



## INTERNAL AUDIT DIVISION

# REPORT 2015/114

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

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

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

30 September 2015  
Assignment No. AR2015/141/01

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# AUDIT REPORT

## Audit of the operations in Indonesia 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 Indonesia 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 Indonesia (hereinafter referred to as ‘the Representation’) was established in 1979. It undertakes refugee status determination, preserves the protection environment, and promotes durable solutions for the persons of concern in Indonesia. As at 31 December 2014, the Representation was assisting 4,270 refugees and 6,916 asylum-seekers. For the period from 1 January 2013 to 31 December 2014, it finalized 4,954 refugee status determination decisions; resettled 1,736 refugees and asylum-seekers to other countries; and assisted 512 persons of concern to return to their country of origin.
4. The Representation had a country office in Jakarta and out-posted staff in six offices of the International Organization for Migration to implement protection activities outside Jakarta. It was headed by a Representative at the P-5 level and had 67 authorized posts. It had expenditure of \$4.6 million in 2013 and \$4.2 million in 2014. The Representation worked with only one partner to implement its projects in 2013 and 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 UNHCR operations in Indonesia**.
7. The audit was included in the OIOS 2015 risk-based internal audit work plan for UNHCR due to the risks associated with managing the programme and protection activities in Indonesia, in particular those related to registration, refugee status determination and durable solutions.
8. The key controls tested for the audit were: (a) strategic planning; (b) project management; and (c) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:
  - (a) **Strategic planning** - controls that provide reasonable assurance that the Representation’s strategic plans for its programme and protection activities are developed in alignment with the UNHCR global strategic priorities.

(b) **Project management** - controls that provide reasonable assurance that there is proper planning and implementation as well as accurate and complete monitoring and reporting of the Representation's project activities.

(c) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the management of UNHCR operations in Indonesia; (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 March to July 2015. The audit covered the period from 1 January 2013 to 31 December 2014. During the audit, OIOS visited the Representation's country office in Jakarta and the out-posted staff in Medan.

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

### III. AUDIT RESULTS

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

13. The Representation's arrangements for strategic planning as well as programme planning and monitoring were working effectively. However, there was a need for the Representation to: (a) strengthen monitoring of registration and refugee status determination activities; (b) ensure compliance with UNHCR requirements on partner selection; (c) create a multi-functional monitoring team and ensure effective supervision of the quality of the work of the team; (d) undertake an assessment of the partner's procurement capacity and regularly monitor the partner's procurement activities; (e) create a Vendor Review Committee and develop a plan for enhancing the technical competence of the Local Contracts Committee members; [REDACTED]

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

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<sup>1</sup> 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 Indonesia | (a) Strategic planning   | Satisfactory                       | Satisfactory                                 | Satisfactory           | Satisfactory                                    |
|   | (b) Project management   | Partially satisfactory             | Partially satisfactory                       | Partially satisfactory | Partially satisfactory                          |
|   | (c) Regulatory framework | Partially satisfactory             | Partially satisfactory                       | Partially satisfactory | Partially satisfactory                          |
| <b>FINAL OVERALL RATING: PARTIALLY SATISFACTORY</b>   |                          |                                    |  |                        |   |

## **A. Strategic planning**

### Arrangements for strategic planning were satisfactory

15. In accordance with the UNHCR Global Management Accountability Framework, the Representation conducted in 2013 and 2014 participatory comprehensive needs assessments and identified gaps in the protection of the persons of concern. Subsequently, the Representation prepared its 2013 and 2014 Country Operations Plans which were aligned with the UNHCR global strategic priorities and identified needs. The plans covered the different population planning groups and contained targets and budget allocations for implementing the plans. The Representation also established a protection strategy and developed relevant standard operating procedures to support implementation of the protection strategy. OIOS concluded that the Representation had adequate arrangements for strategic planning.

