



OIOS

Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

UNHCR Operations in Uganda

While the "cluster approach" generally achieved its objectives, there are lessons to be learned to improve its effectiveness in the future

28 May 2009

Assignment No. AR2008/112/02

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

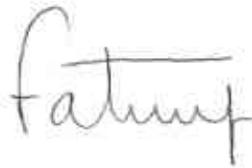
OFFICE OF INTERNAL OVERSIGHT SERVICES • BUREAU DES SERVICES DE CONTRÔLE INTERNE
INTERNAL AUDIT DIVISION • DIVISION DE L'AUDIT INTERNE

TO Mr. António Guterres, High Commissioner
A Office of the United Nations High Commissioner for
Refugees

DATE 28 May 2009

FROM Fatoumata Ndiaye, Acting Director
DE Internal Audit Division, OIOS

REFERENCE IAD: 09- 07506



SUBJECT **Assignment No. AR2008/112/02 – Audit of UNHCR Operations in Uganda**
OBJET:

1. I am pleased to present the report on the above-mentioned audit.
2. Based on your comments, we are pleased to inform you that we will close recommendations 9, and 10 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Your response indicated that you did not accept recommendation 1. In OIOS' opinion however, this recommendation seeks to address a significant risk area. We are therefore reiterating it and requesting that you reconsider your initial response based on the additional information provided in the report.
4. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendation 1), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. L. Craig Johnstone, Deputy High Commissioner, UNHCR
Ms. Judy Cheng-Hopkins, Assistant High Commissioner, UNHCR
Ms. Karen Madeleine Farkas, Controller and Director, DFAM, UNHCR
Ms. Maha Odeima, Audit Coordinator, UNHCR
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INTERNAL AUDIT DIVISION

FUNCTION

"The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization" (General Assembly Resolution 48/218 B).

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EXECUTIVE SUMMARY

UNHCR Operations in Uganda

OIOS conducted an audit of the Office of the United Nations High Commissioner for Refugees (UNHCR) operations in Uganda in October 2008. The overall objective of the audit was to assess the adequacy and effectiveness of internal controls in programme management, supply chain management and administration and finance. This included a review of the implementation of the cluster approach for Internally Displaced Persons (IDPs). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

The overall conclusion is that while the objectives were generally achieved, weaknesses in the systems described below suggest that the Representation needs to ensure operational efficiency in compliance with the relevant rules.

The objectives of the IDP programme and the cluster approach in Uganda have been achieved to a large extent, despite a number of challenges faced by the office, both internally and externally. The cluster members interviewed generally acknowledged that the UNHCR Office in Uganda has made substantial achievements, including the understanding, acceptance and implementation by local authorities of the concept of "freedom of movement", the phasing-out of several camps, and the facilitation of the return of over 1.3 million people. As the progressive achievement of the IDP/cluster objectives has shifted the focus from a humanitarian one to a recovery one, the next challenge for the office is to achieve the transformation of camps into viable communities, and to phase down a number of field offices.

Urgent attention of senior management at Headquarters was required to solve misunderstandings between the Representative and the Head of Sub-Office Gulu, which became public knowledge within the assistance communities. There was also a need to conduct a structural review of the Representation in Uganda, and to ensure a smooth transition and handover between the current staff in Gulu and their replacements, expected in early 2009. The coordination mechanisms of the protection cluster and sub-clusters also required improvement to ensure that the protection response was fully integrated. *The Representation stated that, with the departure of the Head of Sub-Office Gulu, there is now harmony and cordial relations among staff in Gulu and between the Representation and Sub-Office Gulu management. In addition, the Representation has requested the Bureau for Africa and Office for Organizational Development and Management to assist with the structural and staffing survey.*

Improvement was required in the area of procurement both at the Representation and at the implementing partners reviewed. Pertinent procedures for procurement by implementing partners, as outlined in the sub-agreements, were not always complied with by Gesellschaft fuer Technische Zusammenarbeit and by Arbeiter Samariter Bund, and the documentation supporting the expenditure was not always adequate. At the Representation, the lack of pre-established criteria for the technical evaluation of bids coupled with the absence

(or lack of use) of the required Bid Tabulation Forms, raised concerns over the transparency of certain procurement of goods and services. *The Representation was taking steps to address the deficiencies noted.*

In the areas of administration and finance, the Representation generally complied with UNHCR's regulations, rules, policies and procedures, and controls were operating effectively during the period under review. Improvement and strengthening of internal controls were, however, required particularly in the areas of delegation of authority and information technology:

