



## INTERNAL AUDIT DIVISION

# AUDIT REPORT

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## UNHCR operations in Senegal

Administrative arrangements in place to support the Regional Representation in Senegal need to be re-assessed and strengthened in light of increasing demand

26 April 2010  
Assignment No. AR2009/111/01

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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: United Nations High Commissioner for Refugees

DATE: 26 April 2010

REFERENCE: IAD: 10- 00288

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

*Fatoumata*

SUBJECT: **Assignment No. AR2009/111/01 - Audit of UNHCR operations in Senegal**  
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 1 to 5, 9, 12 to 19 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. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendations 1, 6, 16 and 19), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. T. Alexander Aleinikoff, Deputy High Commissioner  
Ms. Karen Farkas, Controller and Director, DFAM, UNHCR  
Ms. Claire Ouerghi, Officer-in-Charge, DFAM, UNHCR  
Ms. Maha Odeima, Audit Coordinator, UNHCR  
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors  
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Mr. Byung-Kun Min, Special Assistant to the USG-OIOS  
Mr. Christopher F. Bagot, Chief, Geneva Audit Service, OIOS

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## INTERNAL AUDIT DIVISION

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### 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

### Audit of UNHCR operations in Senegal

The Office of Internal Oversight Services (OIOS) conducted an audit of the Office of the United Nations High Commissioner for Refugees (UNHCR) operations in Senegal. The overall objective of the audit was to assess the adequacy and effectiveness of internal controls in place for managing the support functions in the finance and administrative areas of UNCHR operations in the Regional Representation in Senegal. The audit focused on the areas of contract management, supply chain function, information technology and finance. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

At the time of the audit, the Representation was consolidating its regional responsibilities and was performing coordinating and oversight functions in administrative areas. Also, all senior management posts with regional functions were filled. However, the Representation needs to strengthen the internal control weaknesses identified by OIOS, particularly in the supply management function. UNHCR accepted all of OIOS' recommendations and took prompt action, thus enabling OIOS to close many of its recommendations. Following are the major findings:

- There was no effective contract management system in place, but a monitoring system was established immediately after the audit.
- Weak supply chain management at the West Africa Regional Representation negatively affected the Representation's ability to exercise its oversight functions in Senegal and in the West African region. This weakness also resulted in non-compliance with procurement procedures for the provision of services.
- The Local Asset Management Board was not exercising its governance responsibilities, which delayed the office's physical inventory exercises and resulted in unreliable asset information. Since the audit, the Representation has finalized the inventory exercise and is investigating the discrepancies identified.
- There were outstanding balances of advances that were never reconciled for many years.
- The Representation did not have effective internal controls to monitor its use of fuel. UNHCR took prompt action to address this issue.
- UNHCR also needed to strengthen its back-up systems for information technology (IT) and needed to establish procedures to ensure that minimum IT staff requirements were in place when downsizing local offices. Both issues have since been remedied.

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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 Senegal. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.
  2. The Regional Representation in Dakar covers operations in 15 countries in West Africa: Benin, Burkina Faso, Cape Verde, Ivory Coast, The Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo. For some of these countries, the Regional Representation has representational responsibilities and plays major financial functions, such as direct payments (Senegal, Cape Verde, Mali, Gambia, Burkina Faso, Niger and Guinea Bissau). In other countries, the Regional Representation is beginning to assert its regional functions. Benin, Ghana, Liberia, Nigeria, Sierra Leone and Togo report to the Regional Representation, while Ivory Coast and Guinea will do so at a later stage.
  3. Ultimately, the Regional Office aims to provide strategic planning, direction and coordination of regional resources, quality control and oversight. In line with the regionalization effort, the 2010 Regional Operation Plan for West Africa integrates for the first time operations in 13 countries (Senegal, Guinea Bissau, Mali, The Gambia, Cap Vet, Niger, Burkina Faso, Benin, Ghana, Nigeria, Liberia, Sierra Leone and Togo).
  4. The Regional Representation in Senegal covers both branch office functions for the operations in Senegal and regional coordination functions for the West African region. With the winding down of mass organized returns, UNCHR anticipated that it would focus primarily on the local integration of residual groups of refugees, which it estimated would account for approximately 50 per cent of activities in 2009. The main objectives for the regional programme in 2009 were: to build national legal frameworks for the local integration of refugees using national legislation and Economic Community Of West African States (ECOWAS) protocols; empower refugees and their host communities through self-reliance and capacity-building activities; rehabilitate the environment and improve living conditions; and ensure sustainability of local integration through a coordinated inter-agency approach.
  5. As of September 2009, the Regional Representation had filled all Senior Regional positions and was consolidating its regional responsibilities. Its office in Senegal had a total of 89 approved posts. The office was headed by a Representative (D-1) who was assisted by one Deputy Representative (Protection) and two Assistant Representatives (one for Administration and one for Programme), all of which were at the P-5 level.
  6. Comments made by UNHCR are shown in *italics*.
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## II. AUDIT OBJECTIVES

7. The main objective of the audit was to assess the adequacy and effectiveness of internal controls in place for managing the administrative support to the Regional Representation in Senegal.

