



# **INTERNAL AUDIT DIVISION**

## **REPORT 2025/075**

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### **Audit of the management of funded partners in Chad for the Office of the United Nations High Commissioner for Refugees**

**There was a critical need for the Representation to reinforce its management of funded partners to ensure they deliver programmes in a timely and cost-effective manner**

**23 December 2025**

**Assignment No. AR2023-111-02**

# **Audit of the management of funded partners in Chad 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 management of funded partners in Chad 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 funded partners in an efficient and cost-effective manner and in line with UNHCR's policy requirements. The audit covered the period from 1 January 2023 to 31 December 2024 and included (a) implementation arrangements; (b) financial management; (c) procurement and contract management; and (d) monitoring.

The Representation significantly scaled up its programme activities following the onset of the Sudan emergency in April 2023 and this resulted in the expansion of project agreements with existing partners. However, funded partners did not deliver the contracted services or account for funds as expected, nor did the Representation implement necessary controls for the monitoring of funded partners. This resulted in irregular, unsupported expenditures and ineligible payments, with weaknesses in partners' procurement practices undermining efforts to achieve best value for money.

OIOS made three critical and one important recommendation. To address issues identified in the audit, UNHCR needed to:

- Conduct assessments to determine (a) the most cost-effective programme implementation modality and (b) funded partners' capacity to implement programmes in an efficient and cost-effective manner. **(Critical)**
- Take appropriate action, including recoveries if warranted, on transactions the audit deemed ineligible, irregular or unsupported. **(Critical)**
- Take appropriate action, including recoveries if warranted, on irregularities found in funded partners' procurements. **(Critical)**
- Reinforce its monitoring of the programme performance and expenditures of funded partners.

UNHCR accepted all recommendations and has initiated action to implement them. Actions required to close the recommendations are indicated in Annex I.

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# Audit of the management of funded partners in Chad 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 management of funded partners in Chad for the Office of the United Nations High Commissioner for Refugees (UNHCR).
2. The Government of Chad is party to international conventions on refugees and has enacted a Refugee law in 2020 and its implementing decree in 2023. The Government's pledges at the Global Refugee Forum in 2019 and 2023 included the inclusion of refugees in national education and health systems, economic inclusion and access to private sector, and provision of identity cards to refugees.
3. As of 31 December 2024, Chad was home to 1,286,651 refugees and asylum-seekers, the majority of whom were from Sudan (1,047,768), Central African Republic (143,475), Nigeria (22,379), and Cameroon (11,078). The conflict in Sudan, from April 2023, resulted in an influx of 723,951 persons, which outnumbered the host population. The Representation constructed new settlements and expanded existing ones with some 19 settlements in operation at the time of the audit.
4. The Representation's strategic priorities were to: (i) meet the urgent needs of new arrivals; (ii) strengthen the implementation of the asylum law; (iii) strengthen advocacy for the socio-economic inclusion of forcibly displaced persons; (iv) foster durable solutions; and (v) recognize the importance of development interventions in ensuring the sustainability of UNHCR's work and the peaceful coexistence between forcibly displaced and host populations.
5. The Representation was headed by a Representative at the D-2 level and reported to the Director of the Regional Bureau for West and Central Africa. It had 366 regular staff posts, 36 affiliated workforce and 70 temporary positions. The Representation had its country office in N'Djamena and three sub offices in Abeche, Gore and Baga Sola. Three additional sub offices were established from 1 January 2025 in Farchana, Goz Beida and Iriba. The Representation also had nine field offices and two field units.
6. Table 1 below shows the Representation's programme budget, two thirds of which was implemented by 15 funded partners.

**Table 1: Representation's expenditures for 2023 and 2024**

Category	2023 (\$ millions)	2024 (\$ millions)
Operations	115	111
Administrative	13	19
Staff	27	34
<b>Total expenditure</b>	<b>155</b>	<b>164</b>

7. UNHCR relies on its corporate systems for managing its operations. These systems include: (a) Workday for human resources; (b) COMPASS, for strategic planning, budgeting, monitoring and reporting; (c) Managing for Systems, Resources and People (MSRP) and Cloud ERP, for financial reporting and supply chain management; and (d) ProGres, UNHCR's corporate registration, identity and case management system. OIOS obtained and reviewed data from these systems for completeness and accuracy and assessed the effectiveness of controls.
8. Comments provided by UNHCR are incorporated in italics.

