



INTERNAL AUDIT DIVISION

REPORT 2015/048

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

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

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

11 June 2015
Assignment No. AR2014/115/03

CONTENTS

	<i>Page</i>
I. BACKGROUND	1
II. OBJECTIVE AND SCOPE	1-2
III. AUDIT RESULTS	2-10
A. Project management	3-5
B. Regulatory framework	5-10
IV. ACKNOWLEDGEMENT	10
ANNEX I Status of audit recommendations	
APPENDIX I Management response	

AUDIT REPORT

Audit of the operations 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 operations in Chad for the Office of the United Nations High Commissioner for Refugees (UNHCR).
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. The UNHCR Representation in Chad (hereinafter referred to as ‘the Representation’) was opened in 1998. As at December 2013, it assisted 496,550 refugees, including 253,000 from Sudan and 83,000 from the Central African Republic. In 2013, it also assisted 118,500 internally displaced people (IDPs). However, after the Government of Chad embarked on a drive to end the IDP situation, the Representation did not have an IDP programme in 2014. The Sudanese refugees were hosted in 12 camps in eastern Chad, while the Central African refugees were hosted in five camps in southern Chad. In 2013 and 2014, the Representation worked with 17 partners.
4. The Representation had a branch office in N’djamena, four sub offices in Farchana, Goré, Goz-Beida and Iriba, six field offices in Bir Nahal, Amdjarass, Guereda, Haraze, Koukou and Maro and two field units in Abeche and Hadjer-Hadid. The Representation was headed by a Representative at the D-1 level and had a total of 362 staff. Its 2013 total budget and expenditure were \$91.2 million and \$84.0 million respectively, while for 2014 the total budget was \$98.9 million of which the Representation had spent \$37.6 million up to 31 May 2014.
5. Comments provided by UNHCR are incorporated in *italics*.

II. OBJECTIVE AND SCOPE

6. The audit was conducted to assess the adequacy and effectiveness of UNHCR governance, risk management and control processes in providing reasonable assurance regarding the **effective management of the operations in Chad**.
7. The audit was included in the 2014 risk based internal audit work plan for UNHCR due to the risks associated with implementing a complex country programme related to the forced displacement of refugees to Chad.
8. The key controls tested for the audit were: (a) project management; and (b) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:
 - (a) **Project management** - controls that provide reasonable assurance that there is proper planning and implementation as well as accurate and complete monitoring and reporting of the Representation’s project activities.

(b) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the management of the operations in Chad; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

9. The key controls were assessed for the control objectives shown in Table 1.

10. OIOS conducted the audit from July to September 2014. The audit covered the period from 1 January 2013 to 30 June 2014. During the audit, OIOS visited the Representation's branch office in N'djamena and the sub offices in Goré and Iriba.

11. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

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

13. The Representation needed to: (a) assess its capacity requirements for undertaking financial monitoring of partners and provide training to staff involved in monitoring activities; (b) review existing vendor records, keep complete vendor files for pre-qualified vendors and close duplicate vendor records; (c) regularly analyze fuel consumption patterns and undertake physical verification of fuel stock levels and review of odometers; (d) improve the arrangements for monitoring the receipt and issuance of drugs to and from the warehouse; and (e) verify all assets and update asset records. The Representation took corrective action on the need to: (a) develop operating procedures and a work plan for monitoring shelter construction activities and review and clarify the structure, roles and responsibilities of the technical team involved in these activities; (b) improve management oversight and provide training to staff on financial procedures regarding payments and follow-up on outstanding accounts payable and receivable items; and (c) maintain mandatory documents and adhere to authorized allowance rates for medical evacuations.

14. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **partially satisfactory** as the implementation of five important recommendations remains in progress.

¹ A rating of "partially satisfactory" means that important (but not critical or pervasive) deficiencies exist in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

Table 1
Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of UNHCR operations in Chad	(a) Project management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
FINAL OVERALL RATING: PARTIALLY SATISFACTORY					

A. Project management

Need to assess the capacity requirements for undertaking financial monitoring of partners and provide training to staff involved in monitoring activities

15. According to the UNHCR Manual, the Representation is required to conduct financial monitoring at each partner at least once a year. The timing, frequency, scope and depth of the monitoring visits can be increased depending on risk, e.g. the nature of the partner and the type and size of the project under implementation. The Representation needs to review the procurement activities undertaken by the partners, assess the partners' progress in meeting the deliverables and milestones agreed in the partnership agreements, and verify the partners' expenditures before accepting and recording them in the UNHCR accounting system and before releasing further instalments of funds.

