction of an office block in Assosa Sub-Office; and (c) although Ethiopia had defined 10 grades for contractors, the Representation did not specify as part of the evaluation criteria the minimum

level required for constructions of different magnitudes in Ethiopia. For example, the procurement evaluation for the Assosa office block considered contractors between grade 1 to 4, yet based on the amount involved, only those of grade 1 (i.e., the highest) should have been considered.

50. Other instances were noted where the preparation and certification of completion certificates was not done by the architect and civil engineer respectively. For example, the completion certificates for the staff accommodation in Jijiga Sub-Office (\$222,000) were prepared by the civil engineer and certified by the logistics officer. Moreover, certificates were prepared by staff without visiting sites as they were based in Addis Ababa and not at the project site. Interim completion certificates were also not supported by documentation to evidence percentage and details of work done for payment. Monitoring reports, engineer's reports, photos and measurement sheets showing percentage and details of work done in each area were not always attached to the payment vouchers.

51. This happened as the Representation lacked the expertise and capacity to manage and implement construction projects, a fact they had acknowledged in 2015 in LCC deliberations regarding a construction project where some works were still not completed at the time of audit. At that time, the Representation had received an offer to take on the construction of the Gambella staff residences and offices as a turnkey project, i.e. where the contractor would handle everything from design, procurement and construction at a cost of \$1.6 million. OIOS estimated that this option could have saved the Representation at least \$1.8 million. Lessons had also not been learned from past experiences.

#### **Shelter activities**

52. The Representation had a national shelter strategy covering the period from September 2017 to December 2020. The formulation of the strategy had involved consultations with Government and partners in the shelter sector and participation of beneficiaries. The role of each stakeholder was appropriately reflected in the strategy document. The strategy included the proposed types of emergency and transitional shelters for each camp, detailed drawings and plans. However, the delivery of shelters was behind schedule as of October 2019 and no plans were in place to accelerate the construction.

**(6) The UNHCR Representation in Ethiopia should put in place measures to strengthen its management of construction work to ensure that projects are executed in a cost-effective and timely manner.**

*UNHCR accepted recommendation 6 and stated that an updated action plan would address the shortcomings identified in the independent review of the Gambella project and bring about the required improvements in project oversight and overall implementation. Recommendation 6 remains open pending receipt of evidence of: (a) implementation of an action plan to address shortcomings noted in the independent review of the Gambella Project; and (b) constitution of a construction team to manage ongoing projects.*

## **F. Education**

### The Representation needed to strengthen its delivery of education services

53. Education was a priority activity for the Representation given its strategic importance to refugees in Ethiopia. The Government partner was responsible for implementing both primary and tertiary education. About 45 per cent of the total refugee population were children of school going age, with related services costing \$13.5 million annually. Education-related commitments made by the Government as a signatory to the Djibouti declaration were however not reflected in the Representation's MYMPSS,

education strategy and COP. At the time of audit, the education strategy was outdated. The Representation in its reports reflected that most of the established targets in the strategy were not met but no evaluation had been done to understand the root causes of performance gaps.

54. In its visits to the field, OIOS identified issues that were already included in its monitoring reports and therefore already well known to the Representation. They however remained long outstanding with no corrective actions taken in its strategic and operational plans. Key issues noted included:

- *Access to education:* 47 per cent of school-age refugee children were out of school. Although no data was available regarding dropout and attendance rates, monitoring reports noted that there were more dropouts among females than males and refugee children than host community children.
- *Quality of education:* Most primary school teachers did not have the required Government teaching qualifications. This resulted in children leaving grade 4 when they were not yet literate. The teacher to children ratio in primary schools was 1:80-120 and in secondary schools 1:63 against a standard of 1:50.
- *Equity:* Schools visited did not make provisions for children with special needs. The ratio of girls to boys attending school was 0.9 in early childhood and by upper secondary school this had declined to 0.17. No data was available for the ratio of female to male teachers; however, the Representation's monitoring reports noted this to be very low.
- *Protection:* The enrolment of refugees in school regardless of age resulted in a high prevalence of 'extreme' over-aged students in schools; e.g. in grade 1-4 classes where young children attended class with teenagers and adults. This distorted school enrolment rates since only children of school-age should have been reported. It also increased the risk of sexual and gender-based violence.