## III. AUDIT SCOPE AND METHODOLOGY

8. The Representation managed two budgets. The first was under the Senegal Cost Center (in 2008 it was \$8.1 million and in 2009 it was \$9.2 million), which included a programme and administrative component. The second budget was for its operations in West Africa (in 2008 this was \$5.8 million and in 2009 it was \$4.5 million) and was exclusively composed of the programme component.

9. The audit, which took place in November 2009, reviewed the administration of the Regional Representation with administrative expenditure totalling \$1.98 million in 2008 and \$1.5 million in 2009 (as of October). The audit also reviewed major procurement activities as part of UNHCR's direct implementation of programme activities. As of 1 October 2009, UNHCR's asset management database recorded 881 assets in Senegal with an acquisition value of \$2 million and an estimated current value of \$400,500.

10. The audit activities included a review and assessment of internal controls implemented by management, interviews with selected staff and analysis of applicable data, documents and records using a judgmental sampling approach.

## IV. AUDIT FINDINGS AND RECOMMENDATIONS

### A. Contract management

#### Weak contract management might expose UNHCR to financial and legal risks

11. UNHCR needs a mechanism in place to manage its contracts in order to maximize financial and operational performance and minimize the risks associated with the delivery of goods and services provided by vendors. This mechanism should include analyzing the performance of contracts and following up on contract deadlines (i.e., expiration dates). According to the 2007 UNHCR "Practical Guide for the Procurement of Services," the requesting unit is responsible for managing the contract and making sure the work is conducted pursuant to the agreed work schedule.

12. OIOS reviewed the management of three main contracts for the provision of services for the Regional Headquarters and found that one of these contracts (provision of travel services) had already expired and a second contract was going to expire soon (lease of the office space in Dakar). The Representation had no system in place to timely monitor the expiration of contracts.

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## Recommendation 1

**(1) The UNHCR Regional Office in Senegal should put in place a contract management system that ensures as a minimum that timely action is taken for expiring contracts.**

13. *The UNHCR Regional Office in Senegal accepted recommendation 1 and stated that a database reflecting all the contracts has been developed in collaboration with the IT unit in order to facilitate the tracking of contracts. Based on the action taken by the UNHCR Regional Office in Senegal, recommendation 1 has been closed.*

### Need to re-negotiate the existing lease for office premises and provision of travel services

14. At the time of the audit, UNHCR's two-year lease for the office premises in Dakar was set to expire on 30 November 2009 and yet no provisions had been made to extend it. Given that UNCHR had invested around \$160,000 in the refurbishing and cabling of the premises over the past two years and the fact that the potential costs associated with vacating the building at short notice could be very significant, the lack of timely action put the Representation in a weak negotiating position. In addition, the workload for the renewal of the lease agreement will be lengthy because the value of the contract (CFA 102 million per year or about \$226,000 per annum) required submission to and approval by the Local Committee on Contracts (LCC) and Headquarters Committee on Contracts (HCC). Further, to avoid eviction, the Representation may have limited flexibility in negotiating the rental fee. It also may have to pay the rent in advance of obtaining approval by the appropriate committees, which would result in an ex-post facto submission of the case in violation of the procurement rules, and which might result in personal accountability for the approving officer.

15. OIOS found a similar situation with the provision of travel services. In this case, UNHCR continued to operate under an expired contract with a local travel agent. This two-year contract, which expired on 17 September 2009, cost UNHCR \$229,470 in 2008 and \$245,300 in 2009. In addition, UNHCR extended the contract in 2009 in violation of the contract, which required a satisfactory performance assessment by the office before renewal. The office had not performed the evaluation nor was any reason given why it had not been conducted. The Regional Representation explained that it selected the current travel agent from a list of travel agencies recommended by the United Nations Operations Management Team (OMT). The OMT was preparing to launch another comprehensive bidding exercise and UNHCR would select a travel agent from this list as it had previously done. While awaiting the decision of the OMT, the Regional Representation was still using the services of the travel agent, but no formal amendment to the existing contract was in place and the rationale for so doing was unclear.

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### Recommendations 2 and 3

#### The UNHCR Regional Office in Senegal should:

- (2) **Initiate negotiations to renew the existing lease agreement for the office premises in Dakar, in accordance with UNHCR procedures; and**
- (3) **Conduct a performance evaluation of the existing travel agent to determine whether to continue with the travel agent or select another travel agent from the current recommended list from the United Nations Operation Management Team. The results of the review should be forwarded to the United Nations Operation Management Team as an input to the bidding exercise.**

16. *The UNHCR Regional Office in Senegal accepted recommendation 2 and stated that the contract was still valid at the time of the audit since there was a provision for the tacit renewal. However, the Regional Representation did not initiate the submission of the renewal request. The extension of the lease agreement was reviewed by the Local Contracts Committee on 17 November 2009 and subsequently approved by the Committee on contracts at Headquarters at its meeting of 11 December 2009. Based on the action taken by UNHCR Regional Office in Senegal, recommendation 2 has been closed.*