16. The Representation conducted financial verifications at eight of the 17 partners in 2013 and four of the 17 partners in 2014 (up to August). Whilst it did have a risk based monitoring plan in place, the number of monitoring visits did not meet the requirement of at least one visit per partner per year. OIOS undertook visits to three of the partners which had been subject to financial verification by the Representation. The following control deficiencies were observed at these partners:

- The first partner procured \$64,000 worth of spare parts without any evidence of competitive bidding as required by UNHCR rules. Furthermore, the expenditure that the partner had reported to the Representation could not be reconciled against the records in the partner's financial system which did not use the same budget codes as UNHCR.
- At the second partner, a payment for \$19,000 was charged to UNHCR for clearing forest sites. However, this activity had actually not been undertaken by the partner. The amount of \$19,000 was subsequently recovered by the Representation after it was raised by OIOS during the audit. In addition, the partner did not ensure competitive bidding procedures for the construction of two classrooms for \$75,090 when the fourth lowest bidder was selected without a valid justification.
- The third partner was in charge of constructing a maternity home at a refugee camp that had not been completed by August 2014 although it had a deadline of February 2014. The partner cited lack of payment by the Representation. Although the Representation had given the go-ahead to commence construction in October 2013, the amount of \$54,000 was inadvertently left out of the budget. This error was not noticed until April 2014. The Representation had still not released the required funds at the time of the audit in August 2014 and the project remained incomplete.

17. The above weaknesses in financial monitoring happened because the Representation had not reviewed its capacity requirements for ensuring an adequate monitoring coverage and because of lack of skills and experience of the Representation's project control staff to conduct financial verifications. As a result, there was a risk that the Representation was not obtaining value for money from its partnerships, especially those that had not been subject to any monitoring visits.

(1) The UNHCR Representation in Chad should assess its capacity requirements for undertaking financial monitoring of partners and provide training to staff involved in financial monitoring activities.

UNHCR accepted recommendation 1 and stated that the Representation had assessed its capacity requirements for undertaking financial monitoring of its 17 partners as at May 2015. Two international staff would be providing training to colleagues involved in financial monitoring activities during the second quarter of 2015. Opportunities were also being explored with the UNHCR Global Learning Center and the Project Control Unit at Headquarters to provide further trainings. It was also proposed in the 2016 Country Operations Plan that two control teams would be established with each made up of one international staff and one National Assistant. Recommendation 1 remains open pending receipt of evidence that appropriate training has been provided to all staff involved in financial monitoring of partners.

Action was taken to develop operating procedures and a work plan for monitoring shelter construction activities and to review and clarify the structure, roles and responsibilities of the technical team

18. UNHCR rules require the Representation to put in place appropriate arrangements for monitoring its shelter construction activities. The UNHCR Project Partnership Agreement template requires that payments to the contractor against the construction cost as shown in the tender document should be made only based on actual work performed.

19. The Representation implemented shelter construction projects amounting to \$4.7 million in 2013 and \$4.0 million from January to June 2014 for refugees in eastern Chad and for refugees and returnees in southern Chad. The Representation's technical staff based in Goré, Iriba, Farchana, Goz Beida and Maro, who were overseeing the construction projects, did not have defined roles and responsibilities. Apart from the site planner, who was an international staff member, the local technical staff worked also on other functional areas, such as water and sanitation, livelihood and environmental activities, and were not fully available for monitoring construction activities. In addition, they did not have clear reporting lines at the functional level and reported only administratively to the head of the respective sub office. This resulted in the following weaknesses:

- The construction projects in Haraze, Koukou and Amjaraz had not been visited by the Representation's technical staff because the technical team had prioritized to visit only the larger projects due to a lack of sufficient staff. The senior most technical staff member, who was the site planner, was based in Goré from where he was able to make only a limited number of missions to oversee projects taking place in eastern Chad. Due to this, the monitoring of construction activities in Iriba, Farchana, Goz Beida and Maro was mostly done by technical assistants.
- With the exception of two projects certified by the site planner, the other technical staff did not certify the percentage of completed work, a key requirement for determining disbursement of the next installment to the contractor towards project completion.