55. The Representation attributed the difficulties in achieving its objectives to inadequate funding, with the education activities being only 12 per cent funded against the anticipated 20 per cent of the operating level budget. Whilst acknowledging the funding problems, the lack of strategic direction regarding prioritization of interventions in a resource constrained environment and lack of follow-up on some of the concerns raised through the Representation's monitoring mechanisms were also evidence of inadequate management by the Representation of the education programme.

**(7) The UNHCR Representation in Ethiopia should revise and monitor the implementation of an education strategy and standard operating procedures, that direct the delivery of education services to refugees within the resource constrained environment.**

*UNHCR accepted recommendation 7 and stated that an assessment of major recommendations on refugee education in Ethiopia formed the basis of the development of the new Education strategy 2020-2025. This new draft Education strategy takes into consideration the resource constrained environment. Recommendation 7 remains open pending receipt of a copy of the finalized revised education strategy and SOPs that address the key gaps and weaknesses in the current education sector programming.*

#### **IV. ACKNOWLEDGEMENT**

56. OIOS wishes to express its appreciation to the management and staff of UNHCR Representation in Ethiopia 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 Ethiopia for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	The UNHCR Representation in Ethiopia, in collaboration with the Regional Bureau for East, Horn of Africa and Great Lakes, should: (i) undertake a review of the effectiveness of its organizational and staffing structure in supporting the delivery of its mandate; and (ii) implement an action plan for strengthening the use of the risk register in its decision-making processes.	Important	O	Submission to OIOS of: (i) the review of the organizational and staffing structure to eliminate potentially duplicated roles; and (ii) mainstreaming risk management into management processes at the various levels to prevent recurring issues noted.	31 March 2021
2	The UNHCR Representation in Ethiopia should strengthen its strategic and operational planning and performance monitoring processes to ensure proper prioritization of needs and delivery of services to persons of concern in a cost-effective manner.	Important	O	Submission to OIOS of: (a) an updated MYMPPSS; (b) approved strategies for key programme areas aligned to the overall vision in the MYMPPSS; (c) agreed plan of action with Government to operationalize key CRRF structures; (e) review of the performance framework to ensure accurate data is available for decision making; and (f) actions to correct and address in the long term the root causes of the drop in verified numbers including continuous registration procedures.	31 January 2021
3	The Regional Bureau for East, Horn of Africa and Great Lakes, in collaboration with the Assistant High Commissioner (Operations), should implement a sustainable plan of action which addresses the risks and well-known and long-standing weaknesses associated with projects implemented by the Government partner and the	Critical	O	Submission to OIOS of an agreed action plan to address the significant risks including the Government's: (a) increased involvement in implementation which creates a conflict with its coordination role; (b) unsustainable and high programme implementation costs; (c) weaknesses in implementing programmes, especially regarding education, health,	30 June 2021

<sup>1</sup> Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

<sup>2</sup> Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

<sup>3</sup> Please note the value C denotes closed recommendations whereas O refers to open recommendations.

<sup>4</sup> Date provided by UNHCR in response to recommendations.

## STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
	non-compliance with established UNHCR rules and procedures.			constructions, and food and non-food item distributions; (d) completion of the 11 outstanding and upscaling of the 16 poorly constructed one-stop centers; and (e) granting access of UNHCR monitoring staff to programme implementation sites and records.	
4	The UNHCR Representation in Ethiopia should improve its partnership management by implementing the mandatory controls regarding: (i) the selection of partners; (ii) timely conclusion of project partnership agreements; (iii) assessing whether partners had any comparative advantage in conducting procurement; and (iv) financial and performance monitoring prior to releasing instalments to partners.	Important	O	Submission to OIOS of: (a) an implemented action plan to address timely selection and signing of PPAs, implementation of risk based monitoring plans, and adequate linking of financial and performance monitoring; and (b) evidence of the conduct of assessment of comparative advantage of partners undertaking procurement, designation of procurement to partners based on an adequate assessment of partners' capacity to procure on UNHCR's behalf in accordance with procurement procedures.	31 January 2021
5	The Regional Bureau for East, Horn of Africa and Great Lakes should implement a sustainable plan of action to address the structural and systemic weaknesses in controls and thus risks in procurement, contract management, and fleet and fuel management.	Critical	O	Submission to OIOS of evidence of implementation of: (a) an action plan to address the persistent non-compliance with UNHCR procurement guidelines; (b) updated vehicle needs assessment report and resultant plan of action to right size the fleet; (c) an action plan to address structural and systemic weaknesses noted in the 2019 fleet assessment review; and (d) measures that ensure fuel costs are reasonable and required reconciliations are conducted on a regular basis.	30 June 2021
6	The UNHCR Representation in Ethiopia should put in place measures to strengthen its management of construction work to ensure that projects are executed in a cost-effective and timely manner.	Important	O	Submission to OIOS of: (a) implementation of an action plan to address shortcomings noted in the independent review of the Gambella Project; and (b) constitution of a construction team to manage ongoing projects based on the revised SOPs.	31 December 2020

## STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
7	The UNHCR Representation in Ethiopia should revise and monitor the implementation of an education strategy and standard operating procedures, that direct the delivery of education services to refugees within the resource constrained environment.	Important	O	Submission to OIOS of a finalized revised education strategy and SOPs that address the key gaps and weaknesses in the current education sector programming.	31 January 2021

# **APPENDIX I**

## **Management Response**

## Management Response

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

Rec. no.	Recommendation	Critical <sup>5</sup> / Important <sup>6</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Representation in Ethiopia, in collaboration with the Regional Bureau for East, Horn of Africa and the Great Lakes, should: (i) undertake a review of the effectiveness of its organizational and staffing structure in supporting the delivery of its mandate; and (ii) implement an action plan for strengthening the use of the risk register in its decision-making processes.	Important	Yes	Part (i) Senior HR Officer  Part (ii) Principal Risk Mgmt & Compliance Advisor	31 January 2021          31 March 2021	<p>i. The staffing review exercise is currently ongoing and will be completed in December 2020, and implementation to start from January 2021 in accordance with established policies on the staffing review process.</p> <p>ii. All five risk goals identified are being implemented which demonstrates the use of risk register in the operation decision making process in all aspects including programme planning, implementation, monitoring and reporting. All the goals are tracked, and all are currently above 75% implemented.</p> <p>We expect to finalise the implementation of the action plan by the 31<sup>st</sup> March 2021</p>

<sup>5</sup> Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

<sup>6</sup> Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

Rec. no.	Recommendation	Critical <sup>5</sup> / Important <sup>6</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>The following activities so far are being implemented in the country operation</p> <ul style="list-style-type: none"> <li>• Undertaking risk assessment, identification and analysis exercises in the Operation and refresh regularly the Risk Register,</li> <li>• Weaving risk awareness and analysis in strategic discussions, planning and resource allocation decision-making,</li> <li>• Making recommendations and lead/oversee the implementation of risk mitigation measures in cross functional areas, as appropriate (new areas of intervention will be added as they arise in 2020 - obvious examples arising from the recent SMG retreat and OIOS audit could include staffing of operations, approach to resetting relationship with government counterpart etc.)</li> <li>• Development of action plans to follow through on</li> </ul>

Rec. no.	Recommendation	Critical <sup>5</sup> / Important <sup>6</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>identified risk mitigating measures,</p> <ul style="list-style-type: none"> <li>• Providing advice and follow up as appropriate on integrity related matters, including IGO investigations</li> <li>• Providing advice and follow-up as appropriate on any fraud, corruption, exploitation or abuse issues arising, including IGO investigations,</li> <li>• Ensuring regular and timely flow and information within the operation on matters related to risk management, oversight and compliance, in close collaboration with relevant colleagues,</li> </ul>
2	The UNHCR Representation in Ethiopia should strengthen its strategic and operational planning and performance monitoring processes to ensure proper prioritization of needs and delivery of services to persons of concern in a cost-effective manner.	Important	Yes	Assistant Representative Programme.	31 January 2021.	Ethiopia has been selected as one of the countries that will transition to Multi-Year planning in 2022. The implementation will commence during the last quarter of 2020. This will include the introduction of a new Global Results Framework, a revised RBM approach and a new RBM software. The Multi-Year Multi-Partner Protection and Solutions Strategy (MYMPSS)

Rec. no.	Recommendation	Critical <sup>5</sup> / Important <sup>6</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>reviewed by OIOS expires in Dec 2020. A New Multi Year Strategy will be developed in 2021 (but process will start in the last quarter of 2020) as an integral part of the roll-out of the pilot UNHCR's Multi Year Planning approach in Ethiopia. With the introduction of the new RBM, the operation will have to reset indicators and the targets to align with the new RBM in addition to adopting a new Multi Year Strategy. The new Multi Year Plan will therefore reflect an updated new multi-year strategy.</p> <p>As mentioned in the initial audit response, the CRRF process is owned by the Government with UNHCR Ethiopia playing a catalytic role. The Representation has taken several initiatives to support the Government to take the necessary steps to implement the CRRF as per the attached Aide Memoire, which demonstrates our continued engagement with ARRA our governmental counterpart. This also reiterates the Government's lead role in the implementation of the CRRF and offering</p>