- The Delegation of Authority Plan did not provide for adequate segregation of duties. At least six staff members were assigned incompatible functions, with no additional controls to mitigate the risks involved. Also, there were a number of payments approved by the beneficiaries of the payments. *The Representation has indicated that it would seek the approval of the Controller to remedy the conflicts.*
- In the area of information technology, the databases were not systematically backed up; the last back up was over 10 months old. *The Representation had taken action to correct the weaknesses.*

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the Office of the United Nations High Commissioner for Refugees (UNHCR) operations in Uganda in October 2008. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. Uganda has been politically divided, with economic disparities and ethnic tensions between the south and the north, despite considerable achievements towards democracy and economic growth over the last two decades. UNHCR presence in Uganda is mostly related to needs generated by the influx of refugees from neighbouring countries mainly from the Democratic Republic of the Congo (DRC), South-Sudan and Rwanda, and by the existence of a large Internally Displaced Persons (IDPs) population affected by over 20 years of insurgency caused by the Lord's Resistance Army in the north of the country.

3. UNHCR activities in Uganda are directed to a population of concern of around 1.8 million, of whom 85 per cent are IDPs. UNHCR focuses on the protection of refugees, including the delivery of assistance, as well as monitoring and coordination of activities undertaken by diverse partners. By the end of June 2008, Uganda was hosting some 135,000 registered refugees, most of whom have achieved some level of self-sufficiency. As regards IDPs, UNHCR focuses on their protection and freedom of movement, including their voluntary return to their communities of origin. In 2006, within the framework of the Inter-Agency Standing Committee (IASC) cluster approach, UNHCR Uganda, as one of the pilot offices involved in the cluster approach, took up the lead of the protection and camp coordination and camp management clusters (CCCM). UNHCR main objectives for 2008-2009 is to ensure protection for all refugees and IDPs, promote durable solutions to their displacement, facilitate and promote the voluntary repatriation of refugees and the sustainable return of IDPs to their areas of origin.

4. In 2007 the Representation was working with 33 implementing partners, and by the end of 2007, 96 IDP camps were benefiting from CCCM assistance activities. As of August 2008, the number of staff working for the UNHCR Operations in Uganda was 196. There were 37 vacant posts (19 per cent).

5. Comments made by UNHCR are shown in *italics*.

II. AUDIT OBJECTIVES

6. The objectives of the audit were to review the:

(a) Effectiveness and efficiency of the arrangements for programme management and protection, including the implementation of the "cluster approach" for IDPs;

(b) Reliability and integrity of financial and operational reporting as well as information available in the Management Systems Renewal Project (MSRP);

(c) Safeguarding of UNHCR assets against loss, misuse and damage due to waste, abuse, mismanagement, error, fraud and irregularities; and

(d) Compliance with regulations and rules, Letters of Instructions, and Sub-agreements.

III. AUDIT SCOPE AND METHODOLOGY

7. The audit focused on the review of the IDP/Cluster approach and on the administration of the UNHCR Office in Uganda with administrative expenditures totalling \$2.4 million in 2007, and assets with an acquisition cost of \$16 million and current value totalling \$4.6 million. The audit also covered programme management, including the review of project 07/AB/LS/406 implemented by Gesellschaft fuer Technische Zusammenarbeit (GTZ) with expenditure totalling \$1.2 million and project 07/SB/LS/438 implemented by Arbeiter Samariter Bund (ASB) with expenditure totalling \$1 million.

8. The audit methodology comprised: (a) review of policies and procedures, administrative guidelines and data available from the MSRP, (b) interviews with members of the IDP clusters and NGOs; (c) analysis of applicable data; (d) physical verification and assessment of the effectiveness of controls; and (e) observations and verification of processes, as appropriate.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Management of the Protection and CCCM clusters

IDP/Cluster approach achieved its objectives in Uganda

9. Since 2006 UNHCR Uganda, under the framework of the cluster approach, was the lead agency for Protection and the camp coordination and camp management (CCCM) clusters. Based on interviews with cluster members that included NGOs and sister agencies, OIOS assessed that the objectives of the IDP programme and the cluster approach in Uganda were substantially achieved, despite recognized initial difficulties both within UNHCR and externally. Its major achievement, as recognized by all parties interviewed, included the achievement of an understanding, acceptance and implementation of the "freedom of movement" by the local authorities, the phasing-out of over 40 camps, and the facilitation of the return of over 1.3 million persons.

