



INTERNAL AUDIT DIVISION

REPORT 2017/103

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

**There was a critical need to strengthen
controls over all aspects of partnership
management**

**29 September 2017
Assignment No. AR2017/111/04**

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

EXECUTIVE SUMMARY

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over the Office of the United Nations High Commissioner for Refugees (UNHCR) operations in Cameroon. The audit covered the period from 1 January 2016 to 31 March 2017 and included a review of: planning and resource allocation; partnership management; fair protection process and documentation; shelter and settlement activities; procurement and vendor management; arrangements for staff accommodation; and enterprise risk management.

The Representation had effective controls in place over planning and resource allocation. However, there was a critical need for the Representation to strengthen controls over partnership management. The Representation also needed to strengthen controls over fair protection process and documentation, shelter and settlement, procurement and vendor management, staff accommodation, and risk management.

OIOS made six recommendations. To address issues identified in the audit, the Representation needed to:

- Ensure that the requirements for selection and retention of partners, conclusion of project partnership agreements, procurement designated to partners, and financial and performance monitoring of projects implemented through partners are systematically complied with and the associated risks are effectively managed (**critical**);
- Develop and implement procedures for continuous registration of refugees, regular off-site back up of registration data, and systematic analysis of registration audit reports from the proGres system;
- Strengthen management oversight over the implementation of the shelter strategy to ensure: (a) prioritization of the transition from emergency shelter to semi-permanent/permanent shelter; (b) better planning of shelter programme interventions; (c) full adoption and monitoring of implementation of shelter and security standards; and (d) implementation of procedures and tools for monitoring and reporting on shelter indicators;
- Prepare comprehensive procurement plans, and ensure implementation of adequate procedures for vendor vetting and preparation of vendor files, submission of all cases above \$20,000 to the relevant Committee on Contracts for review and approval, and compliance with minimum bidding times;
- Strengthen management supervision and control arrangements over staff accommodations and develop an action plan for achieving compliance with minimum standards on living conditions; and
- Strengthen procedures for risk identification, analysis, treatment and monitoring, together with assignment of relevant management and staff responsibilities.

UNHCR accepted the recommendations, had implemented one recommendation related to staff accommodation, and had initiated action to implement the others.

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Audit of the operations in Cameroon 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 Cameroon for the Office of the United Nations High Commissioner for Refugees (UNHCR).

2. The UNHCR Representation in Cameroon (hereinafter referred to as ‘the Representation’) was established in 1999 to provide refugees, asylum seekers and other persons of concern with international protection and humanitarian assistance. As at 31 March 2017, the Representation assisted 596,296 persons of concern, including refugees mainly from Central African Republic (CAR) (259,145) and Nigeria (85,463) and 191,908 Internally Displaced Persons. The refugees and asylum seekers were widely dispersed in the country, including in a camp for Nigerian refugees, seven refugee sites, more than 300 villages hosting refugees from CAR, and urban centres in Yaoundé and Douala hosting refugees from various countries. The Representation’s budget had been decreasing in recent years, from \$55.8 million in 2015 and \$51.5 million in 2016 to \$44.4 million in 2017. This forced the Representation to re-focus its strategic approach starting in 2017 to a multi-year self-reliance strategy for all refugees and the socio-economic integration of refugees from CAR into Government services for health, education and water, sanitation and hygiene sectors while maintaining life-saving services for refugees in the sites. Furthermore, the Representation had updated its registration records for refugees by re-verifying the registration data, implementing biometric identification, and issuing new refugee identity documentation.

3. The Representation was headed by a Representative at the D-1 level and it had, as at 31 March 2017, 200 regular staff posts and 58 affiliate staff. It had a Country Office in Yaoundé, three Sub Offices in Meiganga, Maroua and Batouri, and three Field Offices in Douala, Bertoua and Djohong. The Representation recorded total expenditure of \$50.5 million in 2016 and \$11.8 million in the three months up to 31 March 2017. It worked with 19 partners in 2016 and 14 in 2017. The partner expenditures represented 81 per cent of the total programme-related expenditure in 2016.

4. Comments provided by the Representation are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

5. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over UNHCR operations in Cameroon.

6. The audit was included in the 2017 risk-based internal audit work plan of OIOS due to risks related to the size and complexity of the operations in Cameroon and because the previous OIOS audit in Cameroon in 2015 (report AR2015/110/03) had raised four critical recommendations.

7. OIOS conducted the audit from April to July 2017. The audit covered the period from 1 January 2016 to 31 March 2017. Based on an activity-level risk assessment, the audit covered higher risk processes and activities pertaining to the operations in Cameroon, which included: planning and resource allocation; partnership management; fair protection process and documentation; shelter and settlement activities; procurement and vendor management; staff accommodation; and enterprise risk management.