Rec. no.	Recommendation	Critical <sup>5</sup> / Important <sup>6</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>support for the development of a clear plan for the implementation of the CRRF. Following the conclusion of the L3 registration which addressed all the root causes of variations in the refugee figures, the Government endorsed the verification figures in July 2020. Based on the approved figures, there were 695,511 as at 19 September 2019 refugees and asylum seekers in Ethiopia. As in many other UNHCR Operations, UNHCR Ethiopia implements continuous registration ensuring that new arrivals, departures, deaths and births are captured in the ProGres on a continuous basis. Therefore, the figures are not static.</p>
3	<p>The Regional Bureau for East, Horn of Africa and Great Lakes, in collaboration with the Assistant High Commissioner (Operations), should implement a sustainable plan of action which addresses the risks and well-known and long-standing weaknesses associated with projects implemented by the Government partner and the non-compliance with established UNHCR rules and procedures.</p>	Critical	Yes	<ol style="list-style-type: none"> <li>1. Bureau Director EHAGLR</li> <li>2. Deputy Representative Ethiopia</li> </ol>	30 June 2021	<p>Following the adoption of the improvement mitigation plan for ARRA which identifies the risks and well known and long standing implementation weaknesses by ARRA by both the Regional Bureau and the Representation office in Ethiopia, quarterly high level meetings of all the three parties are being scheduled to address identified gaps.</p>

Rec. no.	Recommendation	Critical <sup>5</sup> / Important <sup>6</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>Acknowledging that the operating challenges with ARRA have persisted despite UNHCR's efforts to address the same, UNHCR will commission to undertake an advisory engagement, to help highlight the underlying issues and provide recommendations to addresses the risks and well-known long-standing weaknesses associated with projects implemented by the Government partner in a sustainable manner.</p>
4	<p>The UNHCR Representation in Ethiopia should improve its partnership management by implementing the mandatory controls regarding: (i) the selection of partners; (ii) timely conclusion of project partnership agreements; (iii) assessing whether partners had any comparative advantage in conducting procurement; and (iv) financial and performance monitoring prior to releasing instalments to partners.</p>	Important	Yes	Assistant Representative Programme.	31 January 2021.	<p>The operation successfully conducted the standard partner selection process in 2020. Based on satisfactory performance in 2020, the selected partners will be retained for the 2021 Programme.</p> <p>The 2020 PPAs were completed in time. For 2021 implementation, the operation has developed a detailed timeline of all key actions that will ensure timely signing of the 2021 PPAs. The timeline is already under implementation.</p> <p>As indicated in the initial response,</p>

Rec. no.	Recommendation	Critical <sup>5</sup> / Important <sup>6</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>the Ethiopian operation designed a modified performance monitoring tool for each PPA which is being implemented in the different offices.</p> <p>In 2019, partner procurement assessments were done for partners with whom the Representation signed PPAs in 2020. A new assessment will be undertaken for the 2021 PPAs for partners with procurement budgets.</p> <p>The Operation has worked out a timeline for the carrying out Comparative analysis for procurement for 2021 PPAs.</p>
5	The Regional Bureau for East, Horn of Africa and Great Lakes should implement a sustainable plan of action to address the structural and systemic weaknesses in controls and thus risks in procurement, contract management, and fleet and fuel management.	Critical	Yes	Deputy Director RB EHAGLR	30 June 2021	The Regional Bureau has engaged with DESS to review the current structure and functions of the Supply Unit to enable the Representation to take the appropriate actions to address any structural and systemic weakness that may exist. Meanwhile as elaborated in our initial response several measures have been taken to address the concerns raised in the audit report including the strengthening of the oversight

Rec. no.	Recommendation	Critical <sup>5</sup> / Important <sup>6</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<p>functions of Local Committees of Contracts, procedures and sub-committees to include technical specialist, Contact managements. Fleet and fuel management has been improved with the introduction of several SOPs and fuel monitoring forms.</p> <p>In order to strengthen the supply function, the Compliance and Risk Management Unit (CRMU) in DESS will perform a thorough review of the supply chain structure, competencies and processes for the Ethiopia operation within this quarter.</p> <p>VEHICLES WITH ARRA.</p> <p>From 2012-2019, UNHCR has transferred ownership of 261 vehicles to ARRA, including 8 vehicles for the Security Package in Gambella, and therefore these vehicles are no more UNHCR assets, however a number of these donated vehicles are still being used by ARRA in addition to the 46 vehicles given to them under Right of Use Agreement</p>