## II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

9. The objective of the audit was to assess whether the Representation was managing funded partners in an efficient and cost-effective manner and in line with UNHCR's policy requirements.
10. This audit was included in the 2024 risk-based work plan of OIOS due to the risks associated with managing an operation in an operational context characterized by a major emergency.
11. OIOS conducted this audit from February to April 2025. The audit covered the period from 1 January 2023 to 31 December 2024 and included: (a) implementation arrangements; (b) financial management; (c) procurement and contract management; and (d) monitoring.
12. The audit methodology included: (a) interviews with key personnel at UNHCR and selected partners; (b) review of relevant documentation; (c) assessment of the client's data management systems, including COMPASS, Cloud ERP, PROMS and ProGres; (d) analytical review of data in those systems relevant for the areas reviewed; (e) sample testing of controls at UNHCR and at four partners who implemented project activities in 2023 and 2024 valued at \$61 and \$47 million respectively for these two years; and (f) visits to four selected funded partner offices and project activities in the settlements of Arkoum, Farchana, Dougui, Aboutengue, Iridimi, Mile and Koursigue.
13. OIOS assessed the reliability of data pertaining to the operations in Chad by: (a) reviewing existing information about the data in COMPASS, MSRP, Cloud ERP and PROMS, and (b) interviewing UNHCR personnel knowledgeable about the data. In addition, OIOS traced a random sample of data to source documents both from UNHCR and implementing partner records. Based on the assessment, OIOS determined that the data was sufficiently reliable for purposes of addressing audit objectives, except where indicated otherwise in this report.
14. The audit was conducted in accordance with the Global Internal Audit Standards.

## III. AUDIT RESULTS

### A. Partnership implementation arrangements

#### Need to determine the cost-effective way of implementing programmes

- (a) No assessment was conducted to determine the most cost-effective implementation modality
15. The guidance on partnership management and the Programme Manual require the Representation to conduct a comparative advantage assessment to inform its decision on whether to directly implement programmes or delegate this to funded partners, but the Representation did not do so. Neither did the Representation conduct a comprehensive assessment to determine the optimal number of partners needed to deliver services to forcibly displaced persons. Instead of assessing its potential to utilize its existing workforce of 366 staff to implement programme activities, the Representation transferred more responsibilities previously managed in-house to the partners.
16. Most of the partners were not implementers but intermediaries that subcontracted programme implementation to other entities. Thus, in addition to meeting all partner costs, the Representation also paid support costs totaling \$7.2 million. For example, most shelter partners involved in the 79 construction projects were intermediaries who cumulatively received \$2.5 million in partner costs. This approach

contributed to: (a) identified delays in programme implementation; (b) substandard quality in the construction outcomes; and (c) costly projects.

17. The Representation's implementation of a localization strategy aimed at enhancing the capabilities of local partners and resulted in 10 of 15 implementing partners being national entities. While the intent behind localization was commendable, it presented challenges since most national partners lacked the capacity to effectively implement programme activities of the magnitude found in Chad. The focus of partner capacity-building initiatives was primarily on the use of PROMS, and this left some partners ill-equipped to successfully implement the large programmes.

18. The above issues were exacerbated by a significant scale-up in programmes in response to the emergency, without a corresponding increase in the capacity of the main funded partners. For example, the overall partners' budget had a 250 percent increase from \$35 million pre-emergency to \$91 million post-emergency. Despite this substantial expansion, the Representation did not reassess the capacity of the selected funded partners to manage the larger programme portfolios. This contributed to the implementation deficiencies identified in this audit.

(b) There were gaps in processes for selection and contracting of funded partners

19. The Representation did not assess the capacity of national partners to effectively implement programmes prior to their selection. For example, three of the four partners responsible for the shelter programme were national organizations whose costs were significantly higher than those of the sole international partner. Despite this, the international partner was only allocated 15 per cent of the programme budget. In another example, following the selection of partners to implement the shelter programme, a government partner was added to the list of implementers to construct 1,000 shelters at a cost of \$750,000 without proper justification. The partner did not meet the selection criteria and underperformed in 2023 projects. This decision resulted in delays and substandard construction such as smaller shelters than the design and lack of concrete re-enforcement of the poles; with only 400 shelters (40 per cent) completed by January 2025. This partner's agreement was not renewed in 2025.

20. The partner budgeting framework in the partnership frame agreements (PFA) only contained total figures and thus were ineffective in supporting monitoring and as a tool for controlling costs. For instance, partner project staff costs were being presented as a lump sum with no details regarding staff numbers and costs. Furthermore, partners could make inter-budget line transfers of up to 20 percent in 2023 without seeking approval. Some budget lines like those related to construction were large, thereby making the 20 per cent inter-transfer significant, which happened without the Representation's knowledge and approval. For instance, in 2023, \$404,603 under budget code 10P meant for improving refugee shelters was re-allocated to mainly staff salaries.