8. The audit methodology included: (a) interviews of key personnel; (b) review of relevant documentation; (c) analytical reviews of data, including financial data from Managing for Systems,

Resources and People (MSRP), the UNHCR enterprise resource planning system, and performance data from Focus, the UNHCR results-based management system; (d) sample testing of controls using both systematic and random sampling methods; (e) visits to the Representation's Country Office in Yaoundé, Sub Offices in Meiganga, Batouri and Maroua, Field Offices in Djohong and Bertoua, and the offices of five partners implementing UNHCR projects; and (f) observation of programme activities implemented in the Minawao refugee camp and four refugee sites (Mbile, Gado, Borgop and Ngam).

III. OVERALL CONCLUSION

9. The Representation had effective controls in place over planning and resource allocation. However, there was a critical need for the Representation to strengthen controls over all aspects of partnership management. Furthermore, the Representation needed to ensure implementation of robust registration procedures, establish adequate management oversight arrangements over shelter activities, strengthen procurement planning and management oversight over procurement procedures and vendor management, ensure implementation of the minimum standards on staff living conditions, and put in place clear process requirements for maintenance of the risk register.

IV. AUDIT RESULTS

A. Planning and resource allocation

The Representation had effective controls in place over planning and resource allocation

10. The Representation had conducted needs assessments for each population planning group following the Age, Gender and Diversity participatory approach. Results of the needs assessments and the year-end reports were fed into the operations planning process. With due consideration of the local operational context and operating level constraints, such as the decrease in the budget, the Representation determined its annual operations plan and priorities, developed protection strategies, and allocated the available resources in line with the results based management approach. OIOS therefore concluded that the Representation had effective controls in place over planning and resource allocation.

B. Partnership management

There was a critical need to strengthen controls over all aspects of partnership management

11. The UNHCR Enhanced Framework for Implementing with Partners requires the Representation to: (a) select partners in a transparent manner by following a competitive selection process based on pre-established criteria; (b) conclude project partnership agreements (PPA) in December preceding the year of implementation; and (c) ensure that risk-based project monitoring plans are developed and implemented by a multi-functional team, which includes verification of the partners financial reports to establish the validity and support for reported expenditures and performance monitoring to assess progress in project implementation against project targets and correlation with the financial expenditures incurred.

12. *Partner selection and retention* - Whilst the selection and retention process for 2016 PPAs was adequately conducted without any exceptions noted, OIOS observed an unexplained control gap in the process for 2017. For one partner retained from the previous year, the recommendation made by the Representation's Implementing Partnership Management Committee (IPMC) was not followed through. The minutes of the IPMC submitted for approval of the Representative stated that the partner in charge of shelter and infrastructure was recommended for retention for the area of the Extreme North (Maroua) but not for the East (Meiganga, Batouri). The IPMC, based on an analysis of the Sub Offices involved, justified

this decision on the grounds of insufficient performance of the partner and lack of presence of the partner in the East region. Despite this, the Representative made a decision to retain the partner for activities in both the Extreme North and East regions; however, without documenting the reasons for rejecting the recommendation made by the IPMC. Furthermore, the Sub Office in Batouri did not prepare a PPA with the partner. This was due to an apparent communication problem between the Country Office and the Sub Office. As a result, no shelter and water, sanitation and hygiene projects were implemented in 2017 up to May 2017 at the Gado site hosting 24,000 refugees.

13. *Conclusion of PPAs* - The Representation's conclusion of PPAs was not timely. In 2016, for 25 PPAs starting on 1 January 2016, one PPA was signed in January 2016, 16 were signed in February, five in March, two in April and one in July 2016. In 2017, for 22 PPAs starting on 1 January 2017, 17 PPAs were signed in February 2017, one in March, three in April and one in May 2017. This happened mainly due to lengthy negotiations and lack of coordination between the Country Office and Sub Offices. As a result, project activities were delayed. For example, one partner's project activities did not start until May 2017 for water, sanitation, hygiene and shelter projects. Some partners were also forced to pre-finance their project activities because salaries of project staff needed to be paid.

14. *Designation of procurement to partners* - The Representation designated procurement in excess of \$100,000 to four partners in 2016 and 2017, with a cumulative value of \$2.2 million in 2016 and \$1.1 million in 2017. Although these partners were all prequalified by UNHCR, the Representation did not conduct the required cost-benefit analysis or assessment of the partners' procurement capacity in either year to justify the designation of procurement to them. In addition, although the IPMC had recommended that the procurement activities carried out by the four partners should be monitored, there was no documentary evidence of such monitoring having been undertaken for any of them. The Representation had also not attended any of the Procurement Committee meetings at the partners. As a result, for two partners OIOS visited, there were weaknesses in the bidding procedures.

15. *Planning for project monitoring* - The Representation did not have any risk-based monitoring plans for partner projects for 2016 and 2017. Although it had established a multi-functional team (MFT), the composition of the team did not comply with the UNHCR requirements. For example, teams were not established for each partner project and field office staff were not represented in the MFT, although they were well positioned to monitor project performance by partners. Moreover, although the release of payments of new installments to partners was done from the Country Office in Yaoundé, the Representation had not clarified what monitoring reports or deliverables it required from each UNHCR field office to support the approval of such releases.

