Office of the UNHCR Representative
Colombo, Sri Lanka

LKACO/UNHCR/0373/12
Your ref: IAD:12-03567

2 April 2012

Dear Mr. Bagot,

Subject: Audit of UNHCR shelter programme for returnee Internally Displaced Persons in Sri Lanka

I am responding to your request for comments on the approved draft report of the **Audit of UNHCR shelter programme for returnee Internally Displaced Persons in Sri Lanka**.

In order to clarify the content of paragraph 14, concerning the data collection exercise, UNHCR Representation would like to highlight that this exercise was undertaken systematically by the Sri Lanka Government, to which UNHCR was not authorised to participate and did not have access to the results. It is, in fact, the responsibility of the State to register internally displaced persons. The restrictions of activities and access in the camps managed by the Sri Lankan Army (e.g. during certain periods, international staff were not authorised by the Sri Lanka Army to enter inside the tents) made it clearly very difficult politically and operationally to request the Government to undertake a parallel registration. However, contrary to what is mentioned in the Audit Results, UNHCR was able to undertake an individual verification of the identity of the Shelter Grant beneficiaries using the Camp Cards that all camp residents had received during the Government registration and also any other document proving that beneficiaries resided inside the camps.

Thank you for your continued cooperation,

Michael J. Zwack
UNHCR Representative in Sri Lanka

Mr. Christopher F. Bagot,
Chief, Geneva Audit Service,
Internal Audit Division
Office of Internal Oversight Services (OIOS)
Geneva, Switzerland

cc: Mr. Alexander Aleinikoff, Deputy High Commissioner, UNHCR
Ms. Erika Feller, Assistant High Commissioner (Protection), UNHCR
Ms. Janet Lim, Assistant High Commissioner (Operations), UNHCR
Ms. Kumiko Matsuura-Mueller, Controller and Director, Division of Financial and Administrative Management, UNHCR
Mr. Kasidis Rochanakorn, Director, Bureau for Asia and Pacific, UNHCR
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ANNEX I

AUDIT RECOMMENDATIONS

UNHCR Shelter Programme for Returnee Internally Displaced Persons (IDPs) in Sri Lanka

Rec. no.	Recommendation	Critical[1]/ important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client Comments
1.	The UNHCR Representation in Sri Lanka should ensure that field offices amend standard operating procedures to incorporate requirements relating to: (a) handling and safe custody of shelter grant forms; (b) periodic reconciliations with the Bank of Ceylon and (c) procedures for rectification of errors.	Important	Yes	Senior Programme Officer	Implemented	
2.	The UNHCR Representation in Sri Lanka should request the Sri Lanka Auditor General to audit the UNHCR accounts with Bank of Ceylon in accordance with clause 6.2 of the Memorandum of Understanding. The audit terms of reference should cover the accuracy and completeness of accounts and the effectiveness of the internal control system for the shelter grant disbursements.	Important	Yes	Senior Programme Officer	December 2012	Upon receiving the draft TORs from OIOS, the Representation will enter in an agreement with the Auditor General of Sri Lanka. UNHCR Representation has no experience in such an undertaking with the Auditor General of Sri Lanka, and it is likely that this process will take time. The implementation date mentioned in this table is very tentative and subject to change.
3	The UNHCR Representation in Sri Lanka should ensure that field offices allocate the responsibilities of the custody, handling, signing, physical distribution, record keeping, and reporting about the status of the blank forms usage to different staff in order to ensure segregation of duties and enhance accountability.	Important	Yes	Senior Programme Officer	Implemented	

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

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