21. A new UNHCR partnership management framework came into force on 1 September 2023, which gave the Representation increased authority to manage funded partners. The Division of Strategic Planning and Results noted that the policies, procedures, guidance, and tools on partner selection and capacity assessment were sufficient and attributed the issues to gaps at the Representation's capacity to implement the framework. For instance, none of the partners in Chad were assessed as high risk despite evident environmental and fraud risks. This impacted on the extent of monitoring provided to partners.

<p><b>(1) The UNHCR Representation in Chad should: (a) conduct comparative advantage assessments to determine the most cost-effective arrangements for delivering services to forcibly displaced persons; (b) justify retaining funded partnerships by undertaking due diligence assessments of partners' capacities to discharge their fiduciary responsibilities in</b></p>
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**accordance with UNHCR rules; and (c) establish adequate partner budgets in partnership agreements (Critical).**

*UNHCR accepted recommendation 1 and stated that the Representation has taken concrete corrective measures. A Cash-Based Intervention (CBI) Standard Operating Procedure (SOP) has been validated to guide the direct implementation of shelter activities. In line with this, four construction firms have been contracted directly to carry out shelter construction. For new partners scheduled to commence operations in July 2025, thorough due diligence has been conducted following a Multi-Functional Team mission, with the complete due diligence report available for reference. The comparative advantage assessments have been integrated into our partnership decision-making process to ensure cost-effective service delivery arrangements for forcibly displaced persons.*

## **B. Partner financial management**

Critical need to reinforce financial discipline in partners' use of programme funds

(a) Instances of irregular, ineligible and unsupported expenditures

22. The audit identified numerous expenditures incurred by partners that were unsupported, ineligible, or irregular, totaling \$7.7 million as summarized in table 2 below.

**Table 2: Irregular/ineligible and unsupported expenditure**

<b>Partner</b>	<b>Irregular/ ineligible expenditures (\$)</b>	<b>Unsupported expenditures (\$)</b>
Partners responsible for shelter and health	3,986,129	82,500
Partner responsible for food and non-food items	261,000	2,221,845
Partner responsible for logistics	-	1,184,276
<b>Total</b>	<b>4,247,129</b>	<b>3,488,621</b>

### **Irregular and ineligible expenditures**

23. The audit identified the following expenditures that were unrelated to programme activities, not budgeted and/or non-compliant with UNHCR policies. These included irregularities in reported expenditures at two of the four partners, which indicated possible fraud.

- Payments totaling \$3 million related to eight payment vouchers were made by a shelter partner to people different from those who supplied materials. These payments were also not supported by third party supporting documents.
- The shelter partner effected payments totaling \$25,000 for construction materials that were not received and for hangars totaling \$33,066 that had not been constructed.
- Multiple payments totaling \$195,625 were made to a supplier for materials under the same invoice. The health partner also paid monthly invoices more than once totaling \$1,045 and made payments that exceeded the hospital invoices by \$6,048.
- The partner support cost rates applied by the shelter partner were higher than those stipulated in the PFA, resulting in an overpayment of \$36,000.
- The partner responsible for food and NFI distribution overstated the amounts paid to casual laborers by \$261,000. For instance, they claimed to have paid 35 casual laborers \$75,000 for four days'

work. The laborers said to have received the money refuted this stating that they only received \$2.50 per day while others stated that they did not know the partner.<sup>1</sup>

- Payments totaling \$257,378 were made for the supply and installation of windows and doors in Farchana camp to a partner that was not involved in a shelter programme in 2024.

### Unsupported expenditures

24. The audit identified unsupported expenditures across the four partners reviewed, as below.
- The partner responsible for shelters only had a construction contract, an invoice, and a payment order for a \$2 million shelter construction project that was subcontracted to a third party. Other essential documentation was not available. Further, while the contract was for the construction of 3,176 shelters, the completion report referenced 6,844 shelters. This could not be validated as the partner lacked completion certificates as well as inspection and handover reports.
  - The logistics partner passed journal entries totaling \$1,151,276 to the relocation account without any supporting documents. The logistics partner also lacked documentation to support costs related to the trucks rented for water tracking, totaling \$112,500 in December 2023. Additionally, the invoice indicated that water was delivered to Gaga camp, yet no water trucking was planned for this camp. In other instances, water trucking costs were incorrectly supported by cargo truck schedules.
  - While partners were provided with vehicles, they hired additional cars thereby incurring extra costs which were largely unjustified and unsupported. For instance, in addition to the 24 light vehicles provided by UNHCR, the partner responsible for shelter and health programmes also hired cars for \$204,000 in the period under audit. The audit also identified vehicle hire costs at three partners totaling \$337,345 that lacked proper justification, were not approved and did not have documentation to evidence their usage over the contracted period as detailed below.