16. *Performance monitoring* - None of the Representation's performance monitoring reports from any of the offices visited by OIOS assessed partner performance against targets or the work plan agreed in the PPA. As a result, it was not possible to conclude whether the partners were implementing projects according to targets and the agreed plan. The Representation had not done any monitoring in the first quarter of both 2016 and 2017, because of the late signing of PPAs. The Representation's performance monitoring was not linked to financial monitoring and the performance monitoring reports were not used as the justification for quarterly approval to release the next installment of funds to partners.

17. *Financial monitoring* - Although the Representation conducted at least two financial monitoring visits to each partner in 2016, the financial monitoring reports did not clearly indicate the budget lines and sample of transactions reviewed and, therefore, OIOS could not assess the adequacy of the financial monitoring, especially given the lack of risk-based monitoring plans for each PPA. Moreover, the Representation had receivables from partners pending recovery; some of them dating back several years. They pertained to receivables from two partners for 2012 projects totaling \$16,000; from one partner for a 2014 project totaling \$197,000; and from one partner for a 2016 project totaling \$110,000.

18. *Follow-up on project audits* - The Representation had no system in place to follow up on audit recommendations raised by external auditors in project audit reports. At the request of OIOS, the Representation checked the status of recommendations in 13 out of 20 audit reports related to 2015 projects (issued in 2016), and confirmed that 20 out of 56 recommendations made were still in progress of implementation, with \$85,000 pending recovery from partners. For the other seven audit reports, the Representation explained to the audit team that it was planning to follow up on questionable expenditures as reported by the external auditor in the amount of \$448,000.

19. As a result of the shortcomings cited above, the Representation was exposed to the risk of failure to achieve the intended project objectives and increased risk of losses and fraud. In fact, OIOS found weak controls at all the five partners visited. For example, one partner was consistently paying its staff late, up to three months, which had resulted in staff strikes and delayed implementation of the refugee re-verification project. At another partner, the 2016 project for the construction of the maternity ward in Gado site was still not completed by May 2017 and there was no evidence that this was known to the Representation's monitoring teams. At the same partner, for a sample of payments for medications amounting to \$40,000, several prescriptions had been visibly altered by medical staff without any justifications, thus increasing the expenditure amounts.

20. The main reasons for the control deficiencies observed, which OIOS considered critical, were inadequate coordination between the Country Office and the Sub Offices and between various units in the Country Office and insufficient management oversight to ensure that the requirements for partnership management were planned and implemented for the whole country, with due diligence. OIOS had raised two critical recommendations in its 2015 audit covering partner monitoring and partner procurement, which had been closed based on assurances and documentation provided by the Representation. Despite the reported action taken, OIOS could not observe sustainable improvements in controls over partnership management since the 2015 audit.

(1) The UNHCR Representation in Cameroon should put in place adequate coordination mechanisms and management oversight arrangements to ensure that the requirements for selection and retention of partners, conclusion of project partnership agreements, procurement designated to partners, and financial and performance monitoring, including follow-up on recommendations raised in project audits and recovery of partner receivables, are systematically complied with and the associated risks are effectively managed.

UNHCR accepted recommendation 1 and stated that the Representation: (i) updated the IPMC and Heads of Sub Offices to ensure full sharing of information and effective coordination; (ii) shared the plan for timely desk review and retention of partners for 2018/2019; (iii) would follow the official plan/road map towards signing of PPAs by December 2017; (iv) was currently discussing with partners on the most suitable dates for the assessment of their procurement capacity; (v) had carried out verifications for 24 of 33 projects so far and these had been considered in the review of releasing instalments; (vi) provided follow-up action on project audit recommendations; and (vii) cleared partner receivable balances for partner projects. Recommendation 1 remains open pending: (i) documentation on the cost-benefit analysis and capacity assessments undertaken in respect of partner procurement; and (ii) evidence that a system of follow-up has been implemented for all project audit recommendations.

C. Fair protection process and documentation

The Representation needed to ensure adequate implementation of continuous registration of refugees and undertake regular database back-ups and registration data analysis

21. The UNHCR Handbook for Registration requires the Representation to implement procedures for continuous registration to keep data on its population of concern up-to-date by regularly recording births, deaths, marriages and departures, and validating the population data, and to have identification/status documents issued to refugees for protection purposes.

22. The Representation had completed in May 2017 a re-verification of the refugee population in Cameroon. This included: updating registration and profiling information in the UNHCR registration database, proGres; adding biometric information of refugees for identification purposes; and issuing new identity documentation to refugees. The re-verification exercise resulted in a decrease of 52,542 refugees from CAR, from 259,145 to 206,603, or 20 per cent. The Representation associated unregistered departures or duplicate registrations in the earlier data as possible reasons for such a significant drop in numbers; however, it had not analyzed the exceptions. The Representation did not have procedures for continuous registration of refugees to capture changes in population figures in proGres. A normal practice in UNHCR operations is to link registered numbers to actual food distributions and put registered refugees 'on hold' in proGres if they do not show up twice for the monthly food distribution. In the case of the refugees from CAR, a plan for implementing continuous registration was a necessity, given that the refugees were widely spread over seven sites and some 300 villages.