20. The above weaknesses happened because the Representation had not established appropriate arrangements, i.e. a structure, roles and responsibilities, operating procedures and a work plan, for

monitoring shelter construction activities. As a result, according to the Representation's own 2013 report on shelter activities, only 47 per cent and 65 per cent of refugees in eastern and southern Chad, respectively, lived with adequate shelter.

(2) The UNHCR Representation in Chad should establish appropriate arrangements for monitoring shelter construction activities by: a) reviewing and clarifying the existing organizational set-up of the technical staff and their roles and responsibilities; and (b) developing standard operating procedures and an annual work plan to ensure improved efficiency and coverage of the monitoring of construction activities, including the requirement to certify construction work completed before making payments to the contractors.

UNHCR accepted recommendation 2 and stated that the newly recruited Site Planner had reviewed the existing organizational set-up of the technical staff and their roles and responsibilities. The Site Planner had also developed Standard Operating Procedures as well as an annual work plan to ensure improved efficiency and coverage of the construction activities, including the requirement to certify construction work completed before making payments to the contractors. Based on the action taken and the documentation provided by UNHCR, recommendation 2 has been closed.

B. Regulatory framework

Action was taken to improve management oversight and provide training to staff on financial procedures regarding payments and follow-up on outstanding accounts payable and receivable items

21. According to the UNHCR Manual, the Representation should avoid making duplicate payments by accepting only originals marked 'paid' and should duly certify and authorize all payment requests. The UNHCR Manual further stipulates that open items should be regularly reviewed and followed up.

22. OIOS reviewed 75 payment vouchers whose value represented 51 per cent of the total expenditure of \$128.8 million incurred by the Representation between 1 January 2013 and 31 May 2014. This included payroll costs. The following control deficiencies were observed:

- The Representation did not mark the paid vouchers 'paid'.
- A payment request was not on file in 69 of the 75 payment vouchers reviewed. Furthermore, payment requests were not certified and authorized in five cases whose value totaled \$329,000.
- There were 204 outstanding accounts payable and receivable items as at 31 July 2014 amounting to \$208,552.

23. The above deficiencies happened because the concerned staff were not sufficiently conversant with the provisions of UNHCR financial rules and the payment approvers did not adequately review the supporting documents for payments. As a result, the risk of irregularities and fraud was increased.

(3) The UNHCR Representation in Chad should improve management oversight and provide training to its staff on financial procedures regarding payments and follow-up on outstanding accounts payable and receivable items.

UNHCR accepted recommendation 3 and stated that two internal memoranda were issued by the Senior Admin/Finance Officer to the Heads of Sub-offices to remind staff to abide by the procedures in place and address current issues. Regarding management oversight, the Representation in Chad had requested to retitle the current position of Assistant Representative (Programme) to Assistant Representative (Operations) and to set up a Due Diligence Committee to analyze the monthly financial

reports and take appropriate actions. Based on the action taken and the documentation provided by UNHCR, recommendation 3 has been closed.

Action was taken to maintain mandatory documents and adhere to authorized allowance rates for medical evacuations

24. The medical evacuation cases, according to UNHCR Medical Evacuation Guidelines, should contain the relevant medical certificate from the United Nations designated physician and the approval from the UNHCR Medical Service indicating the number of days of leave sanctioned, the hospitalization period and the number of days allowed to stay at the place of evacuation. The Representation is required to maintain an up-to-date control sheet indicating the 'Total cost of Medical Evacuation'. According to the UNHCR Staff Administration Manual, when an evacuee is not hospitalized actual expenses for hotel may be reimbursed on the basis of receipts up to 50 per cent of the standard Daily Subsistence Allowance (DSA) rate applicable to the authorized place of evacuation, or one-third of the DSA when hospitalized.

25. In 2013 and 2014, the Representation authorized 41 medical evacuation cases involving total expenditures of \$323,626. A review of the supporting documents attached to the related medical claims indicated that they did not contain the medical certificate from the United Nations designated physician and the approval from the UNHCR Medical Service. Although these documents were maintained separately, the system of processing claims without the relevant supporting documents was vulnerable to risk of errors. In two of the eight cases reviewed, there was an overpayment of DSA totaling \$764 which was attributed to an oversight by the Representation's finance staff. In one case, DSA was paid at the rate of 50 per cent instead of one third of the DSA, as would have been the requirement, resulting in excess payment of \$583. In another case, DSA was paid at 100 per cent instead of 50 per cent, which led to excess payment of \$181.