17. *The UNHCR Regional Office in Senegal accepted recommendation 3 and stated that the initial contract was signed following the competitive bidding conducted by the UN Agencies in Senegal, Dakar. An evaluation process has been initiated by the Operations Management Team for the two travel agents, which have been selected since October 2009. Pending the outcome of the evaluation, a new contract has been signed with Satguru & Tours Service for six months. Based on the action taken by UNHCR Regional Office in Senegal, recommendation 3 has been closed.*

#### UNHCR needs to follow up and resolve existing legal concerns with the lease agreement signed with the Government of Senegal

18. In December 2007 the Government of Senegal offered to lease UNHCR a piece of land for the construction of its future premises at a nominal value. The lease agreement was finalized in June 2008 and required UNHCR to build on the land within 36 months. In July 2008, the Regional Representation submitted a business case to the Bureau of Africa explaining the benefits of constructing a UNHCR Regional Office in Dakar at an estimated cost of CFA 952 million (or \$2.1 million). At the time of the audit, a decision on whether to proceed with the building was still pending. The lease agreement had not been sent to the Legal Affairs Section (LAS) at Headquarters until September 2008, after the contract had been signed. In September 2008, LAS raised a number of issues including the fact that under the existing lease, the government could easily reclaim ownership of the land and building after a certain time, with no compensation to UNHCR. LAS also raised the issue that the government could change the annual

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rent without limitation and UNHCR's privileges and immunities (i.e., inviolability of premises, non-submission to local jurisdiction) were not safeguarded. LAS therefore requested the Representation to address these issues with the Government of Senegal.

19. Discussions with the government and the UNHCR Headquarters were still ongoing at the time of the audit. According to LAS, on November 2009 the Bureau for Africa, LAS and the Division of Emergency Security and Supply (DESS) agreed to update the business case and the feasibility study in order to assess whether the existing lease agreement needs to be renegotiated. The failure to submit the lease agreement to LAS prior to signature, in line with UNHCR Manual requirements (Chapter 8, 2-7-17 and Chapter 8, 2-7-11), has resulted in delayed action by UNHCR and raises the risk that building work may not start by June 2011, ultimately compromising UNHCR's right to build on the leased land and affecting UNHCR's credibility.

#### **Recommendation 4**

**(4) The UNHCR Regional Office in Senegal and the Bureau for Africa, in consultation with the Legal Affairs Section, should expedite the decision on whether to renegotiate a new lease agreement with the Government of Senegal or undertake building of new premises.**

20. *The UNHCR Regional Office in Senegal accepted recommendation 4 and stated that the follow-up with LAS is ongoing. A meeting was held in Geneva on 23 November 2009 between the Bureau for Africa, Budget Section and LAS. LAS has prepared, for the purpose of negotiating with the government, a new agreement in lieu of the current problematic lease. The agreement is a "protocole d'accord" which permits UNHCR to use the land for the purpose of building its regional offices within 36 months of signature. The Regional Representation will revert to LAS. Based on the action taken by UNHCR Regional Office in Senegal, recommendation 4 has been closed.*

#### B. Supply chain management

##### Need for increased capacity to address regional responsibilities for procurement activities

21. The UNCHR Regional Representation in Senegal has authority to approve contracts up to \$150,000. For this purpose, a Local Committee on Contracts was established. With growing regional responsibilities, the Regional Representation should ensure adequate oversight of the management of financial resources allocated to the countries under its umbrella. Based on the terms of reference for the regional offices, the Regional Representation was expected to establish a Regional Committee on Contracts and a Regional Asset Management Board. These bodies would ensure increased consistency in the area of procurement and asset management for the region. The Regional Representation, however, does not have a supply unit or a dedicated supply officer. It therefore

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was unable to establish a Regional Committee on Contracts or exercise supervision of procurement activities in the region.

22. Furthermore, the existing resource structure does not allow for such development. Given the regional oversight duties, this lack of procurement staff is a significant risk. This is a particular concern due to the fact that the Representation has responsibilities at various stages for 15 countries in West Africa which are involved in a range of procurement activities. The Regional Representation informed OIOS that it requested additional resources for the supply chain function from Headquarters, but has not yet received any concrete result. In line with the deficiencies noted in procurement in Senegal, OIOS encourages the Representation and the Africa Bureau to assess the need for reorganizing and strengthening this function taking into consideration its regional mandate.

### **Recommendation 5**

**(5) The UNCHR Regional Office in Senegal and the Bureau for Africa should assess regional objectives and strategy in the Supply Chain function and determine the resources needed to comply with expected objectives.**

23. *The UNHCR Regional Office in Senegal accepted recommendation 5 and stated that the absence of an experienced regional supply officer has been a subject of extensive consultations between the Bureau for Africa, the Supply Management Section and the Regional Representation. Two positions have now been created (Senior Regional Supply Officer and Supply Assistant) and the recruitment process has begun.* Based on the action taken by the UNHCR Regional Office in Senegal, recommendation 5 has been closed.