23. The Representation had also not implemented procedures to ensure adequate and regular back-up of proGres registration data. For example, the last off-site back-up for the complete verification data for the refugees from CAR was done in December 2016. The Representation's mobile verification teams made regular back-ups of the local registration databases, but these back-ups were kept together with the original database, which increased the risk of all registration data being lost simultaneously.

24. The Representation had not implemented procedures to verify registration data changes through audit reports from proGres and detect possible irregularities in registration. For urban refugees in Yaoundé, there were 176 changes of nationality and over 900 changes of birth dates recorded between January 2015 and May 2017, which needed to be checked for accuracy and validity as they represented a risk of misrepresentation of facts or fraud because refugee status determination and resettlement processes relied on this data.

25. Population figures form an important basis for programme planning and budgeting and fundraising. Inaccurate or unreliable refugee data or unexplained drops in real refugee population figures can therefore pose both an operational and a reputational risk to UNHCR. The main reason for the lack of adequate registration procedures was insufficient prioritization of controls to implement continuous registration and regular database back-ups and analysis of refugee data. The Representation explained that this happened because the re-verification exercise had received priority in the use of the available staffing resources.

(2) The UNHCR Representation in Cameroon should develop and implement procedures for continuous registration of refugees, regular off-site back up of registration data, and systematic analysis of registration audit reports from the proGres system.

UNHCR accepted recommendation 2 and stated that the Representation was developing standard operating procedures for refugee registration to be implemented by November 2017. The Representation also started using the integrated audit function in proGres which was backed up on

a daily basis on an external disk. Recommendation 2 remains open pending receipt of evidence of: (i) procedures implemented for continuous registration of refugees in all sites and villages; and (ii) regular assessment of audit reports from proGres.

D. Shelter and settlement

There was a need to implement adequate management oversight arrangements over shelter activities

26. The UNHCR Global Strategy for Settlement and Shelter 2014-2018 requires the Representation to ensure the provision of adequate and durable shelters for the persons of concern and effective monitoring of settlement and shelter activities. Therefore, it is essential for the Representation to: (a) develop and implement a local settlement and shelter strategy at the contingency planning stage with a clear trajectory toward sustainable solutions; (b) implement standard operating procedures on data collection, analysis and reporting of shelter activities; (c) assess the need for technical expertise and address resulting gaps; and (d) monitor performance vis-à-vis established shelter indicators.

27. The Representation defined two shelter strategies for 2017-2018, one strategy for the Nigerian refugees in the North and one strategy for the CAR refugees in the East. The Representation conducted a staffing needs assessment for shelter and the current staffing strength appeared to meet the needs.

28. However, OIOS noted the following weaknesses related to management of shelter projects:

- The Representation did not sufficiently prioritize the transition to semi-permanent/permanent shelter in its shelter strategy and programming. As a result, emergency shelters and tents represented the majority of the constructed shelters (71 per cent in the East and Adamaoua, 81 per cent in Lolo, 75 per cent in Borgop, and 55 per cent in Minawao). OIOS noted that an important number of emergency shelters had in the meantime deteriorated.
- The shelter programming for 2016-2017 was not adapted to the geographical context and climate season in Cameroon, particularly in the East and the region of Adamaoua. The most suitable timeframe for refugees to build shelters using the available materials (pressed earth block) is December to March; however, during 2017, due to the delays in the conclusion of the PPAs, the implementation of shelter activities was delayed to April and May 2017 corresponding to the start of the rainy season. Consequently, it was difficult for refugees to build their own shelters.
- OIOS observed that in some cases the Sphere (minimum standards prescribed by a group of humanitarian organisations, adopted by UNHCR) and security standards had not been fully implemented. For example, there were shelters with inadequately covered living space; shelters built on pathways to facilities and services; and shelters built on flood prone grounds. The cited weaknesses could pose challenges to well-being and security of displaced persons.
- The Representation defined specific indicators and outputs for shelter, but it did not monitor the achievement of these indicators and outputs to assess the implementation of the shelter strategy. As a result, the Representation could not reasonably measure if it had implemented shelter activities in an effective manner and in accordance with the UNHCR Global Shelter Strategy. Also, the Representation had not developed and implemented standard operating procedures on data collection, analysis and reporting on shelter activities. The absence of a reliable data collection process could negatively impact on the efforts of the Representation.

29. The weaknesses above occurred due to lack of adequate management oversight over planning, implementation, monitoring and reporting of the shelter activities. As a result, the Representation was at risk of not achieving the objectives in its shelter strategy.