**Table 3: Unsupported vehicle rental expenses incurred by partners**

Partner	Description of finding	Amount US\$
Partner A – Responsible for shelter and Health	No justification and documentation supporting the use of the hired vehicles	75,000
	Vehicles were hired for activities that were not implemented	7,500
Partner B – Responsible for food and NFI distribution	No justification and documentation supporting the use of the hired vehicles	86,461
	The name of the vendor and amounts in the contract differed from what was on the invoice. Payment was affected prior to the voucher being raised in the ledger.	135,384
Partner C - Responsible for logistics	Justification and documentation supporting the use of the hired vehicles was only available for two of the six cars. Most vehicles ran less than 10 kilometers per day indicating that they may not have been needed.	33,000
<b>Total</b>		<b>337,345</b>

(b) Gaps in financial controls

<sup>1</sup> Two groups of laborers interviewed during a food distribution activity at the Aboutengue settlement noted that they received \$2.50 per ton unloaded, and this was as a group and not individually. The average rate in the region was \$20 per day.

25. Three<sup>2</sup> of the four partners reviewed as part of this audit did not maintain proper records, which impacted on their ability to effectively account for resources (funds and NFIs):

- The partners lacked a system to support the three-way matching of purchases to receipt of goods and invoices paid. They also did not have effective segregation between the three functions thereby increasing the risk of errors, fraud, and duplicate payments.
- The main shelter partner's accounting documents such as purchase orders and goods received notes were not serially numbered, thereby making it difficult to match them.
- The shelter partner did not prepare proper reconciliations between general ledger to bank statements thereby complicating the timely identification of anomalies. For instance, a cheque for \$155,000 was cancelled in the general ledger and yet paid per the bank statement. Additionally, the shelter partner made payments to suppliers in their general ledger that could not be traced to the bank statements totaling \$272,707. This resulted in overstated general ledger balances which were used in the partner's reports to UNHCR. This created a false impression that the funding provided had been depleted while, in fact, there was still money held in the partner's bank accounts.

(c) Weaknesses in budget control

26. The audit also noted that the budgeting controls were ineffective. The Representation approved budgets for certain activities without a corresponding implementation/work plans under the specified outcomes and outputs. This raised concerns about the alignment of budget approvals with actual operational needs and planned deliverables. For example, the logistics partner was allocated \$1.8 million for WASH in 2023 when they did not have any WASH related responsibilities in that year. These funds were thus spent on vehicle rentals and repairs. Another partner that was not involved in the shelter programme was allocated \$404,603 in 2023 for these activities. These funds were spent on staff salaries.

(d) Differences in construction cost

27. There was an unexplained difference between the construction costs and the Bills of Quantities by \$127 for shelters and \$4,000 for hangars. This increased the overall cost of constructing shelters and hangars by \$2.4 million and \$150,505, respectively. Further, one partner's costs for constructing each shelter exceeded those of other partners by \$156 per shelter, resulting in a potential over-expenditure of \$4.3 million.

**(2) The UNHCR Representation in Chad should take appropriate action, including recoveries if warranted, on transactions the audit deemed irregular, ineligible or unsupported (Critical).**

*UNHCR accepted recommendation 2 and stated that the Representation has engaged with IMAS in June 2025, who is coordinating with the Inspector General's Office on this matter. The external audit is reviewing unsupported and ineligible transactions, mis-procurements, and fiduciary responsibility concerns. Appropriate recovery actions will be determined based on the findings of the forensic investigation and external audit conclusions. The Representation identified and addressed critical concerns regarding shelter, hot meals provision, and construction activities through swift implementation of comprehensive corrective measures at both institutional and operational levels. Alternative arrangements were rapidly established to eliminate service gaps, and enhanced risk management were implemented to significantly strengthen operational controls and safeguards.*

<sup>2</sup> The three partners were responsible for shelter, NFI distribution and wet feeding programme and logistics management.

## C. Partner procurement and contract management

### Funded partner procurement processes did not present best value

28. The Representation designated procurement to funded partners totaling \$70 million and \$59 million for 2023 and 2024, respectively. As was noted in the audit of procurement undertaken by partners using UNHCR funds (OIOS Report 2022-082), the implementation of related rules remained a challenge. The audit identified several weaknesses in tendering/sourcing processes, bid evaluations, and contract management which resulted in inefficient use of resources and potential financial mismanagement.

