



Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

Audit of UNHCR reintegration cash grant programme for refugees returning to Sri Lanka

Overall results relating to the effective implementation of the UNHCR reintegration cash grant programme for refugees returning to Sri Lanka were initially assessed as satisfactory

FINAL OVERALL RATING: SATISFACTORY

17 July 2012

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AUDIT REPORT

Audit of UNHCR reintegration cash grant programme for refugees returning to Sri Lanka

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations High Commissioner for Refugees (UNHCR) reintegration cash grant programme in Colombo, for refugees returning to Sri Lanka.
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. The UNHCR Sri Lanka Representation (the Representation) manages a facilitated return programme for Sri Lankan refugees wishing to voluntarily return from their countries of asylum by providing them with return documents, air tickets to Colombo and a reintegration cash grant. The Representation initially paid only a transport grant at the rate of Sri Lanka Rupees (LKR) 5,000 (\$45) per adult and LKR 2,500 (\$23) per child at the airport during 2009 and 2010. A modified reintegration grant was introduced in January 2011 consisting of transport cash allowance at a flat rate of LKR 2000 (\$18), repatriation grant of LKR 10,000 (\$90) per adult and LKR 7,500 (\$68) per child of the returning family. The objective of the grant was to enable the returnees to meet their basic needs upon arrival in the country. Table 1 shows details of amounts paid under the return programme and the number of refugees benefiting from the grant. The number of returnees was significantly less than anticipated due to time taken by Sri Lankan embassies in countries of asylum to process travel documents and delay in commencement of a planned ferry service between India and Sri Lanka. The Representation accordingly revised estimates of expected numbers of facilitated voluntary returnees from 15,000 to 5,250 individuals or 1,500 families for 2011. Based on new estimates, the Representation reduced the budgetary allocation for 2011 from \$1.5 million to \$557,029 but because there were only 962 returnees only \$124,468 was spent.

Table 1: UNHCR Sri Lanka reintegration grant disbursements

	2010	2011
Reintegration grant budget	\$61,794*	\$557,029
Actual grant disbursement	\$73,447*	\$124,468
No. of voluntary returnee refugees	2,054	962

II. OBJECTIVE AND SCOPE

4. The audit of UNHCR reintegration cash grant programme for refugees returning to Sri Lanka was conducted to assess the adequacy and effectiveness of the Representation's governance, risk management and control processes in providing reasonable assurance regarding **the effective implementation of the programme.**

* 2010 figures are for transport grant only. Reintegration grant was introduced from 1 January 2011.

5. The audit was performed at the request of the Representation, as it was a significant component of the durable solutions for returning refugees.

6. The key controls tested for the audit were: (a) strategic planning; (b) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:

(a) **Strategic planning** – controls that provide reasonable assurance that implementation of the UNHCR reintegration cash grant programme for refugees returning to Sri Lanka was properly planned; and

(b) **Regulatory framework**– controls that provide reasonable assurance that the regulatory instruments in terms of standard operating procedures for the reintegration grant disbursements were working as intended.

7. The key controls were assessed for the control objectives shown in Table 2.

8. OIOS conducted this audit from July to August 2011. The audit covered the period from 1 January 2010 to 30 June 2011.

9. OIOS conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and conducted necessary tests to determine their effectiveness.

III. AUDIT RESULTS

10. The Representation's governance, risk management and control processes examined were assessed as **satisfactory** in providing reasonable assurance regarding **the effective implementation of the UNHCR reintegration cash grant programme for refugees returning to Sri Lanka**. Strategic planning was assessed as satisfactory because reintegration grant rates were determined after consideration of relevant factors including linkages with UNHCR Representations in the countries of asylum. The Representation took several innovative steps to implement the programme, such as opening of joint household accounts into which reintegration grant was deposited, which ensured equal access by females/spouses and reduced security problems and theft. Communication of the programme to beneficiaries and other external stakeholders is through outreach services undertaken by UNHCR's protection/community service using available media such as posters and newspaper advertisements. The calculation of transport money and reintegration grant based on actual number of family members returning prevented the artificial splitting of families' return times in order to receive larger reintegration grants. The regulatory framework needed some strengthening in relation to the documentation of some procedures but, when advised by OIOS of the issue, the Representation took prompt action to amend the standard operating procedures.

11. The initial overall rating is based on the assessment of key controls presented in Table 2 below. The final overall rating is **satisfactory**.

Table 2: Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective implementation of UNHCR reintegration cash grant programme for refugees returning to Sri Lanka	(a) Strategic planning	Satisfactory	Satisfactory	Satisfactory	Satisfactory
	(b) Regulatory framework	Satisfactory	Satisfactory	Satisfactory	Satisfactory
FINAL OVERALL RATING: SATISFACTORY					

A. Strategic planning

Adequate procedures existed for determining reintegration grant rates

12. Issues in relation to strategic planning received the required level of attention in that adequate procedures existed for determining reintegration grant rates in accordance with the UNHCR Handbook for Repatriation and Reintegration Activities. The Representation ensured that an important comparative criteria adopted was the average monthly salary in the Northern areas of Sri Lanka. The Reintegration grant was equivalent to two months salary for a basic worker, in addition to which returning families received a six-month food ration from the World Food Programme.

B. Regulatory framework

Standard Operating Procedures (SOPs) were amended to strengthen controls

13. Controls over the disbursement of funds to returnees were sound, ensuring that disbursements were made in accordance with UNHCR guidelines. In the initial phase of the programme, the Representation directly distributed transport and reintegration grant monies to returnee refugees at the airport. Under modified arrangements that came into effect in January 2011, the disbursement is made through the Bank of Ceylon (BOC) at Colombo’s international airport, thereby transferring cash handling risks to BOC. Under this arrangement, governed by an MOU between the Representation and BOC, the UNHCR’s Voluntary Repatriation team receives returnee refugees at the airport and guides them to the BOC which opens a joint current account in the name of the husband and wife for the payment of reintegration grant to the entire family. BOC also pays the transport grant in cash to the refugees to meet their travel expenses from Colombo to their destinations. UNHCR monitors the disbursement of funds by reconciling the amount disbursed and the number of voluntary returns forms issued, combined with tight control over the custody and issue of the return forms. BOC is audited by the Auditor-General of Ceylon. SOPs were issued by the Representation to ensure the safety and integrity of the disbursement process.

14. Policies and procedures existed to guide the operations of the reintegration grant programme. In compliance with rules, the Representation provided additional guidance in the form of clear, specific, measurable, achievable, and time-bound SOPs. While the SOPs contained detailed steps regarding the management of the return process, OIOS assessed that the instructions for the disbursement of the cash

grant, segregation of duties, handling and safekeeping of voluntary return forms and record-keeping requirements required strengthening. When these deficiencies were brought to the attention of the Representation, prompt action was taken to amend the SOPs to remedy the weaknesses.

IV. ACKNOWLEDGEMENT

15. OIOS wishes to express its appreciation to the Management and staff of the UNHCR Representation in Sri Lanka for the assistance and cooperation extended to the auditors during this assignment.



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