(3) The UNHCR Representation in Cameroon should put in place an action plan to strengthen management oversight over the implementation of the shelter strategy to ensure: (a) prioritization of the transition from emergency shelter to semi-permanent / permanent shelter; (b) better planning of shelter programme interventions; (c) full adoption and monitoring of implementation of shelter and security standards; and (d) implementation of procedures and tools for monitoring and reporting on shelter indicators.

UNHCR accepted recommendation 3 and stated that: (i) the plan for the transition of semi to permanent shelter would be shared; (ii) the current shelter strategy 2017-2018 had relevant security components; and (iii) a summary table submitted to OIOS showed the number of shelters targeted for rehabilitation compared to what had been completed to date. However, inadequate funding and partner capacity challenges, coupled with late signing of agreements, remained a major implementation challenge. Recommendation 3 remains open pending receipt of the multi-year plan for the transition to semi-permanent/permanent shelters.

E. Procurement and vendor management

There was a need to enhance procurement planning and management oversight over procurement procedures and submissions to the Local Committee on Contracts

30. UNHCR procurement rules and procedures require the Representation to: (a) establish an effective vendor management system; (b) prepare an annual procurement plan based on the identified needs; (c) initiate timely procurement activities in accordance with the procurement plan to facilitate transparent and competitive procurement; (d) ensure adequate oversight over procurement activities; and (e) ensure adequate supporting documentation for payment of procured goods and services.

31. From 1 January 2016 to 31 March 2017, the Representation issued purchase orders and concluded contracts locally totalling \$6.5 million. OIOS reviewed 20 contracts and related purchase orders worth \$4.5 million (70 per cent of total procurement) and payments totaling \$1.5 million.

32. *Vendor management* – The Representation had established a Vendor Review Committee, which met regularly to review the vendor database, delete duplicate vendors and deactivate some of the unused vendors. However, whilst the Representation had 1,229 vendors registered in the vendor database in MSRP, it had prepared vendor files only for 55 vendors, out of which 45 files were incomplete and missed important documentation. The Representation did not have procedures for vendor vetting.

33. *Procurement planning* – Although the Representation had prepared annual procurement plans for 2016 and 2017, these plans lacked target dates for procuring the items and were not comprehensive. For example, 12 out of 20 purchase orders selected by OIOS for sample testing were not included in the procurement plan. As a result, some purchases, like for spare parts, were not done in a timely manner. In addition, the planning weaknesses resulted in cost inefficiencies. For example:

- A cost-benefit analysis was not done to justify sourcing spare parts locally at a risk of lower quality and higher costs.

- The Representation had not put in place a generator replacement plan or a plan for the installation of two fuel tanks procured in 2016 to allow the generators to run continuously. Several offices and staff accommodations were running fully on generator power for electricity.
- Due to the absence of a fleet requirement plan and a distribution plan for 31 rented vehicles at the end of 2016, the Representation needed to park the vehicles in the logistic partner’s compound in Bertoua at a rental cost of approximately \$86,600 for February and March 2017.

34. *Contract management* – Four purchase orders totaling \$1.5 million were raised without a valid contract; for example, for fuel (\$1.1 million annually) and travel (\$187,000).

35. *Tendering process* - In 5 out of 20 cases tested, the time allowed to prospective vendors to respond to the invitation to bid ranged between 5 and 20 days without any justifications, when the UNHCR rules required 4 to 8 weeks. This may have been the reason for the low number of offers (2 or 5 offers) received in each of these cases.

36. *Submissions to the Local Committee on Contracts (LCC)* - the Representation had not submitted all procurement cases for review and approval to the LCC when required, because it lacked controls for monitoring the purchase order amounts by vendor above \$20,000. For example, for payments made to 12 vendors amounting to \$1.3 million, purchase orders were not approved by the LCC before issuance (these pertained to travel for \$187,000, fuel for \$724,507, and security for \$377,018). The Representation exceeded its delegation of authority by issuing purchase orders for travel purchases above \$150,000, which needed to be submitted for prior approval by the Headquarters Committee on Contracts.

37. The weaknesses regarding procurement planning occurred due to inadequate coordination between the Representation’s Supply, Programme and Administration Units, whilst the weaknesses in vendor management and procurement procedures were the result of inadequate management oversight to ensure full compliance with UNHCR rules and procedures. OIOS had raised a critical recommendation in its audit in 2015 to address control weaknesses in procurement and vendor management of which the root cause, i.e. lack of adequate management oversight, continued to persist, even if a general improvement in procurement management could be observed. As a consequence, the Representation was at risk of not getting value for money from its procurement activities.

(4) The UNHCR Representation in Cameroon should: (i) enhance coordination between all relevant Units to ensure preparation of comprehensive procurement plans that sufficiently take into consideration international sourcing options and timely renewal of contracts and frame agreements; and (ii) strengthen management oversight arrangements to ensure implementation of adequate procedures for vendor vetting and preparation of vendor files, submission of all cases above \$20,000 to the relevant Committee on Contracts for review and approval, and compliance with minimum bidding times.