### **UNHCR needs to ensure that competitive bidding takes place for fuel and vehicle maintenance services contracts**

24. OIOS observed that the Representation failed to comply with UNHCR procedures for the procurement of vehicle maintenance and fuel services:

- The Representation procured fuel for Senegal from two providers (Shell and Total) at a cost of \$74,203 and \$65,385 in 2008 and 2009 (up to November) respectively. There was no evidence that the Office undertook any competitive bidding exercise for their selection, as required by UNHCR procedures (UNHCR Manual Chapter 8, Section 6). The Office explained that both vendors were selected on a reputational basis and on their presence in the field. In 2009, UNHCR decided to switch from Total to Shell because the first vendor introduced an electronic card system which was not fully operational in the field. However, the decision had not been formalized and endorsed in line with required procurement procedures;
- The Representation maintained its fleet of vehicles through a Toyota dealer in Dakar. In 2008 and 2009 (up to November), it paid a

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total of \$17,333 and \$34,710 respectively to the dealer. There was no evidence of how the selection was made or whether UNHCR considered equally qualified but less expensive garages. UNHCR explained that the use of the Toyota dealer guaranteed that repairs were well done and original spare parts were used. The decision had not been formalized and endorsed in line with required procurement procedures.

### **Recommendation 6**

**(6) The UNHCR Regional Office in Senegal should undertake a procurement exercise to identify service providers for the maintenance of service vehicles and for the provision of fuel in accordance with UNHCR procurement procedures.**

25. *The UNHCR Regional Office in Senegal accepted recommendation 6 and stated that the Regional Representation has concluded an agreement with CFAO, the Toyota official dealer in Senegal following an evaluation which was conducted by the UN agencies. The decision was based on the fact that CFAO can ensure the purchase of the genuine/original spare parts. However, in accordance with this recommendation, the Office had initiated a competitive bidding process to select suitable/less expensive garages. Recommendation 6 remains open pending confirmation of the final result of the bidding process.*

### UNHCR needs to reassess procedures for conducting and recording procurement activities

26. Based upon the following findings, the Representation needs to reassess how its procurement activities are carried out:

- Staff members assigned with procurement responsibilities were not aware of certain procurement rules, such as for example the need to develop criteria for the technical and financial assessment prior to bid opening (UNHCR Manual, Chapter 8). Consequently, the Representation was unable to demonstrate transparency in the selection of vendors and compliance with rules.
- The filing system was not organized in a consistent and effective manner and a few documents could not be traced. For instance, the copy of the LCC recommendation and bidding requirements for the lease of the UNCHR premises in Dakar was not available. The bidding documents for the procurement of security services were also not available. There was no evidence to demonstrate compliance with rules.
- Procurement cases were not numbered progressively and even when presented to the LCC, they were identified only by the nature of the service or goods procured. A unique identifier makes it easier to follow up and classify the cases.

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- The staff performed the procurement duties as additional tasks to their regular functions.

#### **Recommendation 7**

**(7) The UNHCR Regional Office in Senegal should review and assess its arrangements for conducting procurement activities to ensure that it can demonstrate compliance with UNHCR procurement rules and transparency in the selection of vendors.**

27. *The UNHCR Regional Office in Senegal accepted recommendation 7 and stated that pending the appointment of the Senior Regional Supply Officer, the Administration and Programme Sections are applying the existing procurement rules for the selection of vendors. Recommendation 7 remains open pending provision by the Senior Regional Supply Office of documentation demonstrating compliance with UNCHR procurement rules and transparency in the selection of vendors.*

#### UNHCR needs to follow up the implementation of the new asset management policy

28. The new asset management policy (IOM075/FOM077-2008), which prepares for the introduction of International Public Sector Accounting Standards (IPSAS), requires each representative to assign a focal point for establishing a work plan to coordinate the asset management database clean-up process. By 15 October 2009 offices should have cleaned up their asset management databases and submitted all relevant cases to the competent Asset Management Board for disposal. A physical stock take should be undertaken at least once a year, but ideally every six months.

29. OIOS found that the Representation had not undertaken a comprehensive inventory in Senegal between 2006 and 2009. This was due to the fact that the office assigned the asset management function to one staff member who did not have enough knowledge or resources to perform this function. Only recently has the office re-assigned this responsibility to the Associate Administrative Finance Officer, who started in July 2009 a comprehensive physical inventory for the region. The exercise has not yet been completed and updated in the Managing for Systems, Resources and People (MSRP) enterprise software asset management module. There was no evidence that the Office had drafted a formal work-plan for the implementation of the new asset management policy. It was therefore not possible to assess the status of the implementation of the new policy.

30. The ongoing inventory exercise indicated that a number of assets were not captured in the database and not bar-coded, including vehicles (14), motorcycles (5) and IT equipment (27). Due to technical difficulties, the Right of Use Agreements for 55 assets (vehicles, motorcycles and IT equipment) assigned to implementing partners between 2008 and 2009 had been signed but not recorded in MSRP. This meant that the officer-in-charge had no control over assets.