### Programme planning and monitoring mechanisms were working as intended

16. As required by the UNHCR Manual and related instructions on planning and budgeting, the Representation in 2013 and 2014 worked within its operating level budgets and allocated those budgets to priority needs. The Representation also prepared detailed programmes of work for 2013 and 2014. It periodically monitored programme activities as well as related budgets and expenditures, and ensured that budget reallocations were done within allowed limits. In addition to the assessments of mid-year and year-end results, the Representation developed other monitoring tools, such as monthly situation reports, prepared mission reports on functional areas, and conducted monthly staff and weekly unit heads meetings to discuss matters related to implementation of the programme of work. OIOS concluded that the Representation's programme planning and monitoring mechanisms were operating effectively.

## **B. Project management**

### Monitoring of registration and refugee status determination activities required strengthening

17. UNHCR procedures on refugee registration and refugee status determination require the Representation to: (a) design a system for registering persons of concern; (b) ensure adequate backup and storage of registration data; (c) train staff associated with registration and handling of the data

management system; (d) ensure that effective fraud control mechanisms are in place for registration and refugee status determination activities; (e) put in place monitoring and reporting controls to ensure the accuracy and integrity of the refugee status determination process; and (f) monitor the average waiting period for refugee status determination and undertake corrective actions if the time taken is excessive.

18. The Representation had developed standard operating procedures to guide the registration and refugee status determination activities. It used proGres, the UNHCR refugee registration database, as the system to record and upload data related to these activities and maintained adequate data backups on a daily, weekly and monthly basis. The staff performing registration and refugee status determination functions had attended the necessary training courses, including fraud identification and compliance with the UNHCR code of conduct. The Representation had implemented fraud control mechanisms, such as using biometrics in registration and displaying the UNHCR fraud policy in locations visible to all staff and persons of concern. It had also put in place a robust review process for refugee status determination, which included the reviewing officer assessing each recommended decision made by eligibility officers. However, the audit observed the following control weaknesses in the registration and refugee status determination activities:

(a) The Representation's continuous verification system of population data did not include an independent review of the issuance of the asylum-certificate after the registration interview. The same staff member who carried out the registration issued the asylum-seeker certificate, without any supervisory review. This was a weakness in segregating duties.

(b) The Representation did not adequately control the management of case files, resulting in accountability concerns and exposure of the files to risk of fraud. For instance, the staff involved did not document and monitor the movement of the case files, contrary to the requirement of the registration standard operating procedures for file movements to be logged.

(c) Despite having log sheet records in place, the Representation did not control the management of the serially pre-numbered stationery used in printing the asylum-seeker and refugee certificates. A total of 4,746 pieces of stationery could not be accounted for in 2013 and 2014, which the Representation associated with stationery destroyed in early 2015 when an improved format of the stationery was introduced. The Representation arranged with a company printing the new stationery to carry out the destruction of the previous stock using a shredder. However, the Representation did not have any evidence on file of the inventory list of the old stock to be destroyed, duly signed by the responsible officer, or a copy of the inventory list sent to the archives.

(d) The 19 interpreters provided by a partner to perform interpretation functions during the interview of the persons of concern did not sign the UNHCR confidentiality statement and code of conduct for the asylum-seekers and refugees, increasing the risk of fraud.

(e) The standard operating procedures for refugee status determination did not prescribe the expected timeline from registration to the first instance refugee determination interview. For example, the time from registration to first instance refugee status determination interview increased to 243 days in 2014 from 238 days in 2013 but the Representation could not determine whether this was reasonable and in line with expectations.

19. The above shortcomings existed because of inadequate supervision of the implementation of registration and refugee status determination processes as outlined in the standard operating procedures. As a result, the Representation was not ensuring the effectiveness and integrity of the control processes over registration and refugee status determination activities.

**(1) The UNHCR Representation in Indonesia should put in place adequate supervision arrangements for monitoring: (a) the accuracy and reliability of registration data; (b) the movement of case files; (c) the handling of stationery for asylum-seeker and refugee certificates; (d) the signing of the confidentiality statement and code of conduct by the interpreters; and (e) the timeline to be established from registration to the first instance refugee status determination interview.**