10. The progressive achievement of the IDP/cluster objectives has shifted the focus from humanitarian one to a recovery one. Accordingly, a phase-down of the operations in the north of the country is being planned, including the closing

of some field offices and the merging of the Protection cluster with the CCCM cluster. Consideration is also being given to more involvement of local NGOs and local authorities into the cluster's activities, from which they had been substantially excluded from before, for confidentiality and conflict of interest reasons. *In this context, the next challenge for the Representation is to ensure that the concept of durable solutions (returning home) is well understood by all the parties, and that proper capacity-building is implemented, if disengagement is sought in 2009-2010.* In this regard, NGOs, including international ones, indicated that they had learned a lot from the implementation of the cluster approach, especially those that were relatively new to the implementation of protection activities.

Failure to handle personnel conflict as the senior management level impaired effectiveness of cluster implementation

11. Notwithstanding the success achieved in the area of IDP in general, OIOS found that there were a number of issues that needed urgent attention and remedy by senior management at Headquarters. During the various interviews held with the cluster members, several deficiencies were highlighted, the most serious one being what appeared to be persistent tensions and misunderstanding between the Representative and the Head of the Sub-Office Gulu. According to some cluster members, the situation had reached a point where the bad relationship between the two most senior officers had become public knowledge, which negatively affected not only UNHCR's staff confidence but also the relations with local authorities (districts) in Gulu. For example, the NGOs interviewed complained about the lack of coordination between the UNHCR Representation in Kampala and its Sub-Office in Gulu resulting in conflicting instructions, feedback or strategy, which has resulted in a frustrating situation for both UNHCR staff and local partners. Some partners expressed their exasperation over situations where some cluster members were able to obtain first-hand information from Kampala, totally contradictory to what some other members had obtained from the Sub-Office Gulu. There was a general view that a more proactive approach for the resolution of the existing conflict between the Representative and the Head of Sub-Office Gulu could have improved the coordination and the work environment.

12. Also noteworthy was the issue that arose from the implementation of a recommendation by the 2007 Real Time Evaluation (RTE) to temporarily deploy a ProCap Officer (staff on loan from the Norwegian Refugee Council) to the Gulu Sub-Office. The mission of the ProCap Officer was to ensure operational consistency among different districts, and was to be later replaced by a UNHCR Senior Programme Officer. However, when a UNHCR Senior Protection Officer was eventually deployed at the Sub-Office Gulu, this was only for a few months. He was subsequently re-assigned to the Branch Office in Kampala, leaving the Sub-Office in Gulu with neither a Senior Protection Officer nor a Programme Officer, despite the recommendation of the RTE team. The only protection staff in Gulu was an Associate Protection Officer, who appeared to have been left out of the protection team.

13. According to the head of Sub-Office Gulu, the lack of a Senior Protection Officer in Gulu for a period of 18 months had been a handicap for the IDP operation. This had a negative impact on the coordination of protection issues between field offices and interaction with partners. He also deplored the lack of communication from the Representative, citing as an example the fact that he was informally and only recently made aware of the decision to close some field offices (except Gulu) at the end of the year.

14. The Representative explained that until June 2008 there was a Senior Protection Officer in Gulu, and that short-term funding prevented the assignment of long-term staff. He also clarified that the presence of both the Senior Protection Officer and Programme Officer were needed in Kampala instead of in Gulu for strategic planning and liaison with local officials and cluster members. The Representative also pointed out that the head of the Sub-Office was regularly invited to participate in the various coordination meetings, and that the issue on the closure of offices under the IDP programme had been discussed on numerous occasions with all field offices. He also pointed out that the draft 2009 Country Operations Plan (COP) was shared with the head of the Sub-Office Gulu for his comments prior to being sent to UNHCR Headquarters, and that no feedback was received from him. Moreover, according to the Representative, the head of Sub-Office Gulu did not exercise his leadership role, which was seen as direct consequence of his "Logistics" profile, when the profile that was needed was that of "Protection". This was also the view of some members, pointing out that the head of the Sub-Office Gulu was not able to be "strategic", and that his approach was logistics-oriented.

15. In OIOS' view, given the apparent proportion taken by this issue, high level actions should be urgently undertaken by senior management at UNHCR to ensure that the crisis is resolved, including a comprehensive structural review of the UNHCR Representation in Uganda. It is also paramount that, given the expected departure of the head of Sub-Office Gulu and of the Junior Professional Officer (JPO), the replacement staff should come on board as early as possible to allow proper overlap and handover, so as to avoid a gap already foreseen by some cluster members.