UNHCR accepted recommendation 4 and stated that the Representation: (i) would provide a comprehensive procurement plan covering the 2018 implementation year; (ii) had regularly held LCC sessions which reflected the discussions and decisions made; and (iii) shared copies of the latest bids advertisement that clearly reflected the time limits for each bid as required by the current procurement rules. Recommendation 4 remains open pending receipt of a comprehensive procurement plan.

F. Staff accommodation

The Representation needed to put in place an action plan to ensure full implementation of the minimum standards on staff living conditions

38. To maintain psycho-social well-being of UNHCR staff deployed in the field, the Representation is required to put in place control arrangements for ensuring that staff accommodation meets the minimum standards on living conditions and are maintained properly. The Representation is also responsible for ensuring accurate and complete collection, recording and reporting of rental income from staff accommodation and its utilization to maintain and improve the staff accommodation facilities.

39. The Representation maintained staff accommodations in two different locations, in Djohong and Batouri, with a total of 16 rooms. The Representation reported total rental income of \$50,981 during 2015 and 2016, and ensured accurate and complete collection, calculation, recording and reporting of rental income. OIOS visited the staff accommodations in both locations, and assessed that recreational facilities and clean drinking water were provided as planned, and kitchens and dining rooms had the necessary equipment and utensils. However, neither of the staff accommodations met the minimum standards on living conditions for: minimum room space; adequacy of water supply and electricity; adequacy of security installations related to electricity network; and quality of walls and wooden doors which had holes allowing insects to enter. The Representation's Field Offices in both locations also did not develop a preventative maintenance plan to sustain the economic life of the staff accommodations and their accessories.

40. The cited weaknesses occurred because of inadequate management supervision to ensure implementation of the requirements promulgated in the Administrative Instruction on UNHCR-Provided Accommodation in the Field, including regarding maintenance of minimum standards of living conditions and the need to implement a preventative maintenance plan for staff accommodations. As a result, the Representation was not fully ensuring the provision of quality and livable accommodations to staff.

(5) The UNHCR Representation in Cameroon should strengthen management supervision and control arrangements over staff accommodations and develop an action plan for achieving full compliance with the minimum standards on living conditions.

UNHCR accepted recommendation 5 and stated that the Representation had already started a review of the staff housing conditions and related gaps. Based on the action taken and documentation received, recommendation 5 has been closed.

G. Enterprise risk management

The Representation needed to put in place clear process requirements and assign responsibilities for maintenance of the risk register

41. To effectively manage risks to its operational objectives, UNHCR Enterprise Risk Management Framework requires the Representation to: a) understand its operational context; b) identify its key risks; c) analyze and evaluate the risks; d) develop and implement a plan to treat these risks; e) monitor and report on its risk management processes; and f) ensure that these processes are sufficiently communicated and that relevant staff are effectively trained and consulted.

42. The Representation had last updated its risk register in November 2016. The current risk register contained 26 risks. OIOS noted the following weaknesses in the implementation of the ERM procedures:

- *Risk identification and operational context* – Some key risks were not included in the risk register, even though they appeared to be relevant to the operational context. For example, the Representation had not identified any risks related to security of staff although in the far north of the country the security level was 4 (high) and the security risk assessment for Cameroon had raised the risk of terrorist threat as high. The risk register did not contain any risks related to the Representation’s statelessness programme or the Internally Displaced Persons programme even though both population groups were included in the Operations Plan.
- *Risk analysis and evaluation* - The prioritization of risks was not always logical. The Representation had, for example, prioritized one risk with medium likelihood and moderate impact while it had not prioritized some other risks with high or very high likelihood and major or disastrous impact. For example, massive refugee influx and overcrowding of the camp was rated as having high likelihood and disastrous impact but this risk was not prioritized.
- *Risk treatment and monitoring* - The Representation had not developed treatment plans with target dates and responsible action holders for any of the 26 risks. UNHCR ERM procedures made it a mandatory requirement to develop such plans for priority risks. Furthermore, there was no evidence that the prioritized risks had been actively monitored.
- *Risk communication and consultation* – Although the role of the ERM Focal Point had been assigned, those of other key managers and staff involved in decision-making and operations planning, and their respective responsibilities in risk management, were not clearly established. The ERM Focal Point had also frequently changed within a short period of time.

43. OIOS associated the above weaknesses with the lack of commitment to integrate ERM into the operation management cycle and to assign clear responsibilities for implementing the requirements. As a result, the Representation was not using UNHCR’s ERM Framework to effectively manage its risks to the achievement of its objectives.

(6) The UNHCR Representation in Cameroon should strengthen procedures for risk identification, analysis, treatment and monitoring, together with assignment of relevant management and staff responsibilities, in order to integrate Enterprise Risk Management better into the operation management cycle.

UNHCR accepted recommendation 6 and stated that the Representation would organize an ERM workshop in early November with the aim to more effectively manage the process within the operation management cycle. Recommendation 6 remains open pending receipt of evidence of procedures implemented to ensure that risk identification and analysis and treatment and monitoring of prioritized risks are effectively built into the operation management cycle.