#### (a) Pervasive irregularities in procurements for shelter constructions

29. The audit reviewed a sample of purchases of shelter materials and constructions by the two main partners. The following gaps and irregularities in the procurement processes were identified, which have adversely affected UNHCR's ability to obtain best value for money:

- In 2023/2024, the main shelter partner spent a total of \$27.2 million on shelter materials, with \$22.2 million paid to a single vendor. However, OIOS verification confirmed that this vendor did not deal in construction materials, raising serious concerns about vendor legitimacy and procurement integrity.
- Both partners bypassed open tender processes and instead solicited bids from the same limited pool of vendors, without a clearly defined basis for their selection. This restricted competition. For example, one shelter partner invited bids from five vendors for a \$5.7 million construction materials contract but could not provide documentation for the three unsuccessful bids.
- Six of eight qualified bidders submitted identical quotes, and the partner's allocation of shelter construction lacked clear justification, e.g., the third-ranked vendor received 161 shelters, while the fourth received 1,559, casting doubt on the authenticity of the competitive bidding process.
- The partner lacked clear technical evaluation criteria, with all bidders for a \$5.7 million contract passing the technical evaluation and being awarded contracts regardless of their prices and specific lots they bid for. This raised concerns about the rigor of the procurement process. Errors in the bid evaluation also impacted the decisions made. For example, the lowest-cost bidder was classified as the most expensive and subsequently disqualified. Additionally, the technical scores for the latrine construction contract were altered during financial evaluation.
- Discrepancies were also noted between the lots that were approved by the contracts committee and what was contracted. For instance, while 6,844 shelters totaling \$4.7 million were approved by the contracts committee, a contract was signed for 10,962 shelters totaling \$7.2 million. A contract for construction materials was signed three weeks before the procurement committee's approval. Additionally, vendor documents lacked physical addresses and contact details, hindering verification. One vendor was located at a petrol station with no construction materials on-site.

30. Advances were made to contractors without mechanisms to safeguard the resources such as bank guarantees. For instance, an unsecured advance of \$1.95 million was made for construction materials which exposed the partner to financial risk. Vendors' invoices lacked key details including the number and locations of constructed shelters, leaving the Representation and partner without basis to verify the completed work.

31. OIOS also noted that vendors charged over twice the market rates for four key shelter materials, leading to approximately \$11.5 million in potential excess costs, and reducing the number of shelters that

could have been built from 91,304 to 73,728. Additionally, the WASH partner overpaid \$61,800 for streetlights, paying \$200 more per unit than higher-capacity lights procured directly by the Representation.

(b) Irregularities in the procurement of warm meals during refugee relocations

32. A selected partner to provide warm meals to refugees during relocations from the border to the settlements totaling \$7.6 million was an intermediary since they subcontracted a vendor to implement the programme. The selected vendor was registered as a construction company and received \$7.2 million in December 2023 for meals distributed between May and December 2023. A review of the procurement and contracts management processes revealed the following:

- The bidding documents lacked critical details, such as meal quantities, locations, food type and quality, and assistance duration, hindering bidders' ability to submit competitive bids.
- Meal rates listed in the purchase order were three times higher than those quoted in the tender document, and the purchase order lacked essential details such as service location and dates.
- Payments made to the vendor lacked traceability to actual meal distributions, undermining accountability. For instance, a \$305,000 payment in July 2024 for 183,407 meals over six months had no supporting details on distribution locations or dates. Furthermore, the meal payments did not align with the number of residents in each settlement. For example, the vendor was paid \$800,000 for 480,000 meals for each site, despite varying relocated population sizes per site, raising concerns about payment accuracy and service alignment.

(c) Irregularities in the rental of vehicles and trucks

33. Three partners did not conduct formal solicitation processes; but repeatedly selected the same vendors to provide transportation services totaling \$770,000. In the few instances where competitive bidding was conducted, the audit identified the following weaknesses:

- The partners invited a small number of suppliers thereby limiting competition. The bidding documents also lacked essential details, such as the number of vehicles required and for what duration as well as who would cover related costs such as fuel and driver costs.
- Bidders who failed to meet technical and administrative criteria still passed evaluations. Moreover, the partner bypassed competitive procedures, awarding contracts to three vendors instead of the lowest bidder at \$83.30 per unit. The partner also standardized the prices at the higher rate of \$85 per unit. The partners further split the contracts to remain below the threshold required for contract committee approval, leading to an unnecessary expenditure of \$5,508.

34. The audit also identified the following weakness with the logistics partner's management of the rental of trucks, light vehicles, and water tankers:

- A vendor billed and was paid per trip instead of using the daily rates stipulated in the contract. This resulted in an overpayment of \$77,583. Another invoice dated 2 January 2024 contained overcharges totaling \$358,688 due to the use of the wrong rates.
- Partners also changed rates and contracts were extended and/or modified based on informal meetings held with vendors and without the requisite approval of relevant committees. The contracts did not include ceilings or limits, which increased the risk of excessive or uncontrolled expenditures. For instance, one contract totaling \$391,250 was increased to \$1,223,333 without the required approval.