Recommendation 1

(1) The UNHCR Bureau for Africa, together with the UNHCR Representation in Uganda, should address the managerial tensions and issues between the Representative and the Head of Sub-Office Gulu. A structural and staffing review should be conducted as soon as possible, and should involve all the relevant stakeholders. The Bureau for Africa should also ensure that proper handover takes place between the current and next incumbent staff at the Sub-Office Gulu.

16. *The Representation did not accept recommendation 1, stating that it would not refer to the situation as "managerial tensions" though there were a couple of misunderstandings. The Representative explained that he had his misgivings about the profile of the Head of Sub-Office for that position before his*

appointment, which was not taken into consideration, and that perhaps his profile may have contributed to the operational panic in asking for too many staff members whose presence would have done very little to surpass the success achieved. The Representative stated that the appointment of the Head of Sub-Office Gulu ended in December 2008, and that he left the operational area in mid December 2008, properly handing over the management activities to a new staff member.

17. According to the Representative, there are harmonious and cordial relations among staff in Gulu in particular and between the Representation and the Sub-Office Gulu management ever since his departure. The Representation also said that proper handover arrangements were made and that the office is functioning smoothly. The representation further stated that it has requested the Bureau for Africa and the Office for Organizational Development and Management (ODMS) at Headquarters to assist with the structural and staffing survey for which no positive feedback has yet been obtained, and that it would continue to ask for the review until it is done. OIOS takes note of the explanations given, and the Representation's confirmation that the managerial issues have been satisfactorily resolved. OIOS further takes note that the Representation has requested the Bureau for Africa and ODMS to assist with the structural and staffing review for the Representation in Uganda. Recommendation 1 remains open pending confirmation by the Bureau for Africa that a structural and staffing review of the UNHCR Representation in Uganda has been conducted.

Lack of adequate coordination between the clusters

18. There were concerns about the lack of coordination between the main protection cluster in Kampala and the protection sub-clusters, as well as other clusters and local authorities for the collection of data related to IDP situations. For example, there was an on-going issue between the sub-clusters and the local authorities as to who was responsible for collecting and reporting on the use of land, water systems, and schooling needs. Some members also felt that a fully integrated protection response was still lacking, given that too many activities had been taking place in parallel. For example, it has happened that for the same target group/communities, cluster members separately provide computers, office supplies, training activities in a non-concerted manner, resulting in a duplication of activities. In addition, the too specialized "slots" had left out certain equally important protection activities such as "disability", which does not fall into any sub-cluster. UNHCR was also found to be deficient in coordinating the contributions/responses given by the various cluster members in the areas of monitoring and service delivery.

Recommendation 2

(2) The UNHCR Representation in Uganda should ensure that better communication and coordination mechanisms are established within the main protection cluster and with other protection sub-clusters, as well as local authorities. Also, in order to avoid unnecessary duplication

of work, a more consultative approach should be implemented within the protection cluster, so as to better integrate/streamline the various assistance activities undertaken by each of the cluster members.

19. *The Representation accepted recommendation 2 and stated that everything, including communication and coordination mechanisms can be improved. UNHCR will keep on striving to ensure that the provision of protection is delivered in the best possible way. Recommendation 2 remains open pending receipt of evidence that communication and coordination mechanisms have been improved.*

B. Review of implementing partners

Gesellschaft fuer Technische Zusammenarbeit (GTZ)

20. GTZ implemented the Local Settlement Projects (07/AB/LS/406) with a budget and expenditure of some \$1.5 million and \$1.4 million respectively.

Non-compliance with required procurement procedures

21. The procurement procedures were not always complied with, and were often not properly documented. For example, GTZ awarded a contract for the supply of 12 water tanks, for a total of UGX 69,797,791 (\$41,000) with no evidence of any competitive bidding. There was no note to the file justifying this exception, and no Good Received Notes were available. In another example, GTZ awarded a contract of \$15,930 to a consultant (PDM & Associates) for hydro-geological survey, with no evidence of any competitive bidding, and no note to the file. GTZ explained that it had been instructed by UNHCR to hire this particular contractor, which OIOS subsequently confirmed with UNHCR. There were several other instances of non-compliance with the requirements of competition, on which GTZ often invoked time constraints as the reasons for non-compliance.