V. ACKNOWLEDGEMENT

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

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

STATUS OF AUDIT RECOMMENDATIONS

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

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	The UNHCR Representation in Cameroon should put in place adequate coordination mechanisms and management oversight arrangements to ensure that the requirements for selection and retention of partners, conclusion of project partnership agreements, procurement designated to partners, and financial and performance monitoring including follow-up on recommendations raised in project audits and recovery of partner receivables, are systematically complied with and the associated risks are effectively managed.	Critical	O	Submission to OIOS of: (i) documentation on the cost-benefit analysis and capacity assessments undertaken in respect of partner procurement; and (ii) evidence that a system of follow-up has been implemented for all project audit recommendations.	31 December 2017
2	The UNHCR Representation in Cameroon should develop and implement procedures for continuous registration of refugees, regular off-site back up of registration data, and systematic analysis of registration audit reports from the proGres system.	Important	O	Submission to OIOS of evidence of: (i) procedures implemented for continuous registration of refugees in all sites and villages; and (ii) regular assessment of audit reports from proGres.	30 November 2017
3	The UNHCR Representation in Cameroon should put in place an action plan to strengthen management oversight over the implementation of the shelter strategy to ensure: (a) prioritization of the transition from emergency shelter to semi-permanent/ permanent shelter; (b) better planning of shelter programme interventions; (c) full adoption and monitoring of implementation of shelter and security standards; and (d) implementation of	Important	O	Submission to OIOS of the multi-year plan for the transition to semi-permanent/permanent shelters.	31 December 2017

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

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

³ C = closed, O = open

⁴ Date provided by UNHCR in response to recommendations.

STATUS OF AUDIT RECOMMENDATIONS

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

	procedures and tools for monitoring and reporting on shelter indicators.				
4	The UNHCR Representation in Cameroon should: (i) enhance coordination between all relevant Units to ensure preparation of comprehensive procurement plans that sufficiently take into consideration international sourcing options and timely renewal of contracts and frame agreements; and (ii) strengthen management oversight arrangements to ensure implementation of adequate procedures for vendor vetting and preparation of vendor files, submission of all cases above \$20,000 to the relevant Committee on Contracts for review and approval, and compliance with minimum bidding times.	Important	O	Submission to OIOS of a comprehensive procurement plan.	31 December 2017
5	The UNHCR Representation in Cameroon should strengthen management supervision and control arrangements over staff accommodations and develop an action plan for achieving full compliance with the minimum standards on living conditions.	Important	C	Action completed.	Implemented
6	The UNHCR Representation in Cameroon should strengthen procedures for risk identification, analysis, treatment and monitoring, together with assignment of relevant management and staff responsibilities, in order to integrate Enterprise Risk Management better into the operation management cycle.	Important	O	Submission to OIOS of evidence of procedures implemented to ensure that risk identification and analysis and treatment and monitoring of prioritized risks are effectively built into the operation management cycle.	31 December 2017

APPENDIX I

Management Response

Management Response

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

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments ³
1	The UNHCR Representation in Cameroon should put in place adequate coordination mechanisms and management oversight arrangements to ensure that the requirements for selection and retention of partners, conclusion of project partnership agreements, procurement designated to partners, and financial and performance monitoring including follow-up on recommendations raised in project audits and recovery of partner receivables, are systematically complied with and the associated risks are effectively managed.	Critical	Yes	Senior Programme Officer (i,ii,iii,v,vi,vii) Project Control Officer (v)	31 Dec 2017	<p>Reply to Recommendation Ii: The Representation updated the IPMC including Heads of Sub Offices to ensure full sharing of information effective coordination. Additionally the Representation conducts a weekly coordination meeting in which each Sub office attends and coordination issues are addressed. All PPA drafts are sent to Yaounde for final review and signed directly by the Representative, or the duly delegated Representative <i>ad interim</i>.</p> <p>Reply to Recommendation Iii: The process for the retention of partners for the 2018 and 2019 implementation respecting UNHCR rules and regulation has advanced. The representation earlier shared with OIOS the plan for timely desk review and retention of partners for 2018/2019. The desk review process was conducted by the field offices who submitted these to the representation office (Program & Project Control), which then forwarded them to the IPMC in Yaounde. Copies of the desk review process and the recommendation of the IPMC held on 13 September 2017 were shared to OIOS. All the IPMC minutes are now properly filed in a central repository as required by UNHCR guidelines on partner retention and selection. After</p>

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

³ Please indicate feasibility and realistic timelines for implementation of the recommendation.