*UNHCR accepted recommendation 1 and stated that: (a) under the Representation's revised procedures, a supervisory officer different from the staff who conducted the asylum-seekers' registration would review the data collected and issue the asylum-seeker certificate; (b) standard operating procedures were updated for staff to log the movement of case files into an electronic File Tracking System and measures were implemented to store files in designated areas with strict access controls; (c) procedures were put in place for using the new secure paper in sequential order, duly recorded by designated officers; (d) the operational partner provided the Representation with a draft 'Undertaking of Confidentiality and Impartiality' incorporating the main elements of UNHCR's Interpreter Undertaking; and (e) the standard operating procedures on registration and refugee status determination were updated to provide for interviews to take place within eight months of registration. Recommendation 1 remains open pending receipt of evidence of systematic implementation of all of the above-mentioned measures that the Representation has put in place.*

The partner selection process was not conducted properly

20. The UNHCR Guidelines on Selection and Retention of Partners require the Representation to implement a competitive selection process for its project partnerships. This includes creating a multi-functional Implementing Partner Management Committee, observing established timelines for the selection process, and publishing the Representation's call for expression of interest to potential partners who want to implement UNHCR projects. If operational constraints do not allow for compliance with the policy, the Representation upon the recommendation of the Committee is required to seek a waiver from UNHCR Implementing Partnership Management Service at headquarters, with adequate justification.

21. The Representation budgeted \$897,406 for one project to be implemented through a partnership agreement in 2014. To this end, the Representation established the Implementing Partner Management Committee on 16 September 2013 (or two months after the UNHCR guidelines came out in July 2013), composed of members from different functional units. However, the Representation only conducted an evaluation of its existing partner for retention, contrary to the requirements of undertaking the new selection process through a call for expression of interest. The Representation stated that it did not have sufficient time to undertake the complete partner selection process due to other pressing needs. However, it also did not seek approval from the Implementing Partnership Management Service to obtain a waiver from competitive selection.

22. This deficiency existed because of inadequate planning when the guidelines on the new selection process came out in July 2013. The deficiency could have been addressed had the Representation established, in a timely manner, the Implementing Partner Management Committee and the mandatory selection process with clear assignment of timelines and staff responsible for the process. As a result, the Representation was at risk of continuing to work with a partner that was not the best fit or the most competent for implementing its programmes.

**(2) The UNHCR Representation in Indonesia should develop procedures, with clear timelines and documentation of respective roles and responsibilities, for use in ensuring effective selection of partners for 2016 projects.**

*UNHCR accepted recommendation 2 and stated that the Representation developed and put in place procedures for implementing the partner selection process for the 2016 project. The composition of the Implementing Partnership Management Committee was established. The Committee met on 7 September 2015 to consider applications from potential partners for the 2016 project, including review of the results of thorough technical assessments conducted by designated sector experts. Based on the action taken and documentation provided by UNHCR, recommendation 2 has been closed.*

There was a need to create a multi-functional project monitoring team and supervise its work

23. The UNHCR Implementing Partnership Management Guidance Note requires the Representation to ensure that a project monitoring plan is implemented by a multi-functional team. The UNHCR Project Partnership Agreement requires the Representation to verify implementing partner final reports to assess their completeness and the accuracy of the reported expenditures. The Representation is also required to ensure that its partners maintain accounts for the receipt and disbursement of funds, hold a separate bank account for UNHCR project funds, and conduct periodic bank reconciliations. It also needs to conduct performance monitoring to assess the partners' progress in project implementation and ensure that the partners' performance is aligned with the financial expenditures incurred.

24. The Representation conducted eight financial verifications of the project implemented in 2013 and 2014. OIOS reviewed the Representation's partner final report verification results for 2013 and 2014, and financial and performance monitoring procedures. The verification reports only covered the monitoring of over or underspending of the budget line items. They did not include any information on verification procedures undertaken on specific expenditure accounts or assessments of whether bank reconciliations were conducted by the partner.

25. To validate the effectiveness of the Representation's monitoring controls, OIOS visited the partner and noted that it maintained an accounting system that ensured vouching of expenditures from implementing partner final reports to transaction journals and vouchers. However, OIOS observed some control weaknesses, e.g., the partner prepared incomplete bank reconciliations and did not address the lack of segregation of duties in the conduct of the bank reconciliations. The partner also reported inaccurate performance results which the Representation had not identified during its verifications. For example, the partner reported 50 per cent as the proportion of unaccompanied minors and separated children for whom best interest processes had been made, although the actual figure was 5 per cent. The partner also reported 70 per cent as the percentage of adolescents who participated in targeted programmes when the total number of adolescents was unknown. In addition, the Representation did not systematically compare financial expenditures incurred to the actual project progress.