- Invoices were processed for payment without supporting records such as trip manifests or deployment logs, making it impossible to confirm billed services. For instance, the 2 January 2024 invoice lacked evidence for the 463 truck and 150 vehicle trips claimed. Additionally, water trucking payments totaling \$67,500 were made without confirmation of service delivery.

35. The integrity of the procurement processes was further weakened by gaps in segregation of duties with the same staff involved in bidding, evaluations, contracts management and payment of vendors. Further, the issues above were not identified by the Representation’s project control and/or partners’ procurement committees. This reflected weaknesses in their respective responsibilities.

**(3) The UNHCR Representation in Chad should take appropriate action, including recoveries if warranted, on irregularities found in funded partners’ procurements (Critical).**

*UNHCR accepted recommendation 3 and stated that the Representation has engaged with IMAS in June 2025, who is coordinating with the Inspector General's Office on this matter. The external audit is reviewing unsupported and ineligible transactions, mis-procurements, and fiduciary responsibility concerns. Appropriate recovery actions will be determined based on the findings of the forensic investigation and external audit conclusions. The Representation identified and addressed critical concerns regarding shelter, hot meals provision, and construction activities through swift implementation of comprehensive corrective measures at both institutional and operational levels. To effectively mitigate identified risks during the verification and audit period, the operation implemented temporary oversight measures while maintaining uninterrupted service continuity for beneficiaries. Alternative arrangements were rapidly established to eliminate service gaps, and enhanced risk management were implemented to significantly strengthen operational controls and safeguards.*

## **D. Monitoring of funded partnerships**

### Financial and programme performance monitoring of partners was weak

36. The Representation initially developed risk-based monitoring plans to guide its Multi-Functional Teams (MFTs) in monitoring programme implementation by partners. However, the partner risk register did not inform the timing, scope, or extent of programme monitoring. Additionally, the Internal Control Questionnaires completed by external auditors relied on prior-year audit opinions, making them ineffective in accurately assessing current risks, including the risk of fraud - all partners in Chad were rated as either medium or low risk in 2024, ratings that did not reflect their actual risk profiles based on the nature and performance of their work.

37. As a result, OIOS review of the Representation’s monitoring of programme performance by funded partners revealed the following:

- The MFT composition lacked key skill sets such as supply and shelter staff to verify the significant costs related to procurement and construction. Further, the MFT members were lacking in seniority and experience and thus unable to identify programme risks.
- MFTs conducted only one of the six required programme verifications in 2023/24. The same number of reviews were conducted regardless of assessed partner risk.
- Reviews were conducted remotely without mitigating this limitation, which diminished the quality of monitoring. For instance, the MFT in Abeche did not visit the projects but asked field officers to visit project sites on their behalf and complete checklists.

- The Representation approved further instalments to partners without confirming their progress in implementing programmes. For instance, the shelter partner reported low programme performance on output indicator ‘improving access to adequate shelter in refugee sites in 2023’, yet all their budgets were fully utilized. No action was taken to rectify this.

38. In addition, the financial verification reports by project control function identified financial control deficiencies that resulted in questioned costs totaling \$739,398, which were not followed up nor recovered by the Representation. Their findings included duplicate payments to casual laborers, absence of supporting documentation, costs exceeding budgets, absence of proof of delivery of goods and services, and misallocation of expenses.

39. The audit also identified discrepancies between indicators, targets and results listed in the PFAs, performance reports and COMPASS. This indicated that there were inaccuracies with the quality of reported data. For instance, the Representation did not update COMPASS to reflect the impact that budget increases had on targets. This resulted in a misalignment between the financial and programme results, with many indicators showing that targets had been exceeded. Gaps in monitoring also meant that the Representation did not have information on partners to inform its decision making in areas like selection and disbursement of funds.

