



INTERNAL AUDIT DIVISION

REPORT 2021/041

Audit of the selection and retention of partners in country operations of the United Nations High Commissioner for Refugees during the COVID-19 emergency

There was a need to strengthen guidance on amending partnership agreements during emergencies after assessing beneficiary needs and risks to service delivery

**7 September 2021
Assignment No. AR2020-168-01**

**Audit of the selection and retention of partners in country operations
of the United Nations High Commissioner for Refugees
during the COVID-19 emergency**

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of selection and retention of partners in the United Nations High Commissioner for Refugees (UNHCR) country operations during the COVID-19 pandemic. The objective of the audit was to assess whether the UNHCR country operations selected and retained partners in accordance with additional operational authorities granted under the COVID-19 emergency and relevant policy requirements. The audit covered the period from March to December 2020 and included a review of UNHCR's partner selection and retention processes, and the management of related Project Partnership Agreements (PPAs) during the emergency.

To ensure continuity of the delivery of services to persons of concern (PoCs) during the COVID-19 emergency, UNHCR delegated additional authorities to country operations in the selection of partners and managing their PPAs. However, further guidance was needed on amending PPAs during emergencies.

OIOS made two recommendations. To address issues identified in the audit, UNHCR needed to ensure that:

- Amendments to PPAs are informed by assessments of PoCs needs and risks to service delivery, so they are relevant in addressing and/or mitigating the unique challenges that different emergencies present; and
- A system for recording, reporting and monitoring PPAs is implemented.

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

CONTENTS

I. BACKGROUND	1
II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY	1-2
III. AUDIT RESULTS	2-4
A. Selection and retention of partners	2
B. Management of partners during emergencies	2-4
IV. ACKNOWLEDGEMENT	4
ANNEX I	Status of audit recommendations
APPENDIX I	Management response

Audit of the selection and retention of partners in country operations of the United Nations High Commissioner for Refugees during the COVID-19 emergency

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the selection and retention of partners in the United Nations High Commissioner for Refugees (UNHCR) country operations during the COVID-19 emergency.
2. To ensure an effective and timely response to the COVID-19 situation, the High Commissioner activated a global Level 2 emergency on 25 March 2020, which was subsequently extended until 31 December 2020. During this period, UNHCR waived the requirement for country operations to conduct the mandatory partner selection processes to ensure continuity in the delivery of services to persons of concern (PoCs), especially regarding health, water, sanitation and hygiene (WASH), shelter and the distribution of non-food items (NFIs) and cash assistance. These exceptional measures were in response to emerging needs, vulnerabilities and operational challenges faced by the organisation and its partners in delivering services during the COVID-19 emergency. These measures were in addition to the principles, policies and procedures for governing and managing partnerships for regular operations listed in UNHCR's Partnership Handbook.
3. Country operations signed 1,725 PPAs totalling \$1.8 billion between March 2020 and January 2021 and amended 1,159 PPAs amounting to \$708 million, although some of the amendments were not solely for the COVID-19 emergency response. The Implementation Management and Assurance Service (IMAS) within the Division of Strategic Planning and Results (DSPR) is responsible for developing policies and procedures on partnership management.
4. Comments provided by UNHCR are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

5. The objective of the audit was to assess whether the UNHCR country operations selected and retained partners in accordance with the additional operational authorities granted under the COVID-19 emergency and relevant policy requirements.
6. This audit was included in the 2020 risk-based work plan of OIOS due to the risks associated with the selection and retention of partners for implementing the UNHCR programme during the COVID-19 emergency. OIOS conducted this audit from September 2020 to January 2021. The audit covered the period from March to December 2020 and included a review of UNHCR's processes to select and retain partners to implement the UNHCR programme during the COVID-19 emergency and its management of resultant PPAs.
7. The audit was conducted remotely and primarily involved: (a) interviews of key personnel; (b) a review of relevant guidance; (c) analytical review of data, including financial data from Managing for Systems, Resources and People (MSRP); and (d) sample testing of controls in selected countries. The audit covered 28 implementing partners (30 PPAs totalling \$69 million) from eight country operations, namely: Argentina, Bangladesh, Cote d'Ivoire, Democratic Republic of the Congo (DRC), Ethiopia, Greece, Jordan and Mozambique. The reviewed PPAs were signed with partners selected or retained before activation of

the emergency and amended after the declaration of the emergency directly or indirectly in response to the COVID-19 situation.

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

III. AUDIT RESULTS

A. Selection and retention of partners

Retained partners continued delivering services during the COVID-19 emergency

9. UNHCR authorized country representatives to waive the mandatory partner selection process during the COVID-19 emergency to ensure the continued delivery of services to PoCs. All of the country operations reviewed opted to retain the partners that were selected in the 2020 competitive process; with their focus shifting to amending the relevant PPAs to ensure that they remained relevant during the emergency. In OIOS' view, this decision was reasonable considering the COVID-19 situation and the fact that it ensured the continued delivery of services to PoCs.