26. The above weaknesses happened due to the lack of staff expertise in verifying financial information because no staff member from the Finance Unit was represented in eight of the financial verifications conducted. In addition, supervision of the work of the monitoring team was inadequate. As a result, the Representation was not fully ensuring that the expenditures in implementing partner final reports were complete and accurate or that the reported performance information was reliable.

**(3) The UNHCR Representation in Indonesia should put in place a multi-functional monitoring team with clear responsibilities for the performance and financial components of monitoring activities, as well as procedures for effectively supervising the quality of the work of the team.**

*UNHCR accepted recommendation 3 and stated that the Representation created a multi-functional*



*monitoring team consisting of Programme, Finance and Community Services staff to monitor the performance and financial components of the partner's activities. A plan for regular monitoring was also implemented, with the multi-functional monitoring team having already conducted assessments of the partner. Procedures were also now in place under which senior staff supervised and ensured the quality of the team's work. Based on the action taken and documentation provided by UNHCR, recommendation 3 has been closed.*

The Representation needed to undertake an assessment of the partner's procurement capacity and regularly monitor the partner's procurement activities

27. The 2014 UNHCR Policy and Procedures on Procurement by Partners with UNHCR Funds requires the Representation to ensure that the designation of procurement of goods and services to a partner is limited to only those occasions and conditions when the partner has a clearly proven advantage.

28. For 2015, by virtue of the Project Partnership Agreement signed on 26 December 2014, the Representation entrusted to its partner the procurement of goods and services estimated at \$122,000. The Representation did not undertake and document a cost-benefit analysis to assess whether entrusting procurement to the partner represented a comparative advantage over the Representation undertaking the procurement. The Implementing Partner Management Committee also did not undertake an assessment of the added value of designating procurement to the partner or an assessment of the partner's capacity to procure. OIOS further observed that the Representation's monitoring team had not reviewed the partner's procurement procedures which could have provided valuable information on whether it was advantageous to entrust procurement to the partner. For instance, OIOS reviewed three of the partner's procurement cases totalling \$53,019 and noted violations of UNHCR procurement rules and procedures such as: inappropriate use of solicitation methods; lack of clear evaluation criteria; uncontrolled receipt and opening of bids; and absence of committees for bid opening, technical evaluation and commercial evaluation.

29. The above shortcomings were due to lack of appropriate oversight and supervision arrangements to ensure full compliance with the Policy and Procedures on Procurement by Partners and inadequate monitoring of the partner's procurement activities. As a result, the Representation was not ensuring that the partner had a clearly proven advantage to undertake procurement and that entrusting procurement to the partner was representing the best value for money for UNHCR.

**(4) The UNHCR Representation in Indonesia should develop local procedures for ensuring that the partner's procurement capacity is assessed and that its procurement activities are systematically reviewed and documented as part of the Representation's financial monitoring activities.**

*UNHCR accepted recommendation 4 and stated that the partner was now submitting all required supporting documents to UNHCR for endorsement prior to any planned procurement. This process would continue until the partner would acquire the pre-qualified status for procurement. The partner was currently reviewing its procurement guidelines in consultation with UNHCR and would re-submit the request for pre-qualification. Recommendation 4 remains open pending receipt of evidence that the Representation has adequately assessed the capacity of the partner to undertake procurement with UNHCR funds and regularly reviewed the partner's procurement activities as part of the financial verification exercises.*

## C. Regulatory framework

### There was a need to create a Vendor Review Committee and develop a plan for enhancing the technical competence of the Local Contracts Committee members

30. UNHCR procurement rules and procedures require the Representation to: (a) establish an effective vendor management system; (b) prepare an annual procurement plan according to identified needs; (c) undertake procurement activities in accordance with the procurement plan to facilitate transparent and competitive procurement in a timely manner; and (d) ensure adequate oversight over procurement activities.