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## Recommendation 8

**(8) The UNHCR Regional Office in Senegal should finalize the current physical inventory and ensure that the Managing for Systems, Resources and People enterprise software is kept up-to-date. Discrepancies noted as a result of the verification exercise should be investigated and accountability established.**

31. *The UNHCR Regional Office in Senegal accepted recommendation 8 and stated that prior to the expansion of the responsibilities of the Regional Representation, the Administration Section was composed of one administrative/finance officer, one administrative/finance assistant, one human resources assistant and one administrative secretary. At that time, the Office was confronted with some management challenges and the administrative management of the Office was completely dysfunctional. Furthermore, the administrative/finance assistant and the administrative secretary were on extended sick leave in 2007 and the Office had to rely upon other countries in the region to assist with these administrative/finance tasks. When the AssetTrack data was migrated into MSRP, there was no training conducted for staff members handling asset management. Moreover, the modules related to asset management are only in English – the lack of the French version has hampered the efficiency of the staff member assigned to this task. The asset management focal point did not fully assume this function until June 2009. With the support of Supply Management Service, he did a WebEx training course and on-the-job training. He has completed the physical inventory and the report has been sent to the Asset Management Unit. The “Report sur l’inventaire des biens d’actif de la RRWA au 31/12/2009” indicates that the Representation is still conducting an investigation to identify those properties that could not be identified during the inventory exercise. Recommendation 8 remains open pending finalization of the verification exercise on asset discrepancies.*

### The Local Asset Management Board needs to meet on a quarterly basis

32. The function of the Local Asset Management Board (LAMB) is to advise the chairperson on the overall management of assets, including providing guidance for the implementation and monitoring of policies and procedures and follow-up on recommended actions, such as the decisions for the disposal of assets. According to UNHCR IOM69/2002 FOM 65/2002, the LAMB should meet on a quarterly basis.

33. Despite the need for meetings, OIOS found no evidence that LAMB met at all during 2008 and only once in 2009, where it deliberated upon the disposal of assets. The reason cited the frequent travel commitment of staff assigned to the Board. As a result, the guiding and oversight functions of the LAMB, which should ensure that assets are efficiently managed, were not exercised.

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## Recommendation 9

**(9) The UNHCR Regional Office in Senegal should ensure that a sufficient number of staff is assigned to the Local Asset Management Board in order to provide adequate capacity and to ensure that it meets on a quarterly basis to address all pending asset management issues.**

34. *The UNHCR Regional Office in Senegal accepted recommendation 9 and stated that the Local Asset Management Board was established in May 2008. However, due to the high turnover of staff (missions), it was difficult to have the required quorum for the organization of LAMB meetings. However, efforts have been made in 2009 – two LAMB meetings were held in December 2009 and two LAMB have been organized in January 2010. Based on the action taken by the Representation and its commitment to ensure that LAMB meeting takes place regularly, recommendation 9 has been closed.*

## C. Financial management

### UNHCR needs to assess staff requirements for the performance of financial management activities

35. At the time of the audit, the Representation did not know the status of its accounts receivables. Using the MSRP system, the finance staff were unable to obtain on an account basis the amount advanced, recovered and balances, which meant that the Office had no control over these receivables. The Representation explained that existing resources in the finance and administration area were overstretched and the capacity to follow up on backlogs was limited. OIOS contacted other UNCHR regional offices and was able to generate the relevant report under each of the receivable categories (travel, salary, operational advances, rental and medical expenses) which showed significant overdue amounts from as far back as 2003. According to the Regional Representation, the Office was waiting for temporary assistance in the administration area to help clear the backlog.

## Recommendation 10

**(10) The UNHCR Regional Office in Senegal should ensure that staff assigned with Managing for Systems, Resources and People enterprise software functions are provided with resources and training in order to facilitate the implementation of their activities. For this purpose, the Representation should conduct an assessment of training requirements in the financial area.**

36. *The UNHCR Regional Office in Senegal accepted recommendation 10 and stated that due to the expansion of the responsibilities of the Regional Representation and the newly recruited staff members in the Administrative/Finance Section, the Regional Representation Dakar initiated consultations with the Budget Sections in Geneva and Budapest for the conduct*

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*of Enterprise Performance Management and MSRP/Finance Training in June and November 2008, and June 2009. The on-the-job training is ongoing. This reply did not directly address the recommendation since the action was undertaken before the recommendation was written, and because the recommendation already took into consideration the last training mentioned. Recommendation 10 therefore remains open pending provision of an assessment of resources and training requirements of staff with MSRP functions.*

UNHCR needs to implement rules to manage advances consistently

37. UNHCR rules (UNHCR Manual Chapter 6) on project and administrative advances require that each advance is fully accounted for separately and the balance of one advance is not carried forward to a subsequent advance. If the debtor did refund the advance in cash, the Office generally recovered it through a deduction in the staff member's salary. It is the responsibility of the heads of office to monitor and recover all advances they approved.

