



INTERNAL AUDIT DIVISION

AUDIT REPORT

UNHCR Operations in Afghanistan

While no major weaknesses were identified, the adverse security environment poses challenges to existing control arrangements, which need to be addressed, as does a tightening of arrangements for ensuring compliance with rules in areas of programme management and procurement

19 August 2009

Assignment No. AR2008/141/04

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. Ewen MacLeod, Representative
A: UNHCR Afghanistan

DATE: 19 August 2009

Ms. Janet Lim, Director
Regional Bureau for Asia and the Pacific
UNHCR

REFERENCE: IAD: 09- 02768

for *William Peterson*
FROM: Fatoumata Ndiaye, Acting Director
DE: Internal Audit Division, OIOS

SUBJECT: **Assignment No. AR2008/141/04 – Audit of UNHCR Operations in Afghanistan**
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, 2, 3, 4, 5, 17, 18, 19, 20 and 21 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 recommendations 12 and 16. In OIOS' opinion however, these recommendations seek to address significant risk areas. We are therefore reiterating them 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., recommendations 6, 10, 14, 15 and 16), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Ms. Maha Odeima, Audit Coordinator, UNHCR
Mr. Nicholas Birch, Audit Coordination Assistant, UNHCR
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
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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

Audit of UNHCR Operations in Afghanistan

OIOS conducted an audit of UNHCR Operations in Afghanistan. The overall objective of the audit was to assess the adequacy and effectiveness of internal controls in the areas identified as high risk for the operation. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

No major weaknesses were uncovered and a satisfactory control environment was found to be in place. Ensuring compliance with rules, particularly in project management and procurement, remains a challenge and some areas were identified where opportunities existed to improve the effectiveness and efficiency of operations. A common theme that emerged is the need for UNHCR to redefine how it achieves its control objectives in a high risk security environment where its officials are unable to operate and where it is difficult to attract partners willing to work in deteriorating security conditions.

- The security situation is forcing the UNHCR Representation in Afghanistan to make more use of remote monitoring for which there are no clear organizational operating policies and guidelines.
- The security situation poses difficulties for UNHCR in identifying suitable audit firms to conduct the audit certification process and in performing audit certification of implementing partners. The Representation would benefit from the development of guidance in this regard.
- Despite the stressful living and working environment, there was a lack of effective counselling services to assist staff who have witnessed traumatic events. Regular counselling services should be arranged for staff that operate in the stressful and traumatic environment in Afghanistan.
- There is a need to follow up on a potential liability related to the use of services provided by a private security company. With the pending introduction of International Public Sector Accounting Standards (IPSAS), UNHCR could find itself having to pay and account for a significant liability for which no provision has been made if this issue is not resolved.
- There was inadequate information available to monitor and audit security-related expenditures. Additionally, the lack of a comprehensive security training plan and collective security planning meetings, could lead to loss of opportunities to share good practices and an inability to achieve synergies through assessment of common needs.
- There was a possibility to improve efficiency of operations by applying the Afghanistan return and reintegration system in other UNHCR Operations involved in return and reintegration.
- In order to reduce the risk of manipulation of evaluation criteria to favor a particular supplier and to enhance transparency of the procurement process,

there is a need to ensure that technical evaluation criteria are always developed prior to bid receipt and opening.

TABLE OF CONTENTS

Chapter	Paragraphs
I. INTRODUCTION	1 – 10
II. AUDIT OBJECTIVES	11
III. AUDIT SCOPE AND METHODOLOGY	12 – 14
IV. AUDIT FINDINGS AND RECOMMENDATIONS	
A. Control Environment and Governance	15 – 21
B. Programme and Project Management	22 – 55
C. Safety and Security Management	56 – 66
D. Supply Chain Management	67 – 90
V. ACKNOWLEDGEMENT	91
ANNEX 1 – Status of Audit Recommendations	

I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of UNHCR Operations in Afghanistan. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. The major strategy for UNHCR in Afghanistan has been to manage the repatriation and reintegration of the returnees and to deal with asylum seekers/refugees in Afghanistan. Since 2002, some five million Afghans who had earlier fled Afghanistan, returned to the country mainly from Pakistan and Iran. Approximately 643,000 returned during the period covered by the audit (2007 and 2008). Approximately 98 percent of these returned from Pakistan. At the time of the audit, this was a mature operation with the number of returnees starting to decline.