26. The above control deficiencies occurred because the staff members involved were not aware of the provisions for medical evacuations and the Representation did not provide adequate management oversight in reviewing and monitoring the cases. Non-compliance with the medical evacuation instructions could have resulted in loss of financial resources.

(4) The UNHCR Representation in Chad should establish adequate arrangements for administering and monitoring medical evacuation claims by: (i) maintaining all mandatory documents together with the travel claims; and (ii) adhering to the authorized Daily Subsistence Allowance rates for medical evacuations and recovering any excess allowances paid.

UNHCR accepted recommendation 4 and stated that new instructions had been issued with regard to the administration and monitoring of Medical Evacuation (MEDEVAC). They had been disseminated to all UNHCR field offices in Chad. The supporting documents required for MEDEVAC were: 1) Human Resources– medical claims; and 2) Finance – travel and related expenses. In order to improve the quality of the filing, once the Finance Section had processed the Travel Claim, a copy of the claim would be stored in the file of the HR while the original would be kept by Finance. Human Resources would establish a new file for medical claims: Medical Insurance Plan Claims – MEDEVAC. To improve consistency, the log of the MEDEVAC would attribute a log number which would be shared with Finance for filing purposes. Based on the action taken and the documentation provided by UNHCR, recommendation 4 has been closed.

Need to review existing vendor records, keep complete vendor files for pre-qualified vendors and close duplicate vendor records

27. According to the UNHCR policy on the vendor registration process, the Representation should establish a process for pre-qualifying vendors and reviewing its vendor database, in order to enhance the transparency of vendor management and procurement processes and to improve the sourcing infrastructure. The Representation should also set up a Vendor Review Committee to facilitate the implementation of the above requirements.

28. The Representation maintained a vendor database containing relevant information for 86 vendors who it commonly contacted for procurement of goods and services. However, it did not maintain individual vendor files for all of its 1,124 vendors on record. In addition, 196 of these vendors had their names repeated more than once in the database, either with the same or a different vendor identification number. Some of the vendors had two to four different vendor identification numbers.

29. Although the Representation constituted a vendor review committee in April 2014, it did not embark upon an exercise to review and clean up the existing vendor records. As a result, it was difficult for the Representation to assess, when soliciting procurement, whether all potential vendors were genuine and able to comply with the basic requirements, and whether the Representation would be able to receive value for money for the goods supplied and the services received.

(5) The UNHCR Representation in Chad should develop and implement an action plan to: (i) review the existing vendor records, in order to determine which vendors should be used in its procurement activities; (ii) ensure that for all pre-qualified vendors complete vendor files are maintained; and (iii) close duplicate records in the vendor database to reduce the risk of double payments.

UNHCR accepted recommendation 5 and stated that the Representation had constituted a vendor review committee to review all existing vendors. The Committee completed the review and produced lists of active and inactive vendors. The list of inactive vendors had been shared with Headquarters for deactivation in order to comply with this recommendation. Out of the initial 1,124 vendors, 774 had been inactivated leaving 350 vendors for procurement activities. The registration and completion of documentation (vendor files) for the 350 vendors was progressing. Recommendation 5 remains open pending receipt of confirmation that the vendor registration and documentation activities have been completed and documentary evidence showing that all duplicate vendor records have been closed.

Need to regularly analyze fuel consumption patterns and undertake physical verification of fuel stock levels and review of odometers

30. The UNHCR Manual requires the Representation to ensure adequate control over recording of incoming and outgoing fuel and to undertake regular physical stock taking and inspection of fuel quantities. The Representation needs to also maintain proper records to allow monitoring of fuel consumption.