38. Most of the open receivables OIOS reviewed were travel advances (\$59,000). A review of sampled travel files showed that at the end of the official travel, staff members were not consistently regularizing their travel by certifying the Travel Authorization Certificate. Other advances related to operational advances (\$19,000) to UNHCR offices in the region under the responsibility of the Regional Representation in Senegal which have no bank accounts. These advances should have been cleared by the recipients (by submitting the supporting documents) prior to receiving any subsequent operational advance and in any case as soon as possible (for instance travel claims must be cleared within a month from the travel).

**Recommendations 11 and 12**

**The UNHCR Regional Office in Senegal should establish procedures:**

**(11) For the continuous monitoring of advances and ensure that outstanding balances are recovered in a timely manner; and**

**(12) To ensure that at the end of the official travel, staff members certify their Travel Authorization Certificate.**

39. *The UNHCR Regional Office in Senegal accepted recommendation 11 and stated that the current team inherited an important backlog of receivables which date back to 2003. A Senior Administrative/Finance Officer has been redeployed to Dakar since 1 December 2009 and has established a database to facilitate the tracking of the outstanding receivables. Recommendation 11 remains open pending confirmation that the backlog of open receivables has been cleared.*

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40. *The UNHCR Regional Office in Senegal accepted recommendation 12 and stated that the Senior Regional Administrative/Finance Officer has issued an internal memorandum (22/02/2010) reminding staff to certify their Travel Authorization once the mission has been completed as scheduled or to complete a travel claim in case of additional claims. Based on the action taken by the Representation, recommendation 12 has been closed.*

UNHCR needs to segregate duties to ensure that staff do not approve their own payments

41. The Financial Internal Control Framework states that staff are not allowed to approve a payment in which they are directly or indirectly the beneficiary of the payment. Between January 2008 and October 2009, OIOS found 14 vouchers totaling \$23,000 where the approver was the same staff member as the beneficiary. The Senior Administrative Officer was not aware that such instances existed and there was no internal control mechanism in place to ensure that such instances, when justified, were reported for monitoring purposes.

**Recommendation 13**

**(13) The UNCHR Regional Office in Senegal should ensure that the approving officer is also not the beneficiary on the same transaction in order to comply with UNHCR's Financial Internal Control Framework.**

42. *The UNHCR Regional Office in Senegal accepted recommendation 13 and stated that it is only in exceptional circumstances – such as absence of several staff members at the same time - that the beneficiary approved the same transaction. Otherwise, they are complying with the UNHCR Financial Internal Control Framework. Based on the clarification and assurance provided by the Representation, recommendation 13 has been closed.*

UNHCR needs to segregate responsibilities for the management and monitoring of fuel consumption

43. Monitoring of fuel is essential to minimize the risk of improper use. The Regional Representation in Dakar did not have an adequate monitoring system in place for its consumption of fuel. The finance assistance (local staff) was in charge of distributing the fuel coupons, monitoring fuel consumption and identifying re-order requirements. There was no periodic independent review of the monitoring system for fuel consumption which resulted in a weak supervision of consumption trends. Further, vehicle fuel consumption was monitored by estimating average mileage consumption per litre. However, only 50 per cent of the vehicle fleet was monitored. Likewise, UNHCR did not have an adequate mechanism in place to monitor the consumption of fuel by the major generator which provided electricity to the office premises. The Regional Administrative officer informed OIOS that a lack of resources had limited her capacity to exercise adequate oversight.

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#### **Recommendation 14**

**(14) The UNHCR Regional Office in Senegal should put in place a mechanism to monitor fuel consumption which ensures that there is segregation of duties between the staff involved.**

44. *The UNHCR Regional Office in Senegal accepted recommendation 14 and stated that the segregation of tasks has been done since November 2009 – the fuel consumption control sheet is under the responsibility of the Senior Regional Administrative/Finance Officer while the issuance of fuel coupons is tasked to the Finance Assistant. Based on the action taken by the Representation, recommendation 14 has been closed.*

#### D. Telecommunications and information technology

##### Management of telecommunications resources needs to be improved

45. For 2008 and 2009, the Regional Representation paid CFA 22 million (\$49,000) and CFA 26 million (\$58,000) respectively for the use of telephone land lines. Staff members (local and international) are assigned PIN codes for the private and official use of the telephone. In order to identify calls made by staff members, the office has installed a Private Automatic Branch Exchange (PABX) system and since March 2009 itemized bills were received from the local telephone provider (SONATEL). However, no appropriate controls were put in place to ensure cost recovery for private calls, if any, and to ensure that official calls were genuine.