31. In 2013 and 2014, the Representation issued 101 purchase orders valued at \$1.2 million. It established a Local Contracts Committee to review and approve procurement cases with a value of \$20,000 and above, and to oversee the procurement process. OIOS reviewed the vendor management system and nine purchase orders valued at \$785,684. The vendor management system was not working effectively, because: (a) the Representation's vendor roster did not indicate inactive vendors and each vendor's type of business; (b) the Representation registered vendors only upon vendor selection for a procurement case instead of conducting a formal evaluation of expressions of interest for inclusion in the vendor roster; and (c) the Representation evaluated each vendor's performance to support final payments but did not use the performance evaluations for the purpose of maintaining the vendor roster. The Representation had also not prepared annual procurement plans in 2013 and 2014. It justified this with reference to the insignificant amount of procurement it was undertaking and the fixed nature of the procurement.

32. In 2013 and 2014, the Local Contracts Committee met four times to review procurement cases for the repair of office premises, acquisition of the Internet service provider, rental of office space and acquisition of four vehicles. However, the Committee did not identify and address the following weaknesses in the Representation's procurement procedures during its deliberations and approval of procurement cases: (a) the Representation used requests for quotation instead of invitations to bid in the above-mentioned procurement cases when the respective amounts exceeded the threshold for the use of the invitation to bid solicitation method; (b) the Representation had not undertaken a competitive bidding process for the procurement for the rental of office space and security services for the last 10 years; (c) the Representation did not establish clear technical specifications and bills of quantities for two procurement cases related to alterations to premises; and (d) on procurement cases for two alterations to premises and the acquisition of the Internet service provider, the Representation did not control the receipt of quotations; did not use the two-envelope system; and did not establish the technical evaluation criteria, the technical evaluation team, and the bid opening and financial evaluation committees, as required.

33. The above shortcomings happened because of the absence of a Vendor Review Committee to oversee the vendor management process and lack of a plan for enhancing the technical competence of the staff responsible for procurement activities and the members of the Local Contracts Committee. As a result, there was a risk that the Representation was not fully obtaining value for money from its procurement activities.

**(5) The UNHCR Representation in Indonesia should: (a) create a Vendor Review Committee to oversee the vendor management process and to ensure the accuracy and integrity of the vendor roster; and (b) develop a plan for enhancing the technical competence of the staff responsible for procurement activities and the members of the Local Contracts Committee.**

*UNHCR accepted recommendation 5 and stated that the Representation had established a multi-functional Vendor Review Committee in September 2015 to strengthen procedures for vendor selection. It would provide refresher training to the members of the Local Contracts Committee and their alternates in October 2015 to enable them to perform their responsibilities in a competent manner. Recommendation 5 remains open pending receipt of evidence of the functioning of the Vendor Review Committee to ensure accuracy and integrity of the vendor roster, as well as evidence that refresher sessions for the staff responsible for procurement activities and the members of the Local Contracts Committee have been organized.*

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

**IV. ACKNOWLEDGEMENT**

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

(Signed) David Kanja  
Assistant Secretary-General, Acting Head  
Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

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

| Recom. no. | Recommendation   | Critical <sup>1</sup> /<br>Important <sup>2</sup> | C/<br>O <sup>3</sup> | Actions needed to close recommendation   | Implementation date <sup>4</sup> |
|------------|--|---|----------------------|--|----------------------------------|
| 1          | The UNHCR Representation in Indonesia should put in place adequate supervision arrangements for monitoring: (a) the accuracy and reliability of registration data; (b) the movement of case files; (c) the handling of stationery for asylum-seeker and refugee certificates; (d) the signing of the confidentiality statement and code of conduct by the interpreters; and (e) the timeline to be established from registration to the first instance refugee status determination interview. | Important   | O                    | Submission to OIOS of evidence of systematic monitoring of: (a) the accuracy and reliability of registration data; (b) the movement of case files; (c) the handling of stationery for asylum-seeker and refugee certificates; (d) the signing of the confidentiality statement and code of conduct by the interpreters; and (e) the timeline established from registration to the first instance refugee status determination interview. | 31 October 2015                  |
| 2          | The UNHCR Representation in Indonesia should develop procedures, with clear timelines and documentation of respective roles and responsibilities, for use in ensuring effective selection of partners for 2016 projects.   | Important   | C                    | Action completed.  | Implemented                      |
| 3          | The UNHCR Representation in Indonesia should put in place a multi-functional monitoring team with clear responsibilities for the performance and financial components of monitoring activities, as well as procedures for effectively supervising the quality of the work of the team.   | Important   | C                    | Action completed.  | Implemented                      |
| 4          | The UNHCR Representation in Indonesia should develop local procedures for ensuring that the partner's procurement capacity is assessed and that its procurement activities are systematically  | Important   | O                    | Submission to OIOS of documentary evidence that the Representation has adequately assessed the capacity of the partner to undertake procurement with UNHCR funds and regularly   | 31 December 2015                 |