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						<p>(ROUA) in the refugee assistance operations.</p> <p>From 2017 to 2019 a total of 184 vehicles were auctioned as per the attached breakdown.</p> <p>A critical analysis of our vehicle stock and requirements indicates the following:</p> <p>At the time of the audit the fleet stock as per the MSRP assets records were as follows;</p> <p>-Total Fleet size was: 461 (412 light vehicles, 25 trucks, 24 in grounded status) and additional 122 light vehicles were in transit (in pipeline)</p> <p>Program: 246 light vehicles Admin: 166 light vehicles and 25 trucks under program and Admin.</p> <p>Therefore, 246 program L/vehicles+166 Admin L/vehicles+25 trucks +24 in grounded status = 461</p> <p>(and this was shared with the auditors on 7 November 2019)</p> <p><b>b) current fleet size at end of July 2020;</b> <b>1. Current fleet size:</b></p>

Rec. no.	Recommendation	Critical <sup>5</sup> / Important <sup>6</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						<ul style="list-style-type: none"> <li>• Current Fleet size = 525, (464 in service, 1 damaged, 20 grounded and 40 in transit).</li>   <li>2. Fleet size by Admin and partners: <ul style="list-style-type: none"> <li>• 190 Admin (36%), 161 in service, 15 grounded and 14 in transit</li> <li>• 335 partners (64% of the total fleet size), 303 in service, 1 damaged, 5 grounded and 26 in transit.</li> </ul> </li>   <li>3. The number of vehicles due for disposal within 2020/2021 (Acquisition year 2014 and 2015) are = 115 but 40 of them are with ARRA which is difficult to retrieve and auction. <ul style="list-style-type: none"> <li>• 115-40 vehicles (under ARRA) =75 can be disposed through public auction of which 25 are already grounded for the next auction.</li> </ul> </li>   <li>4. Currently, we have 464 vehicles in service</li> </ul>

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						<p>(36% Admin and 64 % program).</p> <p>Therefore, if UNHCR Ethiopia disposes those vehicles (75) due for disposal and deploy those vehicles in transit, we can have 410 admin and program vehicles by the end of 2020.</p> <p>The above overall needs of Vehicles for the operation, has been determined by the need of vehicles per partnership based on the INSEAD criteria already established.</p> <p>Of the 50-point plan indicated in the review report issued in August 2019, kindly note that 12 were to be completed in 2019 of which 9 had been completed and 3 ongoing at the time of audit, and the rest to completed in the years 2020-21.</p> <p>The Representation office maintains the Vehicle Tracking System (VTS) for all vehicles funded by the operation to enhance oversight on fuel consumption by all admin and project vehicles except for those that have been donated under the transfer of ownership. (ToO). A separate tracking form has been designed</p>

Rec. no.	Recommendation	Critical <sup>5</sup> / Important <sup>6</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
						to track the movement of vehicles donated to our partners including ARRA which are still being used in the refugee operations by the partners. Both, Fleet Wave and VTS enabled the Operation to undertake continuous oversight and improvements on data entries/collection. The Operation captures the data related to fuel, use of vehicle, service and repair costs, enabling it to analyze and estimate the need versus the geographical coverage and intensity of activities.
6	The UNHCR Representation in Ethiopia should put in place measures to strengthen its management of construction work to ensure that projects are executed in a cost-effective and timely manner.	Important	Yes	Project Coordinator	31 Dec. 2020.	We are sharing the updated action plan addressing the shortcomings identified in the independent review of the Gambella project, and the current constitution of the construction team to manage ongoing projects. This will bring about the required improvements in the project oversight and overall implementation.
7	The UNHCR Representation in Ethiopia should revise and monitor the implementation of an education strategy and standard operating procedures, that direct	Important	Yes	Assistant Representative Protection.	31 January 2021	An assessment of major recommendations/findings from studies/ assessment on refugee education in Ethiopia formed



Rec. no.	Recommendation	Critical <sup>5</sup> / Important <sup>6</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	the delivery of education services to refugees within the resource constrained environment.					the basis of the development of the new Education strategy 2020-2025. This new Education strategy takes into consideration the resource constraints environment.