31. The Representation spent \$4.9 million during the period from January 2013 to May 2014 on the procurement of fuel. Fuel was used both for the Representation's vehicle fleet (trucks and light vehicles) and generators and for the implementing partners using UNHCR vehicles under right of use agreements. The Representation's Supply Unit decided each partner's monthly fuel allocation and the Representation's logistics partner distributed the fuel allocations. This partner submitted consolidated fuel reports to the Representation. The Programme and Logistics Units of the Representation duly verified the control totals of the fuel issued and the fuel utilization details supplied by the logistics

partner. However, it did not physically verify the stock level and did not conduct a detailed analysis of the fuel consumption patterns at periodical intervals as required by the UNHCR rules. A review of the fuel consumption reports received from the logistics partner for 2013 and 2014 identified the following weaknesses that the Representation had not acted upon:

- Seventy-nine UNHCR trucks with different partners consumed 561,000 liters of diesel with 45 out of the 79 trucks (56 percent) having no kilometer records due to dysfunctional odometers. Partners in Iriba had no mileage records for 14 vehicles under their custody despite six of them being new.
- Fuel consumption details recorded by partners were unreliable. For instance, one truck with the logistics partner recorded a fuel efficiency of 0.88 kilometers per liter of fuel consumed in 2013 whereas in 2014, until May 2014, the same truck recorded a fuel efficiency of 3.17 kilometers per liter of fuel consumed.
- The fuel consumption reports from different partners between January and June 2014 indicated that no consumption details were recorded for 1,766 liters of fuel issued for 20 light vehicles. Furthermore, there was no record of the number of kilometers per a light vehicle for the fuel issued in 26 percent of the total fleet of 445 vehicles.
- The partners that received fuel from the logistics partners for running their generators did not record the details of working hours and the fuel consumed per hour due to dysfunctional odometers. Furthermore, neither the partner nor the Representation conducted any monitoring of the fuel recipients' logbooks for generators.

32. The above inadequacies in fuel management happened because the Representation had not institutionalized procedures requiring regular physical verification of the stock levels and analysis of the fuel consumption patterns with reference to fuel issued to the logistics partner, as required by UNHCR rules. These weaknesses resulted in a risk of fuel siphoning and financial losses to UNHCR.

(6) The UNHCR Representation in Chad should establish procedures over fuel management, which should include regularly undertaking: (i) a review of fuel consumption reports to analyze consumption patterns; and (ii) a physical verification of stock levels and a review of the functioning of odometers.

UNHCR accepted recommendation 6 and stated that Standard Operating Procedures (SOPs) for fuel management were in place and were being applied in all the stations managed by the responsible partner. The Representation was regularly analyzing fuel consumption and had performed a physical verification of all vehicles and those used by partners for UNHCR activities and for which UNHCR provided fuel. Dysfunctional odometers in vehicles would be replaced before year end. The second phase of the installation of a telemetric monitoring system was scheduled to start shortly when pumps would be received in the country. The Representation planned to have the pumps installed by September 2015 in all locations. Recommendation 6 remains open pending receipt of evidence of completion of the implementation of the new fuel management system and related procedures and equipment.

Need to improve the arrangements for monitoring the receipt and issuance of drugs to and from the warehouse

33. The Representation is required to comply with the policies and procedures on warehouse management as contained in the UNHCR Manual, as well as the UNHCR Essential Medicines and Medical Supplies Policy and Guidance. The Representation is required to regularly monitor the drug distributions undertaken by the partner involved in these activities and ensure that the partner maintains adequate records of receipt and issuance of drugs.

34. The Representation procured drugs worth \$664,950 in 2013 and stored them in a UNHCR warehouse in Goré managed by a partner. The same partner distributed the drugs to clinics and dispensaries in the refugee camps. OIOS assessed that the procurement for the drugs was done in accordance with UNHCR rules. However, an OIOS review of stock keeping and distribution of these drugs from the warehouse showed that:

- Although the partner provided distribution reports, there was no evidence that the Representation undertook regular monitoring of the drugs distributed by the partner following their issuance from the warehouse;
- The partner kept stock cards but did not maintain statements of stock movements, such as drugs issued and the opening and closing balances of the drugs held.

35. The above control weaknesses happened because the Representation had not put in place formal arrangements for monitoring the drug distributions and stock record-keeping. Furthermore, there was no dedicated staff assigned to the monitoring activities. Without a physical verification of drugs the figures in the manual records presented by the partner could not be relied upon. This could have resulted in loss of stock or the beneficiaries not obtaining the right quantities of drugs.

(7) The UNHCR Representation in Chad should put in place arrangements for monitoring the receipt and issuance of drugs from the warehouse to clinics and dispensaries in refugee camps and ensure dedicated staff are assigned for this purpose.