<sup>1</sup> Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

<sup>2</sup> Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

<sup>3</sup> C = closed, O = open

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

## STATUS OF AUDIT RECOMMENDATIONS

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

| Recom. no. | Recommendation   | Critical <sup>1</sup> /<br>Important <sup>2</sup> | C/<br>O <sup>3</sup> | Actions needed to close recommendation   | Implementation date <sup>4</sup> |
|------------|--|---|----------------------|--|----------------------------------|
|            | reviewed and documented as part of the Representation's financial monitoring activities.   |   |                      | reviewed the partner's procurement activities as part of the financial verification exercises.   |                                  |
| 5          | The UNHCR Representation in Indonesia should: (a) create a Vendor Review Committee to oversee the vendor management process and to ensure the accuracy and integrity of the vendor roster; and (b) develop a plan for enhancing the technical competence of the staff responsible for procurement activities and the members of the Local Contracts Committee. | Important   | O                    | Submission to OIOS of evidence of the functioning of the Vendor Review Committee to ensure accuracy and integrity of the vendor roster, as well as evidence that refresher sessions for the staff responsible for procurement activities and the members of the Local Contracts Committee have been organized. | 31 October 2015                  |

# **APPENDIX I**

## **Management Response**

## Management Response

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

| Rec. no. | Recommendation  | Critical <sup>1</sup> /<br>Important <sup>2</sup> | Accepted?<br>(Yes/No) | Title of responsible individual | Implementation date  | Client comments   |
|----------|---|---|-----------------------|---------------------------------|--|---|
| 1        | <p>The UNHCR Representation in Indonesia should put in place adequate supervision arrangements, with timelines and staff responsible for:</p> <p>(a) monitoring the accuracy and reliability of the registration data;</p> <p>(b) case file management;</p> <p>(c) controlling the stationery for asylum-seeker and refugee certificates;</p> <p>(d) signing of the confidentiality statement and code of conduct by the interpreters; and</p> <p>(e) establishment of a timeline from registration</p> | Important   | Yes                   | Senior Protection Officer       | <p>(a) 29 Apr 2015</p> <p>(b) 14 Aug 2015</p> <p>(c) 21 Jul 2015</p> | <p>(a): The UNHCR Indonesia procedures were revised to address this recommendation. Under the revised procedures, a supervisory officer different from the staff who conducted the asylum-seekers' registration now reviews data collected by the registration staff and the supervisory officer issues the asylum-seeker certificate if all is determined to be in order.</p> <p>(b): An electronic File Tracking System (FTS) to record the location and movement of case files has been in place since 2011. The Representation has updated its Standard Operating Procedures (SOPs) to better reflect procedures for file tracking, and to specify the requirement of a quarterly audit of all case files to ensure compliance. In addition, to ensure more secure management of case files, a central file storage room has now been established with strict access controls, including limited access only for designated staff and the installation of a security code door lock.</p> <p>(c): Discrepancies that occurred in 2013 and 2014 in accounting of stationary for</p> |

<sup>1</sup> Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

<sup>2</sup> Important recommendations address important (but not critical or pervasive) deficiencies in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