#### **Recommendation 15**

**(15) The UNHCR Regional Office in Dakar should establish a mechanism to monitor the use of telephone facilities to ensure that costs of private calls are recovered in a timely manner.**

46. *The UNHCR Regional Office in Senegal accepted recommendation 15 and stated that a few years ago UNHCR introduced a new telephone switchboard (Telerad) in order to ensure the compatibility with the Very Small Aperture Terminal/Pre-Assigned Multiple Access (VSAT/PAMA) system. Unfortunately, the Telerad switchboard did not have adequate billing facilities and a side billing system had to be installed by the telephone operator in each country. In Senegal, UNHCR has experienced difficulties with the telephone operator, SONATEL, which was unable to provide the billing facilities. After several requests and assistance provided by the telecoms technician, SONATEL has now provided UNHCR with the itemized invoices dating back to March 2009. The Office was consulting with the operator to obtain the retroactive invoices. In the meantime, an internal memorandum has been issued (19/01/2010) to all staff introducing the request form for the use of the telephone. Based on the action taken by the Representation, recommendation 15 has been closed.*

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UNHCR needs to strengthen its information and technology security controls and back-up processes

47. Physical security and integrity of electronic information should be managed in order to avoid temporary or permanent loss of operational capacity. Physical controls ensure protection for access to critical rooms and of IT equipment. Environmental controls should provide protection from manmade or natural disasters such as fire, shortage of power or excessive heating. For this purpose a disaster recovery and business continuity plan should be in place.

48. The telecommunications and IT servers of the Regional Representation in Dakar are co-located in a dedicated room. The physical security and air conditioning system of the server room were generally satisfactory. However, OIOS noted that the fire alarm system, which had been installed the previous year, was not working and some of the equipment was directly exposed to the sun. The Office performed regular back-ups of the information stored in the server, but these monthly and daily backups were stored in the same server room. This practice increases the risk of information loss in case of any disaster occurring in the server room.

**Recommendations 16 and 17**

**The UNHCR Regional Office in Senegal should ensure that:**

**(16) Back-ups of server data are maintained in a secure place outside the server room; and**

**(17) The fire detection system is working.**

49. *The UNHCR Regional Office in Senegal accepted recommendation 16 and stated that the back-up data from the server is now kept in the safe located in the Finance Unit.* Based on the assurance provided by the Representation, recommendation 16 has been closed.

50. *The UNHCR Regional Office in Senegal accepted recommendation 17 and stated that the alarm system was faulty at the time of the audit. However, it has been repaired and efforts are being made to ensure that the system is checked and tested on a regular basis.* Based on the action taken and assurance provided by the Representation, recommendation 17 has been closed.

Guidance for IT resource requirement is needed

51. Under the 2010 budget, two offices under the Regional Representation (Sierra Leone and Benin) were to remain without IT support staff because the posts will be eliminated. The two offices located in Sierra Leone (a distance of six hours between them) host 14 staff (2010 proposal) and each have a Local Area Network (LAN). In 2008, the two offices were exposed to serious virus infection which required continuous attention by the IT support staff. In Benin there is only one office with 16 staff and it, too, maintains a LAN.

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52. The elimination of the local IT assistant posts in the two country offices suggests that required support will have to be provided from Dakar. However, this solution does not appear to be practical for the day-to-day management of IT requirements in the field. It also is not cost-effective since travel in the region is expensive and time consuming. In September 2009, the Senior Regional IT Officer highlighted to the Department of Information System and Telecommunications (DIST) the major risks associated with such a strategy.

53. The Regional Representative informed OIOS that contingency planning to avoid a vacuum of IT support in the two countries was under discussion with the representatives in both Benin and Sierra Leone. UNCHR does not have standard operating procedures for establishing IT presence in offices and setting forth the minimum requirement for IT support staff and technical requirements. Such a procedure would facilitate an assessment for technical staff requirements in future occasions when UNCHR decides to downsize its presence.

### **Recommendations 18 and 19**

**(18) The UNHCR Regional Office in Senegal should establish a formal contingency plan to ensure that the expected reduction of IT support staff in the offices in Sierra Leone and Benin will not impact the capacity of the two offices.**

**(19) The UNHCR Department of Information Systems and Technology should develop standard operating procedures for the minimum required presence of IT support staff in offices depending on technical requirements.**

54. *The UNHCR Regional Office in Senegal accepted recommendation 18 and stated that it took note of the observation. In the meantime, the IT position 10006597 which was scheduled for discontinuation in Sierra Leone has been maintained and for Benin, a provision has been made in the Administrative Budget Obligation Document in order to ensure the recruitment of an IT assistant for 2010. Based on the action taken by the Representation, recommendation 18 has been closed.*

55. *The UNHCR DIST accepted recommendation 19 and stated that it has prepared a guide on ICT staffing for field offices. DIST has been in contact with Organizational Development Management Service (ODMS) so that official benchmark guidelines on ICT staffing in the field can be issued based on the 2008 IOM/091-FOM/093 of 2 – Guidelines for Designing UNHCR presence in the Field. ODMS, however, are not yet in a position to undertake this until the restructuring with the Division of Programme Support and Management clarifies where responsibility will lie for this function (ODMS had been the process owner up till now). Based on the action taken and assurance provided by the UNHCR DIST, recommendation 19 has been closed.*