22. On less significant procurement transactions, where only three proforma invoices were required, GTZ was not in compliance either. For example, for a subscription and purchase of a router (ADSL services) costing \$2,360 GTZ only invited one supplier, located in the same building as GTZ. Also, for the purchase of security software (Norton) for \$2,267 only one vendor was invited, with no justifications in the files for the lack of competition. Moreover, for the renovation of the Office of the Prime Minister costing \$10,000 GTZ selected the most expensive of the three bidders on the basis of an engineer's technical evaluation of a previous experience with the selected vendor, despite the fact that the then technical evaluation was not in line with the technical criteria established for this bid.

Recommendation 3

(3) The UNHCR Representation in Uganda should request Gesellschaft fuer Technische Zusammenarbeit to

ensure that the relevant procurement procedures are complied with, and that any exceptions are duly justified in a note for the file.

23. *The Representation accepted recommendation 3 and stated that it would discuss this issue with GTZ and write an official letter requesting GTZ to comply with procurement procedures. Recommendation 3 remains open pending the outcome of the discussions with GTZ and receipt of documentation showing the directive issued to GTZ regarding compliance with procurement procedures.*

Arbeiter Samariter Bund (ASB)

24. ASB implemented the Local Settlement Projects (07/SB/LS/438) with budget and expenditure of some \$1.1 million and \$0.5 million respectively.

Weaknesses in the accounting system

25. There were a number of weaknesses in the accounting system at ASB. Expenditures were not recorded on the basis of relevant supporting documents, nor were they posted in a timely manner in the accounting system. Instead, ASB merely awaited the receipt of bank statements, and only those transactions appearing on the bank statements (which were often received with delay) were recorded. This procedure was contrary to Generally Accepted Accounting Principles and gave rise to considerable risks such as missing or partially recorded transactions, errors not being detected in a timely manner, and understatement of expenditure during quarterly reporting. OIOS noted, for example, that on the basis of the cheque book stubs at the time of the review (14 October 2008), there were payments totaling UGX 27 million (\$16,000) which had still not been recorded. The entries were made on the basis of the bank statement at the end of the month. Consequently ASB was unable to prepare meaningful bank reconciliation for the periods under review (2007 and 2008).

Recommendation 4

(4) The UNHCR Representation in Uganda should request Arbeiter Samariter Bund to ensure that accounting entries are made on the basis of documentation supporting the expenditure, and that bank reconciliations are periodically prepared and verified.

26. *The Representation accepted recommendation 4 and stated that it would discuss with ASB and request them to make accounting entries on the basis of supporting documentation, with bank reconciliations carried out on a monthly basis and verified accordingly. Recommendation 4 remains open pending confirmation by the Representation that ASB has introduced sound accounting procedures and bank reconciliations.*

Non-compliance with required procurement procedures

27. ASB also needed to improve in the area of procurement. ASB was not pre-qualified for procurement on behalf of UNHCR, which meant that any procurement undertaken should comply with "UNHCR Procurement Guidelines for Implementing Partners" attached to the Sub-Agreement. However, the requirement of competition was often not complied with, or not adequately documented. For example, for the procurement of rubber boots costing around \$13,000, only one proforma invoice was available. ASB claimed that there was *only one vendor capable of providing the required quantities, but there was no note to the file explaining this.* In another case, for the procurement of Non Food Items for UGX 41 million (\$24,000), there was no evidence of competitive bidding.

28. Moreover, during the implementation of Quick Impact Projects (QIPs), ASB directly procured goods and equipment totalling \$247,475 for community groups, instead of remitting the funds directly to the various beneficiaries, as normally done. OIOS acknowledges that the reasons for such a direct procurement by ASB were to ensure accountability and proper implementation of the QIPs. However, the procurement procedures had not been properly documented, despite the significant amount involved and the fact that ASB was not pre-qualified for procurement on behalf of UNHCR. ASB explained that it did not have any formal purchasing/contract committee, but that a committee was informally established for this particular procurement comprising staff at the ASB field office.

Recommendation 5

(5) The UNHCR Representation in Uganda should request Arbeiter Samariter Bund to establish a formal contract committee and remind them of the requirement to comply with the UNHCR Procurement Guidelines for Implementing Partners.