UNHCR accepted recommendation 7 and stated that the UNHCR pharmacist had undertaken an assessment of the management capacities of the clinics and pharmacy dispensaries in order to draft guidelines and SOPs for drugs management in the field. The first draft of the SOPs was expected by June 2015 and would be shared with the relevant division at headquarters for feedback, before being finalized and implemented. Recommendation 7 remains open pending receipt of evidence that appropriate arrangements have been put in place for monitoring the receipt and issuance of drugs.

Need to verify all assets and update the asset records

36. According to the UNHCR policies on Property, Plant and Equipment (PPE) and Serially Tracked Items (STIs), the Representation should physically verify all its assets on an annual basis, update the asset records in Managing for Systems, Resources and People (MSRP), the UNHCR enterprise resource planning system, and send a report on the physical verification to UNHCR headquarters. The policies state that the physical verification should include assets, both PPE assets and STIs, held by implementing partners under right of use agreements.

37. The Representation's PPE comprised 639 assets with a purchase price of \$17.4 million. It also had 3,829 STIs with a purchase value of \$4.4 million. The Representation conducted the physical verification of PPE and STIs in 2013. The right of use agreements for 2013 and 2014 were signed with all implementing partners. However, OIOS observed that there were assets without barcodes and assets that had not been recorded in the asset management database, as follows:

- The asset listing of June 2014 did not include the details of 19 Lenovo ThinkPad laptops with a purchase value of \$1,700 each;
- Five Lenovo ThinkPad laptops were not barcoded;
- A generator valued at \$10,015 was shown to be under the custody of a partner who had ceased operating with the Representation already in 2012;

- At one partner, 38 per cent of the generators lacked barcodes. In addition, 10 out of 15 generators were missing from the right of use agreement with the partner;
- Six out of 15 light vehicles did not appear in the right of use agreement with one partner.

38. The above shortcomings happened because the Representation had not put in place adequate local procedures for tracking and recording PPEs and STIs. If not properly addressed, these weaknesses could result in loss or under-utilization of the Representation's assets.

(8) The UNHCR Representation in Chad should put in place procedures for: verification of property, plant and equipment assets and serially tracked items; and the recording of these assets in the Managing for Systems Resources and People system.

UNHCR accepted recommendation 8 and stated that the PPE verification procedures exist and annual reports were submitted on time for 2014, as confirmed by the Supply Management Logistics Service (SLMS at headquarters. The verification of Serially Tracked Items (STIs) had not been completed for 2014 due to limited staff in the relevant unit. The STI verification exercise would be undertaken as soon as the newly recruited staff would take up his function in June 2015. Recommendation 8 remains open pending receipt of evidence that the STI verification exercise has been completed.

IV. ACKNOWLEDGEMENT

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

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

STATUS OF AUDIT RECOMMENDATIONS

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

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
1	The UNHCR Representation in Chad should assess its capacity requirements for undertaking financial monitoring of partners and provide training to staff involved in financial monitoring activities.	Important	O	Submission to OIOS of evidence that appropriate training has been provided to all staff involved in financial monitoring of partners.	31 December 2015
2	The UNHCR Representation in Chad should establish appropriate arrangements for monitoring shelter construction activities by: a) reviewing and clarifying the existing organizational set-up of the technical staff and their roles and responsibilities; and (b) developing standard operating procedures and an annual work plan to ensure improved efficiency and coverage of the monitoring of construction activities, including the requirement to certify construction work completed before making payments to the contractors.	Important	C	Action completed	Implemented
3	The UNHCR Representation in Chad should improve management oversight and provide training to its staff on financial procedures regarding payments and follow-up on outstanding accounts payable and receivable items.	Important	C	Action completed	Implemented
4	The UNHCR Representation in Chad should establish adequate arrangements for administering and monitoring medical evacuation claims by: (i) maintaining all mandatory documents together with the travel claims; and (ii) adhering to the authorized Daily Subsistence Allowance rates for medical evacuations and recovering any excess allowances	Important	C	Action completed	Implemented

² Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

³ Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

⁴ C = closed, O = open

⁵ Date provided by UNHCR in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

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

Recom. no.	Recommendation	Critical ² / Important ³	C/ O ⁴	Actions needed to close recommendation	Implementation date ⁵
	paid.				
5	The UNHCR Representation in Chad should develop and implement an action plan to: (i) review the existing vendor records, in order to determine which vendors should be used in its procurement activities; (ii) ensure that for all pre-qualified vendors complete vendor files are maintained; and (iii) close duplicate records in the vendor database to reduce the risk of double payments.	Important	O	Submission to OIOS of confirmation that the vendor registration and documentation activities have been completed and documentary evidence showing that all duplicate vendor records have been closed.	30 June 2015
6	The UNHCR Representation in Chad should establish procedures over fuel management, which should include regularly undertaking: (i) a review of fuel consumption reports to analyze consumption patterns; and (ii) a physical verification of stock levels and a review of the functioning of odometers.	Important	O	Submission to OIOS of evidence of completion of the implementation of the new fuel management system and related procedures and equipment.	31 December 2015
7	The UNHCR Representation in Chad should put in place arrangements for monitoring the receipt and issuance of drugs from the warehouse to clinics and dispensaries in refugee camps and ensure dedicated staff are assigned for this purpose.	Important	O	Submission to OIOS of evidence that appropriate arrangements have been put in place for monitoring the receipt and issuance of drugs.	30 June 2015
8	The UNHCR Representation in Chad should put in place procedures for: verification of property, plant and equipment assets and serially tracked items; and the recording of these assets in the Managing for Systems Resources and People system.	Important	O	Submission to OIOS of evidence that the STI verification exercise has been completed.	30 June 2015

APPENDIX I

Management Response

Management Response

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

Rec. no.	Recommendation	Critical ² / Important ³	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Representation in Chad should assess its capacity requirements for undertaking financial monitoring of partners and provide training to staff involved in financial monitoring activities.	Important	Yes	Senior Desk Officer, Representative and Assistant Representative (Programme)	As of May 2015 and ongoing	The UNHCR Representation in Chad assessed its capacity requirements for undertaking financial monitoring of 17 partners as at May 2015. Considering the number of partners and sub-agreements to be verified, it is challenging to fulfill the project control requirements. In order to address this recommendation, two International staff will be providing training to colleagues involved in financial monitoring activities during the second quarter of 2015. Opportunities are also being explored with the Global Learning Center and the Project Control Unit at Headquarters to provide further trainings. It is also proposed in the 2016 COP, that two control teams will be established with each made up of 1 International staff and 1 National Assistant.
2	The UNHCR Representation in Chad should establish appropriate arrangements for monitoring shelter construction activities by: a) reviewing and clarifying the existing organisational set-up of the technical staff and their roles and responsibilities; and (b) developing standard operating procedures and an annual work plan to ensure improved efficiency and coverage of monitoring the construction activities, including the requirement to certify construction work completed before making payments to the contractors.	Important	Yes	Site Planner Officer	30 June 2015	The newly recruited Site Planner has reviewed the existing organizational set-up of the technical staff and their roles and responsibilities. The Site Planner has also developed Standard Operating Procedures (SOPs) as well as an annual work plan to ensure improved efficiency and coverage of the construction activities, including the requirement to certify construction work completed before making payments to the contractors.

Management Response

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

Rec. no.	Recommendation	Critical ² / Important ³	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
3	The UNHCR Representation in Chad should improve management oversight and provide training to its staff on financial procedures regarding payments and follow-up on outstanding accounts payable and receivable items.	Important	Yes	Senior Admin./Finance Officer	30 March 2015	<p>Two internal memoranda were issued by the Senior Admin./Finance Officer to the Heads of Sub-offices and Admin./Finance officers on 1) Internal control procedures before approving payments and 2) Internal control procedures for the management of open items. The purpose of the memoranda was to remind staff to abide by the procedures in place and address current issues.</p> <p>The Finance Officer in Ndjamenana is responsible for the follow-ups and to ensure and monitor implementation.</p> <p>Management Oversight: The Representation in Chad submitted through its 2016 Country Operations Plan (COP) a request to retitle the current position of Assistant Representative (Programme) to Assistant Representative (Operations). This position will assist the Representative in the overall management of UNHCR's programme and administrative activities and to ensure effective and efficient management of financial and material resources within the rules and procedures of UNHCR.</p> <p>Furthermore, the Representative has set up a Due Diligence Committee which will, among other tasks, analyze the monthly financial reports and take appropriate actions on areas indicated. The Committee includes the Finance Officer as one of its</p>