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## V. ACKNOWLEDGEMENT

56. 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 <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
1	The UNHCR Regional Office in Senegal should put in place a contract management system that ensures as a minimum that timely action is taken for expiring contracts.	Compliance	High	C	Action completed	December 2009
2	The UNHCR Regional Office in Senegal should initiate negotiations to renew the existing lease agreement for the office premises in Dakar, in accordance with UNHCR procedures.	Compliance	Moderate	C	Action completed	11 December 2009
3	The UNHCR Regional Office in Senegal should conduct a performance evaluation of the existing travel agent to determine whether to continue with the travel agent or select another travel agent from the current recommended list United Nations Operation Management Team. The results of the review should be forwarded to the United Nations Operation Management Team as an input to the bidding exercise.	Compliance	Moderate	C	Action completed	Implemented
4	The UNHCR Regional Office in Senegal and the Bureau for Africa in consultation with the Legal Affairs Section should expedite the decision on whether to re-negotiate a new lease agreement with the Government of Senegal or undertake building of new premises.	Governance	Moderate	C	Action completed	23 November 2009

Recom. no.	Recommendation	Risk category	Risk rating	C/O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
5	The UNCHR Regional Office in Senegal and the Bureau for Africa should assess regional objectives and strategy in the Supply Chain function and determine the resources needed to comply with expected objectives.	Strategic	Moderate	C	Action completed	Implemented
6	The UNHCR Regional Office in Senegal should undertake a procurement exercise to identify service providers for the maintenance of service vehicles and for the provision of fuel in accordance with UNHCR procurement procedures.	Compliance	High	O	Prove of fulfillment of the bidding process	Not provided
7	The UNHCR Regional Office in Senegal should review and assess its arrangements for conducting procurement activities to ensure that it can demonstrate compliance with UNHCR procurement rules and transparency in the selection of vendors.	Compliance	Moderate	O	Provision of a planning document to ensure compliance with UNHCR procurement rules and transparency for the selection of vendors.	Not provided
8	The UNHCR Regional Office in Senegal should finalize the current physical inventory and ensure that the Managing for Systems, Resources and People enterprise software is kept up-to-date. Discrepancies noted as a result of the verification exercise should be investigated and accountability established.	Financial	Moderate	O	Pending provision of results of the exercise on discrepancies identified during the inventory exercise.	Not provided
9	The UNHCR Regional Office in Senegal should ensure that a sufficient number of staff is assigned to the Local Asset Management Board in order to provide adequate capacity and to ensure that it meets on a quarterly basis to address all pending asset management issues.	Governance	Moderate	C	Action completed	Implemented

Recom. no.	Recommendation	Risk category	Risk rating	C/O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
10	The UNHCR Regional Office in Senegal should ensure that staff assigned with Managing for Systems, Resources and People enterprise software functions is provided with resources and training in order to facilitate the implementation of their activities. For this purpose the Representation should conduct an assessment of training requirements in the financial area.	Human resources	Moderate	O	Provision of assessment of resources and training requirement for staff assigned with MSRP functions.	Not provided
11	The UNHCR Regional Office in Senegal should establish procedures for the continuous monitoring of advances and ensure that outstanding balances are recovered in a timely manner.	Financial	Moderate	O	Provision of confirmation that the backlog of open receivables has been cleared.	Not provided
12	The UNHCR Regional Office in Senegal should establish procedures to ensure that at the end of the official travel, staff members certify their Travel Authorization Certificate.	Financial	Moderate	C	Action completed	22/2/2010
13	The UNHCR Regional Office in Senegal should ensure that the approving officer is also not the beneficiary on the same transaction in order to comply with UNHCR's Financial Internal Control Framework.	Financial	Moderate	C	Action completed	Implemented
14	The UNHCR Regional Office in Senegal should put in place a mechanism to monitor fuel consumption which ensures that there is segregation of duties between the staff involved.	Financial	Moderate	C	Action completed	November 2009
15	The UNHCR Regional Office in Dakar should establish a mechanism to monitor and follow up the use of telephone facilities to ensure that costs of private calls are recovered in a timely manner.	Financial	Moderate	C	Action completed	19/1/2010

<b>Recom. no.</b>	<b>Recommendation</b>	<b>Risk category</b>	<b>Risk rating</b>	<b>C/O<sup>1</sup></b>	<b>Actions needed to close recommendation</b>	<b>Implementation date<sup>2</sup></b>
16	The UNHCR Regional Office in Senegal should ensure that back-ups of server data are maintained in a secure place outside the server room.	Information Resources	High	C	Action completed	Implemented
17	The UNHCR Regional Office in Senegal should ensure that the fire detection system is working.	Information Resources	Moderate	C	Action completed	Implemented
18	The UNHCR Regional Office in Senegal should establish a formal contingency plan to ensure that the expected reduction of IT support staff in the offices in Sierra Leone and Benin will not impact the capacity of the two offices.	Human Resources	Moderate	C	Action completed	Implemented
19	The UNHCR Department of Information Systems and Technology should develop standard operating procedures for the minimum required presence of IT support staff in offices depending on technical requirements.	Human Resources	High	C	Action completed	Implemented

<sup>1</sup> C = closed, O = open

<sup>2</sup> Date provided by the UNHCR Regional Office in Senegal in response to recommendations