29. *The Representation accepted recommendation 5 and stated that it would request ASB to establish a contract committee and to comply with UNHCR procurement procedures described in implementing partner operation management handbook.* Recommendation 5 remains open pending confirmation by the Representation that ASB has established a formal contract committee, and that the relevant procurement procedures are being complied with.

C. Other programme matters

Large project portfolio increases monitoring burden for UNHCR

30. There was a need to streamline the number of projects currently managed by the UNHCR Office in Uganda. There were a significant number of "initiatives" that had resulted in the creation of too many projects. In 2008 alone, there were 58 sub-agreements, many of which had very small budgets (sometimes less than \$4,000), yet were labour-intensive to deal with, and were

actually designed for the same population of concern and for the same localities/areas. In addition many of these sub-projects (funded under Supplementary Budgets) were signed for periods of short duration, thereby requiring the repetition of closing and opening procedures and making them difficult to manage, given the staffing level in the Programme Section. In OIOS's view, the creation of too many projects resulted in the use of 37 implementing partners in 2007 and increased the monitoring burden for the Programme staff, which resulted in an inefficient use of available resources.

Recommendation 6

(6) The UNHCR Representation in Uganda should consider streamlining/consolidating the number of projects so as to facilitate their implementation and monitoring, and alleviate the workload of the programme staff.

31. *The Representation accepted recommendation 6 and stated that it would consult with the Desk to streamline the number of projects in the coming year. The Representation pointed out that some of the additions occurred during the course of project implementation with heavy earmarking hence separate sub-projects were created for ease of reporting. OIOS takes note of the explanations given and acknowledges the difficulties faced by the Representation with regard to reporting on earmarked contribution. Recommendation 6 remains open pending receipt of documentation showing that appropriate actions have been taken by the Representation to streamline the number of projects.*

D. Procurement

Procurement activities require better documentation and increased transparency

32. According to Chapter 8 of the UNCHR Manual, for complex proposals, a point scoring system should be setup in advance (before the opening of the bids) to evaluate the technical and commercial components of each offer. For large dollar value purchase of services, an evaluation team should be set up to evaluate proposals, and the team should agree to an overall evaluation criteria (combining technical and price components). Also, on completion of the evaluation process, *the evaluation team should sign a detailed Evaluation Score Sheet (form S007) and Evaluation Record (form S008).*

33. OIOS reviewed several procurement cases, including fuel, and found that regardless of the amount involved, neither the Evaluation Score Sheets nor the technical evaluations had been signed by the team members. Moreover, OIOS assessed that the scoring system used for the evaluation of complex procurement cases was not always consistent and transparent. For example, for the procurement of 20,000 liters of fuel (ITB/PROC/005/February/2008) there was no evidence that the criteria for the technical evaluation of suppliers had been pre-identified, nor was the scoring system determined prior to the opening of envelopes containing the bids. Also, for the provision of external audit services awarded in 2007 and 2008, a 60/40 (technical/financial) scoring system was used in 2007 while no scoring system was used for 2008, although the technical

criteria were the same for both years. For 2008, while the evaluation document was not signed, the winner was awarded the contract only on the basis of the financial criterion.

34. Moreover, the Bid Tabulation Forms were often not prepared and kept on file, and that there was no evidence that the bids were opened in the presence of at least two witnesses, as required by the UNHCR Manual. The technical evaluations, wherever available, were not signed and weighted against the relevant evaluation of criteria. The lack of such documentary evidence raises the question of transparency in the selection of suppliers/contractors and increases the risk of financial loss to UNHCR. OIOS assessed that the deficiencies noted in the procurement procedures and documentation were partly due to the limited experience of the logistic staff. For example, the Logistics Unit staff stated that it was not aware of the requirement to use a Bid Tabulation Form.

Recommendation 7

(7) The UNHCR Representation in Uganda should ensure that the criteria for technical evaluation of bids are consistently established in advance of the receipt and opening of bids, and ensure that the criteria are in line with the requirements. The Representation should also ensure, when opening the bids, that all the relevant information is recorded on the Bid Tabulation Form, as required by the relevant sections of the UNHCR Manual.

35. *The Representation accepted recommendation 7 and stated that all possible steps to address the points would be made in future to comply with the requirements.* Recommendation 7 remains open pending receipt of the details of the steps taken by the Representation to ensure compliance with the requirements for technical evaluation of bids and bid opening.