## Management Response

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

| Rec. no. | Recommendation   | Critical <sup>1</sup> /<br>Important <sup>2</sup> | Accepted?<br>(Yes/No) | Title of responsible individual | Implementation date   | Client comments  |
|----------|--|---|-----------------------|---------------------------------|---|--|
|          | to the first instance refugee status determination interview.  |   |                       |                                 | (d) Expected to be implemented by 31 Oct 2015<br><br>(e) 1 Sep 2015 | asylum-seeker and refugee documentation have been rectified. Now, following the printing of new secure paper in 2015 with a different numbering system, strict procedures are in place to ensure paper is used in sequential order and duly recorded by designated officers.<br><br>(d): The UNHCR Representative is addressing the issue of the signing of the confidentiality statement and code of conduct and expects to resolve this matter by 31 October 2015.<br><br>(e): The Representation has updated its standard Operating Procedures SOPs to indicate that the refugee status determination (RSD) interviews should take place within eight months of registration. |
| 2        | The UNHCR Representation in Indonesia should develop procedures, with clear timelines and documentation of respective roles and responsibilities, for use in ensuring effective implementation of the selection of partners for 2016 projects. | Important   | Yes                   | Admin/Program Officer           | 2 Jul 2015  | The Representation has developed and put in place procedures for ensuring implementation of the partner selection process for the 2016 project. The composition of a new Implementing Partnership Management Committee (IPMC) has been determined and posted on e-SAFE. The IPMC met on 7 September 2015 to consider applications from potential partners for the 2016 project, including review of the results of thorough technical assessments conducted by designated sector experts.  |
| 3        | The UNHCR Representation in Indonesia should put in  | Important   | Yes                   | Admin/Program Officer           | 6 Jul 2015  | The Representation has created a multi-functional monitoring team consisting of Programme, Finance and Community   |



## Management Response

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

| Rec. no. | Recommendation   | Critical <sup>1</sup> /<br>Important <sup>2</sup> | Accepted?<br>(Yes/No) | Title of responsible individual | Implementation date  | Client comments   |
|----------|--|---|-----------------------|---------------------------------|--|---|
|          | place a multi-functional monitoring team with clear responsibilities for the performance and financial components of monitoring activities, as well as procedures for effectively supervising the quality of the work of the team.   |   |                       |                                 |  | Services to monitor the performance and financial components of the partner's activities to ensure they are in line with the Project Partnership Agreement (PPA). A plan for regular monitoring has been implemented, with the multi-functional monitoring team having already conducted assessments of the implementing partner. Procedures are also in place under which senior staff supervise and ensure the quality of the team's work.  |
| 4        | The UNHCR Representation in Indonesia should develop local procedures that include milestones and assign responsibilities for overseeing that the partner's procurement activities are systematically reviewed and documented as part of the Representation's financial monitoring activities. | Important   | Yes                   | Admin/Program Officer           | October 2015   | <p>The partner is now submitting all required supporting documents to UNHCR for endorsement prior to any planned procurement. This process will continue until the partner has acquired pre-qualified status for procurement.</p> <p>The partner submitted the request for pre-qualification in November 2014. Following UNHCR's response, the partner is currently reviewing its procurement guidelines in consultation with UNHCR and will re-submit the request for pre-qualification.</p> |
| 5        | The UNHCR Representation in Indonesia should: (i) create a vendor review committee to oversee the vendor management process and to ensure the accuracy and integrity of the vendor roster; and (ii) develop a plan for enhancing the technical competence of                                   | Important   | Yes                   | Admin/Programme Officer         | <p>9 Sep 2015</p> <p>Expected to be implemented by 31 Oct 2015</p> | <p>(i): The Representation has established a multi-functional Vendor Review Committee (VRC) to strengthen procedures for vendor selection.</p> <p>(ii): The administration will provide refresher training to the members of the Local Contracts Committee and their alternates to enable them in performing their responsibilities in a competent manner.</p>  |

Management Response

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

| Rec. no. | Recommendation   | Critical <sup>1</sup> /<br>Important <sup>2</sup> | Accepted?<br>(Yes/No) | Title of responsible individual | Implementation date | Client comments |
|----------|--|---|-----------------------|---------------------------------|---------------------|-----------------|
|          | the members of the Local Committee on Contracts and the quality and effectiveness of the process for reviewing procurement cases submitted to the Committee. |   |                       |                                 |                     |                 |