3. To facilitate the returns, UNHCR mainly focused on the provision of initial reintegration support in the form of cash grants for voluntary repatriation and to provide shelter and water for the most vulnerable of the returnee communities, in addition to some income-generation and vocational training activities. Cash grants and shelter therefore formed the backbone of the UNHCR programme in Afghanistan.

4. Cash grants have been implemented using money traders who provide the payments to the returnees in Encashment Centres (ECs), under supervision and then receive reimbursement from UNHCR. This is the bulk of UNHCR expenditures, with approximately \$35 million spent in 2007 and \$27 million in 2008. The biggest national implementing partner (IP) is the Ministry of Refugees and Repatriation (MoRR) with its attendant Department of Refugees and Repatriation (DoRR) with approximate expenditure in 2007 of \$1.4 million and a budget of \$1.3 million in 2008. MoRR and DoRR were involved in cash grant payments and the shelter programme.

5. The shelter programme in 2007 recorded expenditures of \$8 million and the budgets for 2008 and 2009 are about \$14 million for each year, making the shelter programme the most expensive reintegration activity in the country after the provision of cash grants. The bulk of spending is for the acquisition of construction materials by UNHCR, which are then warehoused and transported by Deutsche Gesellschaft für Technische Zusammenarbeit GmbH (GTZ). For the implementation of the shelter programme, UNHCR worked with eight major IPs. Since 2002, the UNHCR shelter programme has provided assistance to more than 182,000 beneficiaries. In 2008, UNHCR provided over 10,000 families with shelter. The construction of the shelters is done under a self-help scheme, where the beneficiaries are provided with materials and technical assistance but they have to provide labour for the construction. At the end of the construction, a cash grant for work component is paid to the beneficiary.

6. UNHCR operates within the framework of agreements with the Governments of Pakistan and Iran supported by Memoranda of Understanding. Given that events in neighboring countries have an impact on the operations in Afghanistan, UNHCR has been active in addressing some of the key challenges

such as deportation of Afghans from Iran, through the Tripartite Commissions set up under the framework of agreements. The holding of an international conference on return and reintegration at the end of 2008, co-chaired by the United Nations High Commissioner for Refugees, has raised the visibility and profile of the refugee issue.

7. Since 2005, UNHCR has had to operate within a rapidly deteriorating security environment in Afghanistan. The Minimum Operating Security Standards (MOSS) require the use of hardtop armoured vehicles in most areas visited by OIOS (Kabul, Kandahar and Jalalabad), thereby limiting the number of missions that can be undertaken by UNHCR staff. Movement is also limited to an ever-shrinking “movement box” (an area where staff movement is allowed), defined by the United Nations Department of Safety and Security (UNDSS). By the end of 2007, the Government’s effective control was limited to an estimated 30 per cent of the country, with international development and humanitarian actors having access to about half of the country. With the forthcoming elections and the announcement of an increase in troops of the International Security Assistance Forces (ISAF), an escalation in violence is expected, not just in Kandahar but in other parts of the country as well.

8. With the prevailing security situation in many districts, UNHCR has had to rely to some extent on information gathered from remote monitoring partners for its other activities, outside of initial reintegration cash grants and shelter (such as identification of extremely vulnerable individuals, provision of information and water projects).

9. The Representation in Afghanistan was made up of a Country Office, five sub-offices, three field offices and three field units. The composition of the UNHCR workforce in Afghanistan at the start and end of 2008 is shown in Table 1.

Table 1: Composition of UNHCR Workforce

Category	1 January 2008	31 December 2008
International UNHCR staff (including Field Service and Junior Professional Officers)	36	30
UNHCR National Professional Officers	31	27
UNHCR General Service staff	369	288
UN Volunteers, Consultants	19	10
Total	455	355

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

II. AUDIT OBJECTIVES

11. The overall objective of the audit was to assess the adequacy and effectiveness of internal controls in the areas identified as high risk for the operation including control environment and governance, financial

administration, programme and project management, supply chain management, and safety and security. More specifically, the objectives of the audit were to assess whether UNHCR:

- (a) Resources in Afghanistan were managed properly and used in compliance with relevant rules and regulations;
- (b) Programmes in Afghanistan were achieving their objectives and desired outcomes; and
- (c) Services in Afghanistan were being provided efficiently, economically and effectively.

III. AUDIT SCOPE AND METHODOLOGY

12. The audit covered UNHCR programme activities in Afghanistan during 2007 and 2008. The audit focused on operations directly implemented by UNHCR and by IPs in Kabul, Jalalabad and Kandahar. Coverage was limited to these cities for safety and security reasons.