**(4) The UNHCR Representation in Chad should enhance its monitoring of the performance and expenditures of funded partners by: (a) enhancing the capacity and effectiveness of its multi-functional monitoring teams to enforce the results managers responsibilities in line with the risk profile of partners; and (b) following up for implementation the recommendations from monitoring reviews and financial verifications.**

*UNHCR accepted recommendation 4 and stated that the Representation has developed a comprehensive monitoring system to address the capacity and effectiveness concerns of multi-functional monitoring teams. The new framework aligns monitoring frequency, extent, and depth with partner risk profiles and establishes robust follow-up mechanisms for monitoring review recommendations. Implementation includes systematic capacity building to ensure teams can effectively discharge their monitoring responsibilities.*

#### IV. ACKNOWLEDGEMENT

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

Internal Audit Division  
Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of the management of funded partners in Chad for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>3</sup> / Important <sup>4</sup>	C/ O <sup>5</sup>	Actions needed to close recommendation	Implementation date <sup>6</sup>
1	The UNHCR Representation in Chad should: (a) conduct comparative advantage assessments to determine the most cost-effective arrangements for delivering services to forcibly displaced persons; (b) justify retaining funded partnerships by undertaking due diligence assessments of partners' capacities to discharge their fiduciary responsibilities in accordance with UNHCR rules; and (c) establish adequate partner budgets in partnership agreements (Critical).	Critical	O	Receipt of evidence of comparative advantage assessments for the whole programme; assessment of partners' capacity to undertake the fiduciary responsibilities in accordance with UNHCR rules; and arrangements to review partner budgets.	30 June 2026
2	The UNHCR Representation in Chad should take appropriate action, including recoveries if warranted, on transactions the audit deemed irregular, ineligible or unsupported (Critical).	Critical	O	Receipt of forensic investigation reports on the two partner projects and evidence of recoveries for confirmed unsupported, irregular and ineligible expenses.	31 December 2026
3	The UNHCR Representation in Chad should take appropriate action, including recoveries if warranted, on irregularities found in funded partners' procurements (Critical).	Critical	O	Receipt of forensic investigation reports on the two partner projects irregularities in procurement procedures and evidence of recoveries if warranted.	30 September 2026
4	The UNHCR Representation in Chad should enhance its monitoring of the performance and expenditures of funded partners by: (a) enhancing the capacity and effectiveness of its multi-functional monitoring teams to enforce the results managers responsibilities in line with the risk profile of partners; and (b) following up for implementation	Important	O	Receipt of evidence of: (a) instituted monitoring framework informed by partner risk profiles; and (b) mechanisms to ensure that implementation of recommendations from monitoring reviews and financial verifications are followed up.	30 September 2026

<sup>3</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>4</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>5</sup> Please note the value C denotes closed recommendations whereas O refers to open recommendations.

<sup>6</sup> Date provided by UNHCR in response to recommendations.

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of the management of funded partners in Chad for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>3</sup> / Important <sup>4</sup>	C/ O <sup>5</sup>	Actions needed to close recommendation	Implementation date <sup>6</sup>
	the recommendations from monitoring reviews and financial verifications.				

# **APPENDIX I**

## **Management Response**

## MANAGEMENT RESPONSE

## Audit of the management of funded partners in Chad for the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>7</sup> / Important <sup>8</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
1	The UNHCR Representation in Chad should: (a) conduct comparative advantage assessments to determine the most cost-effective arrangements for delivering services to forcibly displaced persons; (b) justify retaining funded partnerships by undertaking due diligence assessments of partners' capacities to discharge their fiduciary responsibilities in accordance with UNHCR rules; and (c) establish adequate partner budgets in partnership agreements (Critical).	Critical	Yes	Senior Programme Officer & Senior Project Control Officer	30 June 2026	The UNHCR Representation in Chad accepts this recommendation and confirms that a completed and comprehensive review of all existing partnerships in line with this recommendation. To address these inefficiencies and enhance value for money, the Representation has taken concrete corrective measures. A Cash-Based Intervention (CBI) Standard Operating Procedure (SOP) has been validated to guide the direct implementation of shelter activities. In line with this, four construction firms have been contracted directly to carry out shelter construction, as detailed in the attached SOP and LCC memo.  Additionally, the Project work plans (PWPs) with all shelter partners have been formally terminated, ensuring that future construction activities are implemented directly under UNHCR oversight. These steps are aimed at improving accountability, reducing costs, and ensuring timely and quality delivery of shelter assistance.

<sup>7</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>8</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.

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						<p>Partnership decisions have been made by the committee and formally endorsed by the Representative, ensuring proper governance and oversight of partnership arrangements. For new partners scheduled to commence operations in July 2025, thorough due diligence has been conducted following a Multi-Functional Team mission, with the complete due diligence report available for reference. The comparative advantage assessments have been integrated into our partnership decision-making process to ensure cost-effective service delivery arrangements for forcibly displaced persons.</p> <p>Based on the steps taken and evidence available we believe the recommendation can be closed</p>
2	The UNHCR Representation in Chad should take appropriate action, including recoveries if warranted, on transactions the audit deemed irregular, ineligible or unsupported (Critical)	Critical	Yes	Senior Programme Officer	31 December 2026	The UNHCR Representation in Chad accepts this recommendation and has engaged with IMAS in June 2025, who is coordinating with the Inspector General's Office on this matter. The 2024 external audit has done a second round of visits in September, to the two partners in question to collect additional evidence and provide professional opinions on the identified irregularities, including unsupported and ineligible transactions, mis-