E. Administration and Finance

Delegation of Authority Plan (DOAP) did not ensure adequate segregation of duties

36. The UNHCR new Financial Internal Control Framework (FICF) requires each Representative/Senior Manager to create a DOAP, which provides the mechanism to identify and assign functional roles to staff members within their area of responsibility in order to maintain effective internal controls. To achieve effective internal control, functions need to be segregated within the expenditure process. Where such functions cannot be segregated because of specific circumstances (such as lack of staff), additional control measures must be taken to ensure adequate control.

37. OIOS found that adequate segregation of functions was not achieved. At least six staff members (both at the Representation and at field offices) had been attributed incompatible functions (voucher preparer and technical approver), with no additional controls to mitigate the risks associated with the insufficient

segregation. To circumvent the DOAP built-in controls, the concerned staff members were assigned two IDs each (the first allowing the preparation of the voucher and the second allowing the technical approval of the same transaction).

38. The Representation explained that the incompatible roles (double ID) were unavoidable given the lack of staff with sufficient technical knowledge to perform technical approval functions, and other circumstances such as temporary absences of staff. The Representation also explained that some staff with substantive delegated administrative roles in the DOAP lacked sufficient experience and knowledge of administrative rules to exercise their functions, which increased the burden of the few experienced staff at the office. According to the FICF, it is crucial that no individual is given a combination of functional roles that conflict with the basic principle of segregation of duties. When this is unavoidable, exceptions must be documented in the DOAP and approved by the Controller's office.

Recommendation 8

(8) The UNHCR Representation in Uganda should review its Delegation of Authority Plan (DOAP) and ensure that proper segregation of duties is achieved. Adequate controls should be put in place to address the deficiencies associated with the cases of incompatible roles identified in the DOAP.

39. *The Representation accepted recommendation 8, but pointed out that the cost of implementing or eliminating this weakness in MSRP may far outweigh the weakness it is supposed to eliminate as it would entail the recruitment of six additional staff to undertake these additional functions. The Representation also stated that it would seek the approval of the Controller to remedy the situation.* Recommendation 8 remains open pending confirmation by the Representation that additional internal controls have been put in place to mitigate the risks associated with the lack of proper segregation of duties observed in the MSRP system.

Beneficiaries approving their own payments

40. In connection with the weaknesses noted above, OIOS found a number of payments made between April 2007 and August 2008 totalling \$41,000 in which the payment approvers were also the beneficiaries. According to the FICF, a payment approver may not approve payments where he/she can benefit directly or indirectly from the transaction. The Senior Administrative Officer was not aware that such instances existed.

Recommendation 9

(9) The UNHCR Representation in Uganda should ensure that the approving officer is not also the beneficiary in the same transaction. When this cannot be avoided, the

payments should be co-signed by a superior, with explanatory notes kept on file.

41. *The Representation accepted recommendation 9 and stated that it has already notified all payment approvers in a memo dated 3 December 2008 about this issue, and that this practice has since ceased. Based on the action taken by the Representation, recommendation 9 has been closed.*

Information technology (IT) security controls and data backup processes had weaknesses

42. Adequate physical security of the IT equipment and data should be in place to limit access and to protect against environmental risks/natural hazards such as fire and flood. Safeguarding measures should also be in place to ensure that unauthorized use, disclosure or modification, damage and theft of sensitive UNHCR information does not occur.

43. OIOS assessed that the physical security of the IT equipment was generally satisfactory. However, while the back-up of common drives were stored in a separate room outside the main office building, there was no systematic back-up of data. For example, the last back up made dated back to December 2007. Also, although Sub-Offices and Field offices were required to keep the back-ups in a safe place, compliance with the requirement was not monitored. Moreover, access rights to shared drives with sensitive information (such as human resource, protection and resettlement information) and IT applications (such as the Progress database) had not been disabled for former or re-assigned staff members.

Recommendation 10

(10) The UNHCR Representation in Uganda should ensure that a regular data back up is made and kept in a separate secure area. Access rights to information technology and telecommunication equipment and databases with sensitive information should also be regularly monitored and updated in a timely manner.

44. *The Representation accepted recommendation 10 and stated that there is now a standard backup system in place as recommended by Headquarters. The hardware and software configuration are all provided by Headquarters. The Representation explained that at the time of the audit there were issues with the backup system. Tapes had to be changed daily and stored off site. The problem was that the actual backup was not successfully completing in time due to the exponential increase in data which was brought to the attention of the Senior Regional Information Systems Officer at the hub and Headquarters. Shortly afterwards, a new system was introduced called the "GoVault Backup". Ever since its installation, backups are done daily and successfully with the media stored off the main building. The Representation also stated that access rights to IT and telecommunication equipment for all departed staff have been removed from the system, and that a check-out list/system has since been introduced,*

whereby every staff member has to clear with IT/Telecoms before they actually leave the duty station. Based on the action taken by the Representation, recommendation 10 has been closed.