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments ³
						<p>the review and signature by the Representative as per UNHCR rules & regulations, partners will be informed of the results of the retention process by official letter from the representative.</p> <p>Reply to Recommendation Iiii: The Representation will follow the official plan/road map towards signing of PPA by December 2017. So far, all the stages up to IP selection have been completed. Once the detailed planning for 2018 is completed in the system, PPA negotiations with partners will then be finalized.</p> <p>Reply to Recommendation 1iv: the Representation is currently discussing with IP on the most suitable dates for the assessment of their procurement capacity and the results will be shared with the IPMC before 30th October, in time for the PPA negotiation phase.</p> <p>Reply to Recommendation 1v: The Representation has carried out continuous Financial verification and performance monitoring for selected partners. It is important to note that it NOT a requirement that financial verifications (on-site) be conducted BEFORE each and every partner disbursement is made. This would have negative consequences on the project liquidity and implementation. The Representation has carried out verifications for 24 of 33 projects so far and these have been considered in the review of partner instalments.</p> <p>Reply to Recommendation Ivi: The IP auditors recommended recovery of the questionable expenditures. The follow-up action to address this is provided to OIOS.</p>

Rec. no.	Recommendation	Critical/ ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments ³
						<i>Reply to Recommendation Ivii:</i> The open (X21) balances for Cameroon partner projects now reflect zero balances.
2	The UNHCR Representation in Cameroon should develop and implement procedures for continuous registration of refugees, regular off-site back up of registration data, and systematic analysis of registration audit reports from the proGres system.	Important	Yes	Asst. Representative - Operations	30 November 2017	The Representation is currently developing the Standard Operating Procedures (SOP) for refugee's registration to be implemented <u>by November 2017</u> . The Representation also started using the integrated audit function in ProGres which is backed up on a daily basis on an external disk. The Representation successfully implemented biometric registration for all new arrivals and was able to reconcile the ProGres statistics with the actual food distribution. Representation will share the activity log that will reflect the assessments of the ProGres reports.
3	The UNHCR Representation in Cameroon should put in place an action plan to strengthen management oversight over the implementation of the shelter strategy to ensure: (a) prioritization of the transition from emergency shelter to semi-permanent/ permanent shelter; (b) better planning of shelter programme interventions; (c) full adoption and monitoring of implementation of shelter and security standards; and (d) implementation of procedures and tools for monitoring and reporting on shelter indicators.	Important	Yes	Senior Programme Officer	31 December 2017	<p>Reply to Recommendation 3i: The plan for the transition from semi to permanent shelter is shared with OIOS.</p> <p>Reply to Recommendation 3ii: The current shelter strategy 2017-2018 has relevant security components.</p> <p>Reply to Recommendation 3iii: A summary table submitted to OIOS shows the number of shelters targeted for rehabilitation compared to what has been completed to date. However, inadequate funding and partner capacity challenges coupled with late signing of PPA, remained a major implementation challenge.</p> <p>The operation has also started the process to procure making machines for this purpose. The operation has identified a need for 14 brick making machines which will be essential in shelter sector especially for public utilities including school and health centers.</p>

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments ³
						<p>The Representation will continue to advocate for additional funds in order to deliver on the shelter strategy.</p> <p>It is important to consider that shelter transformation depends on allocation of funds but even with available funds, the implementation would take more than one programming cycle to fully implement.</p>
4	<p>The UNHCR Representation in Cameroon should: (i) enhance coordination between all relevant Units to ensure preparation of comprehensive procurement plans that sufficiently take into consideration international sourcing options and timely renewal of contracts and frame agreements; and (ii) strengthen management oversight arrangements to ensure implementation of adequate procedures for vendor vetting and preparation of vendor files, submission of all cases above \$20,000 to the relevant Committee on Contracts for review and approval, and compliance with minimum bidding times.</p>	Important	Yes	Senior Supply officer	31 December 2017	<p>Reply to recommendation 4i, The Representation will provide a comprehensive procurement plan covering the 2018 implementation year as the 2017 procurements will close in a few weeks' time.</p> <p>Reply to recommendation 4ii, the Representation has regularly held LCC sessions and provided minutes of the latest LCC meeting which reflect the discussions and decisions made.</p> <p>Reply to recommendation 4iii, the Representation shares copies of the latest bids advertisement that clearly reflect resting the time limits for each bid as required by the current procurement rules & regulations.</p>
5	<p><i>The UNHCR Representation in Cameroon should strengthen management supervision and</i></p>	Important	Yes			<p><i>The Draft Report issued on 28th August confirmed that this recommendation is now closed.</i></p>

Rec. no.	Recommendation	Critical ¹ / Important ²	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments ³
	<i>control arrangements over staff accommodations and develop an action plan for achieving full compliance with the minimum standards on living conditions.</i>					
6	The UNHCR Representation in Cameroon should strengthen procedures for risk identification, analysis, treatment and monitoring, together with assignment of relevant management and staff responsibilities, in order to integrate Enterprise Risk Management better into the operation management cycle.	Important	Yes	Asst. Representative - Operations	31 December 2017	As part of the action plan the operation will organize an ERM workshop in coordination with the ERM Unit at HQ, the Desk and the Oversight Unit, in early November with the aim to more effectively manage the Enterprise Risk Management process into the operation management cycle.