B. Management of partners during emergencies

Need to strengthen guidance on country operations' management of partners during emergencies

10. Multi-functional teams in the country operations reviewed proposals received from Programme Units regarding revisions to programme implementation during the emergency and submitted their recommendations to their respective Heads of Office for final approval. The proposals resulted in (i) increased budgets to accommodate related assistance to PoCs; (ii) extension of the project period to ensure the completion of activities; and (iii) an increased coverage of sectors where PoCs were most in need of services such as cash-based interventions (CBIs) and prevention of sexual and gender-based violence.

Needs assessments to inform amendments to PPAs

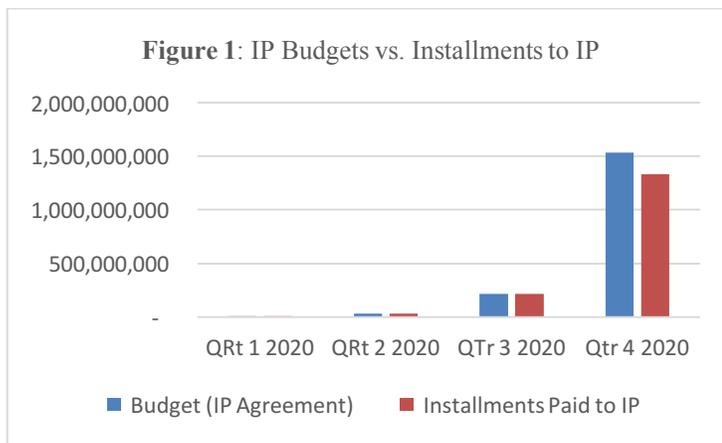
11. UNHCR encourages country operations to conduct needs assessments at the start of emergencies to ensure the response is relevant and targets the needs of PoCs. However, except for Cote D'Ivoire and Mozambique, there was no documentation to evidence that the other six country operations reviewed and the amended the PPAs were based on informed needs assessments.

12. The effectiveness of needs assessments conducted in Cote d'Ivoire and Mozambique in informing the response was also impacted as they had not adopted the recommended (a) multi-sectoral approach since they covered only education and health and thus was limited in scope; and (b) inter-agency humanitarian approach, as there was limited collaboration with the United Nations Country Teams and other humanitarian actors. As a result, amendments made to PPAs because of COVID-19 did not reflect the priority areas of health, WASH, distribution of NFIs, CBIs and shelter projects as guided by UNHCR.

Partner capacity to implement programmes during the emergency

13. Implementing partners faced logistical and other challenges in delivering services during the COVID-19 emergency due to lockdowns and other restrictions implemented by Governments. This was because country operations when amending PPAs did not always assess partners' capacity to continue to provide services in the COVID-19 environment nor identify risks that needed mitigation for them to respond

in a timely and cost-effective manner. As shown in Figure 1, despite the emergency having started in March 2020, most of the instalments were paid in the fourth quarter, thereby raising questions on the adequacy of services provided to PoCs in the early part of the emergency.



14. The need to reassess partners’ capacity to deliver the additional activities introduced in response to the pandemic was important considering the large increases in budgets, which would have called for new partner selection processes to be conducted under normal circumstances. Country operations’ decisions to increase budgets were thus based on initial capacity assessments that may not have remained valid under the new operating context. For instance: (a) budget increases in DRC for 15 PPAs were between 23 and 88 per cent of the original amount; (b) in Cote d’Ivoire, two PPAs were increased by 38 and 43 per cent; and (c) in Jordan the budgets more than doubled in the PPAs for two partners. Further guidance was necessary to ensure that capacity assessments inform such decisions, so UNHCR’s resources are effectively used in delivering assistance to those in need in a timely manner.

15. There were also assessed gaps over the management of partner budgets, as was noted in Ethiopia, where instalments were released without conducting the required financial analyses. Thus, the Representation in 21 cases paid instalments to partners that exceeded the budgeted amount by \$4.3 million in the period May 2020 to January 2021. Further analysis showed that 10 of 21 partners were unable to spend the allocated budget, which suggests that the partners did not have the capacity and/or had been constrained to implement the contracted programme activities during the COVID-19 emergency.

16. UNHCR had also encouraged country operations to consider the risks emerging from the COVID-19 pandemic and institute mitigation measures accordingly. The country operations reviewed did not always up-date their risk registers to incorporate COVID-19 risks, including those related to partners’ capabilities to continue to deliver services and support to PoCs during the COVID-19 emergency. For instance, the operation in DRC assessed COVID-19 risks for its programme activities and service delivery in its regular risk register but did not institute any mitigation measures related to partnership management.

17. Although available guidance during the COVID-19 emergency provided countries with sufficient flexibility on their selection of partners, this needed to be reinforced to ensure that controls in place are adequate to ensure services delivered address PoC needs and safeguard UNHCR resources.

(1) The UNHCR Division of Strategic Planning and Results should reinforce its guidance on country operations’ management of partners during emergencies to ensure they are responsive to assessed persons of concern needs and have the capacity to deliver on agreed upon programme activities in the amended project partnership agreements.