V. ACKNOWLEDGEMENT

45. We wish to express our appreciation to the Management and staff of UNHCR for the assistance and cooperation extended to the auditors during this assignment.

STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	Recommendation	Risk category	Risk rating	C/O	Actions needed to close recommendation	Implementation date ²
1	The UNHCR Bureau for Africa, together with the UNHCR Representation in Uganda, should address the managerial tensions and issues between the Representative and the Head of Sub-Office Gulu. A structural and staffing review should be conducted as soon as possible, and should involve all the relevant stakeholders. The Bureau for Africa should also ensure that proper handover takes place between the current and next incumbent staff at the Sub-Office Gulu.	Governance	High	O	Confirmation by the Bureau for Africa that a structural and staffing review of UNHCR Representation in Uganda has been conducted.	Not provided
2	The UNHCR Representation in Uganda should ensure that better communication and coordination mechanisms are established within the main protection cluster and with other protection sub-clusters, as well as local authorities. Also, in order to avoid unnecessary duplication of work, a more consultative approach should be implemented within the protection cluster, so as to better integrate/streamline the various assistance activities undertaken by each of the cluster members.	Governance	Medium	O	Receipt of evidence that communication and coordination mechanisms have been improved	Not provided
3	The UNHCR Representation in Uganda should request Gesellschaft fuer Technische Zusammenarbeit to ensure that the relevant procurement procedures are complied with, and that any exceptions are duly justified in a note for the file.	Compliance	Medium	O	Receipt of the outcome of the discussions with GTZ and the justification by GTZ of the exceptions noted in the area of procurement.	30/9/2009
4	The UNHCR Representation in Uganda	Financial	Medium	O	Confirmation by the Representation that	30/9/2009

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
5	<p>should request Arbeiter Samariter Bund to ensure that accounting entries are made on the basis of documentation supporting the expenditure, and that bank reconciliations are periodically prepared and verified.</p> <p>The UNHCR Representation in Uganda should request Arbeiter Samariter Bund to establish a formal contract committee and remind them of the requirement to comply with the UNHCR Procurement Guidelines for Implementing Partners.</p>	Compliance	Medium	O	ASB has introduced sound accounting procedures and bank reconciliations	30/9/2009
6	The UNHCR Representation in Uganda should consider streamlining/consolidating the number of projects so as to facilitate their implementation and monitoring, and alleviate the workload of the programme staff.	Operational	Medium	O	Evidence is provided that appropriate actions have been taken by the Representation with the assistance of the Desk to streamline the number of projects.	Not provided
7	The UNHCR Representation in Uganda should ensure that the criteria for technical evaluation of bids are consistently established in advance of the receipt and opening of bids, and ensure that the criteria are in line with the requirements. The Representation should also ensure, when opening the bids, that all the relevant information is recorded on the Bid Tabulation Form, as required by the relevant sections of the UNHCR Manual.	Compliance	Medium	O	Receipt of the details of the steps which the Representation will undertake to ensure compliance with the requirements for technical evaluations of bids and bids opening.	Not provided
8	The UNHCR Representation in Uganda should review its Delegation of Authority Plan (DOAP) and ensure that proper segregation of duties is achieved. Adequate controls should be put in place to address the deficiencies associated with the cases of incompatible roles identified in the DOAP.	Governance	Medium	O	Confirmation by the Representation that additional internal controls have been put in place to mitigate the risks associated with the lack of proper segregation of duties observed in the MSRP system.	30/9/2009
9	The UNHCR Representation in Uganda	Governance	Medium	C	Action completed.	Implemented

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
10	<p>should ensure that the approving officer is not also the beneficiary in the same transaction. When this cannot be avoided, the payments should be co-signed by a superior, with explanatory notes kept on file.</p> <p>The UNHCR Representation in Uganda should ensure that a regular data back up is made and kept in a separate secure area. Access rights to information technology and telecommunication equipment and databases with sensitive information should also be regularly monitored and updated in a timely manner.</p>	Operational	Medium	C	Action completed.	Implemented

1. C = closed, O = open
2. Date provided by UNHCR in response to recommendations.