APPENDIX I

Management Response

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

Rec. no.	Recommendation	Critical ² / Important ³	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
					30 June 2015	members. Training on financial procedures: A formal request for training has been sent to Headquarters (finance/programme and supply units), discussions are underway as to find available resources and suitable timing for the said training.
4	The UNHCR Representation in Chad should establish adequate arrangements for administering and monitoring medical evacuation claims by: (i) maintaining all mandatory documents together with the travel claims; (ii) adhering to the authorized Daily Subsistence Allowance rates for medical evacuations and recovering any excess allowances paid.	Important	Yes	Senior Admin./Finance Officer Human Resources Officer	30 June 2015	New instructions have been issued as regard to the administration and monitoring of Medical Evacuation (MEDEVA). They have been disseminated to all UNHCR field offices in Chad. The supporting documents required for MEDEVAC are: <ol style="list-style-type: none"> 1) Human Resources (HR) – medical claims 2) Finance – travel and related expenses. In order to improve the quality of the filing, once the Finance Section has processed the Travel Claim, a copy of the claim will be stored in the file of the HR while the original will be kept by Finance. HR will establish a new file for medical claims: MIP Claims – MEDEVAC To improve consistency, the log of the MEDEVAC will attribute a log number which will be shared with finance for filing purposes.
5	The UNHCR Representation in Chad should develop and implement an action plan to: (i) review the existing vendor	Important	Yes	Senior Supply Officer	30 June 2015	The Representation in Chad constituted a vendor review committee to review all existing vendors'. The Committee

APPENDIX I

Management Response

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

Rec. no.	Recommendation	Critical²/ Important³	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	records, in order to determine which vendors should be used in its procurement activities; (ii) ensure that for all pre-qualified vendors complete vendor files are maintained; and (iii) close duplicate records in the vendor database to reduce the risk of double payments.					completed the review and produced lists of active and inactive vendors. The list of inactive vendors has been shared with Headquarters for deactivation in order to comply with this recommendation. Out of the initial 1124 vendors, 774 have been inactivated leaving 350 vendors for the achievement of control and/or business objectives under review. (records) for the 350 vendors is progressing.
6	The UNHCR Representation in Chad should establish procedures over fuel management, which should include regular undertaking: (i) a review of fuel consumption reports to analyze consumption patterns; and (ii) a physical verification of stock level and a review of the functioning of odometers.	Important	Yes	Senior Supply Officer	30 June 2015	<p>Standard Operating Procedures (SOPs) for fuel management are in place since August 2014 and are applied in all the stations managed by the responsible partner. Consumption analysis of fuel is regularly made by the Fleet Manager.</p> <p>The office has performed a physical verification of all vehicles and those used by partners for UNHCR activities and for which UNHCR provides fuel. Out of the total number of 407 vehicles, 75 have problems with the odometers, which are partially or fully dysfunctional. Those will be replaced in 30 vehicles in the coming three months, while another 45 will be replaced before year end. However, it is sometimes difficult to find new odometers for old vehicles.</p> <p>Installation of the Vehicles Tracking System is ongoing; it has been completed for 54 out of 407 vehicles. The second</p>

Management Response

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						phase of the installation of telemetric monitoring system is scheduled to start shortly when pumps are received in the country. This will help to implement a remote verification of the fuel stock in static tanks including the tanks of generators and thus allow a better monitoring of fuel consumption in the operation. The Representation plan's to have the pumps installed by September 2015 in all the locations.
7	The UNHCR Representation in Chad should put in place arrangements for monitoring the receipt and issuance of drugs from the warehouse to clinics and dispensaries in refugee camps and ensure dedicated staff are assigned for this purpose.	Important	Yes	Senior Public Health Officer	30 June 2015	The UNHCR pharmacist has undertaken an assessment of the management capacities of the clinics and pharmacy dispensaries in order to draft guidelines and SOPs for drugs management in the field. The first draft of the SOPs is expected by June 2015 and will be shared with DPSM for feedback, before it is finalized and implemented.
8	The UNHCR Representation in Chad should put in place procedures for verification of property, plant and equipment assets and serially tracked items and their recording in Managing for Systems Resources and People.	Important	Yes	Senior Supply Officer	30 June 2015	The PPE audit procedures exist and annual reports were submitted on time for 2014, as confirmed by the Supply Management Logistics Service (SLMS). The verification of Serially Tracked Items (STIs) has not been completed for 2014 due to limited staff in the ICT Unit. The STI verification exercise will be undertaken as soon as the newly recruited ICT-UNV takes up his function in June 2015.