UNHCR accepted recommendation 1 and stated that the recommendation is expected to be addressed with the revision of the Emergency Preparedness and Response Policy (being led by UNHCR's Division of Emergency Support and Supply), expected by the end of 2021. After that, the Programme Manual and related guidance would be comprehensively updated by the end of 2022. Recommendation 1 remains open pending receipt of the revised Emergency Preparedness and Response Policy, Programme Manual and related guidance that provides additional guidance to partners during emergencies.

Management of PPA documentation

18. UNHCR requires that programme documents, including PPAs and subsequent amendments, are maintained in its record and archiving electronic record keeping system (e-safe). However, country operations did not systematically maintain relevant partner records in e-safe. Thus, documents were not readily available. Others were uploaded with considerable delay, and some were not well-organized to facilitate ease of retrieval. For instance, as of 12 October 2020, the Bangladesh operation had not uploaded PPAs revised on 30 July 2020. An OIOS audit of records and archiving will be conducted in 2021 to assess the adequacy and effectiveness of related processes in UNHCR.

19. Inconsistencies in the documentation reviewed raised questions on the comprehensiveness of reviews conducted prior to signing the PPAs. For instance, the goal in the PPA in Argentina (contingency plan for a disease outbreak in Chile) was not aligned to project outputs and outcomes listed in the performance management framework (that focused on improving reception conditions). Further, there was no documentation was to evidence that country operations reviewed the comprehensiveness of PPAs and supporting documents before signing them. For example, only 60 per cent of PPAs reviewed in Argentina, Bangladesh, and Ethiopia had appended a quality review checklist to the PPA as required. This was also evident in the inconsistencies noted between the actual date of signing the PPA and the date reflected in MSRP. For instance, in Greece, a PPA signed on 13 August 2020 was recorded in MSRP on 29 July 2020.

20. The issues mentioned above were due to a lack of monitoring and oversight by the Regional Bureaux over the partner agreements during the COVID-19 emergency.

(2) The UNHCR Division of Strategic Planning and Results should strengthen the systems for recording, reporting and monitoring project partnership agreements to ensure that information maintained remains accurate and up to date.

UNHCR accepted recommendation 2 and stated that this recommendation would be addressed through the development and roll-out of the Project Reporting Oversight and Monitoring Solution (PROMS) – a component of UNHCR's Business Transformation Programme. Among other things, PROMS would systematize procedures with partners and improve the capture, storage and access to partner-related documentation. Recommendation 2 remains open pending receipt of documentation evidencing the strengthening of the document management in PROMS.

IV. ACKNOWLEDGEMENT

21. 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 selection and retention of partners in country operations of the United Nations High Commissioner for Refugees during the COVID-19 emergency

Rec. no.	Recommendation	Critical ¹ / Important ²	C/ O ³	Actions needed to close recommendation	Implementation date ⁴
1	The UNHCR Division of Strategic Planning and Results should reinforce its guidance on country operations' management of partners during emergencies to ensure they are responsive to assessed persons of concern needs, and have the capacity to deliver on agreed upon programme activities in the amended project partnership agreements.	Important	O	Recommendation 1 remains open pending receipt of the revised Emergency Preparedness and Response Policy, Programme Manual and related guidance that provides additional guidance to partners during emergencies.	31 December 2022
2	The UNHCR Division of Strategic Planning and Results should strengthen the systems for recording, reporting and monitoring project partnership agreements to ensure that information maintained remains accurate and up to date.	Important	O	Recommendation 2 remains open pending receipt of documentation evidencing the strengthening of the document management in PROMS.	31 December 2022

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

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

³ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁴ Date provided by UNHCR in response to recommendations.

APPENDIX I

Management Response

Management Response

Audit of the selection and retention of partners in country operations of the United Nations High Commissioner for Refugees during the COVID-19 emergency

Rec. no.	Recommendation	Critical ⁵ / Important ⁶	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Division of Strategic Planning and Results should reinforce its guidance on country operations' management of partners during emergencies to ensure they are responsive to assessed PoCs needs, and have the capacity to deliver on agreed upon programme activities in the amended project partnership agreements.	Important	Yes	Head of Service, Implementation Management and Assurance Service (IMAS), Division of Strategic Planning and Results (DSPR)	31 December 2022	This recommendation is expected to be addressed through the revision of the Emergency Preparedness and Response Policy (being led by UNHCR's Division of Emergency Support and Supply), expected by end of 2021 and through a comprehensive update of the Programme Manual and related guidance (expected to be completed in the course of 2022).
2	The UNHCR Division of Strategic Planning and Results should strengthen the systems for recording, reporting and monitoring project partnership agreements to ensure that information maintained remains accurate and up to date.	Important	Yes	Head, IMAS	31 December 2022	This recommendation will be addressed through the development and roll-out of the Project Reporting Oversight and Monitoring Solution (PROMS) – a project that is a component of UNHCR's Business Transformation Programme. Amongst other things, PROMS will systematize procedures with partners and will improve the capture, storage and access to partner-related documentation.

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

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