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						<p>procurements, and fiduciary responsibility concerns. Appropriate recovery actions will be determined based on the findings of the forensic investigation and external audit conclusions. The Representation identified and addressed critical concerns regarding shelter, hot meals provision, and construction activities through swift implementation of comprehensive corrective measures at both institutional and operational levels.</p> <p>The Representation immediately initiated formal communication with IGO through IMAS, requesting a special audit to ensure complete transparency and independent verification of all allegations.</p> <p>To effectively mitigate identified risks during the verification and audit period, the operation implemented temporary oversight measures while maintaining uninterrupted service continuity for beneficiaries. Alternative arrangements were rapidly established to eliminate service gaps, and enhanced risk management were implemented to significantly strengthen operational controls and safeguards.</p>

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						<p>The Representation formally notified the two partners of operational changes through official correspondence. Two letters were issued addressing: (1) the discontinuation of shelter/infrastructure programs, and (2) the suspension of hot meals services.</p> <p>Management is providing full cooperation with the planned special audit/investigation with IMAS, including unrestricted complete access to all documentation and personnel. Pending completion of the special audit/investigation, management has proactively enhanced field monitoring frequency, substantially strengthened documentation procedures, and established comprehensive regular reporting mechanisms to senior management. These systematic measures ensure robust continued oversight while permanent corrective actions are being meticulous.</p> <p>Findings of the forensic investigation and external audit conclusions, as well as IGO report will be shared with OIOS as part of the evidence package in support actions taken against this recommendation.</p>

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3	The UNHCR Representation in Chad should take appropriate action, including recoveries if warranted, on irregularities found in funded partners' procurements (Critical).	Critical	Yes	Senior Programme Officer	30 September 2026	<p>The UNHCR Representation in Chad accepts this recommendation and has engaged with IMAS in June 2025, who is coordinating with the Inspector General's Office on this matter. The 2024 external audit has done a second round of visits in September, to the two partners in question to collect additional evidence and provide professional opinions on the identified irregularities, including unsupported and ineligible transactions, mis-procurements, and fiduciary responsibility concerns. Appropriate recovery actions will be determined based on the findings of the forensic investigation and external audit conclusions. The Representation identified and addressed critical concerns regarding shelter, hot meals provision, and construction activities through swift implementation of comprehensive corrective measures at both institutional and operational levels.</p> <p>The Representation immediately initiated formal communication with IGO through IMAS, requesting a special audit to ensure complete transparency and independent verification of all allegations.</p>

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						<p>To effectively mitigate identified risks during the verification and audit period, the operation implemented temporary oversight measures while maintaining uninterrupted service continuity for beneficiaries. Alternative arrangements were rapidly established to eliminate service gaps, and enhanced risk management were implemented to significantly strengthen operational controls and safeguards.</p> <p>The Representation formally notified the two partners of operational changes through official correspondence. Two letters were issued addressing: (1) the discontinuation of shelter/infrastructure programs, and (2) the suspension of hot meals services.</p> <p>Management is providing full cooperation with the planned special audit/investigation with IMAS, including unrestricted complete access to all documentation and personnel. Pending completion of the special audit/investigation, management has proactively enhanced field monitoring frequency, substantially strengthened documentation procedures, and established comprehensive regular</p>

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						reporting mechanisms to senior management. These systematic measures ensure robust continued oversight while permanent corrective actions are being meticulously.
4	The UNHCR Representation in Chad should enhance its monitoring of the performance and expenditures of funded partners by: (a) enhancing the capacity and effectiveness of its multi-functional monitoring teams to enforce the results managers responsibilities in line with the risk profile of partners; and (b) following up for implementation the recommendations from monitoring reviews and financial verifications.	Important	Yes	Senior Programme Officer & Senior Project Control Officer	30 September 2026	The UNHCR Representation in Chad accepts this recommendation and has developed a comprehensive monitoring system to address the capacity and effectiveness concerns of multi-functional monitoring teams. This system incorporates enhanced training and capacity building programs specifically designed for Results Managers and Multi-Functional Teams to strengthen their monitoring capabilities and ensure proper enforcement of results management responsibilities. The new framework aligns monitoring frequency, extent, and depth with partner risk profiles and establishes robust follow-up mechanisms for monitoring review recommendations. Implementation includes systematic capacity building to ensure teams can effectively discharge their monitoring responsibilities.