13. The audit focused on areas of high risk identified during the risk assessment exercise, including control environment and governance, programme and project management, supply chain management and security and safety.

14. The methodology utilized involved analytical procedures (including the use of computer-assisted audit techniques), interviews of key staff and review of documentation supporting key activities as well as some substantive testing of transactions. Implementing partner audit certification covering the years 2006 and 2007 was also reviewed; the process for 2008 had not begun at the time of the audit. Visits were made to the following IPs: Norwegian Refugee Council, GTZ and the Afghan Planning Agency.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Control Environment and Governance

An effective control environment is in place to deal with key strategic issues and the security situation

15. An adequate arrangement for addressing security risks was in place. A security risk assessment was prepared by UNDSS in collaboration with Agency Security Advisors. Discussions with key personnel indicated a proactive and pragmatic approach to operations within the country. Steps had been taken to ensure compliance with MOSS and the Minimum Operating Residential Security Standards (MORSS). A Security Management Team (SMT), led by the Special Representative of the Secretary-General of the United Nations Assistance Mission in Afghanistan (UNAMA) and which included the UNHCR

Representative was in place. UNHCR was very active in its participation in the SMT meetings. UNHCR has also taken steps to reduce risks by implementing some actions for a security phase 4 environment. In 2008, UNHCR decided not to engage in the shelter programme in Kandahar for security reasons.

16. Adequate arrangements were in place for coordination and planning of activities within and between offices. There was also good coordination with the Bureau for Asia and the Pacific, regional counterparts and within the country (heads of sub- and field offices). Significant strides have been made in the area of coordination with the United Nations Country Team. For example, UNHCR led the shelter cluster and coordinated efforts in this regard on behalf of the Country Team. The Senior Management has set up a good relationship with the Government, more specifically with MoRR, the major Government implementing partner.

17. Visits to sub-offices led OIOS to conclude that the strategy outlined in the Country Operations Plans was well disseminated and accepted within their offices.

Need to review UNHCR's role in emergency prevention concerning "winterization"

18. In 2007, UNHCR was criticized in the press when some Afghans were caught unprepared for the very harsh winter weather. While most of the people affected did not fall under UNHCR responsibility, its presence in the rural areas put the organization in a position where it could have played an advocacy role to raise awareness and alert the international community of the dangers. In recognition of this risk to its reputation, UNHCR moved from emergency response to emergency prevention and kept raising the alarm about consequences of severe weather in UN Country Team meetings. As a result, in 2008 the country saw assistance much earlier and in a more diversified manner in preparation for the winter.

19. While the Representation in Afghanistan managed to mitigate the risk of reputational harm in 2008, there is need for this role to continue until an alternative mechanism is put in place. In this regard, OIOS understands that the Office for the Coordination of Humanitarian Affairs (OCHA) is building a presence in Afghanistan and would be well suited to perform the coordination role.

Recommendation 1

(1) The UNHCR Representation in Afghanistan should continue to play the lead role in raising "winterization" issues until an alternative coordination mechanism is implemented.

20. *The UNHCR Representation in Afghanistan accepted recommendation 1 and agreed to continue taking a lead role given the currently limited ability of OCHA to play a coordination role on a countrywide basis, compared to UNHCR*

or other major agencies in Afghanistan. The question of when OCHA can take over from UNHCR is largely beyond UNHCR's ability to influence. Based on the action taken by the UNHCR Representation in Afghanistan, recommendation 1 has been closed.

UNHCR is prepared for a potential increase in the number of internally displaced persons (IDPs)

21. UNHCR has observed an increase in the number of IDPs and has projected that the number could continue to increase because of the deteriorating security situation, the intended "surge" strategy of the ISAF and the uncertainty regarding elections within the country. In light of this, the UNHCR Representation scheduled a contingency planning exercise for March and April 2009 to develop plans for various scenarios including the prospect of increased IDPs. In view of the actions underway, no action is proposed.

B. Programme and Project Management

Need to define "appropriate official" at sub-/field office level that can certify payment requests for reimbursement of cash grants made by money traders

22. Payment requests for reimbursement of cash grants made by the money traders should be certified by an appropriate official prior to being forwarded for processing by the Programme Unit in Kabul. What is meant by an "appropriate official" was not clear at the sub-/field office level. In Kandahar and Jalalabad, requests were signed by officers occupying various positions and in some cases, officers had signed for the Programme Officer or Head of Office. In one case, there was no certification at all.

23. The Senior Programme Officer explained that the Programme Officers were responsible for certification but when they were absent, other officers certified the requests. To mitigate the risk of inaccurate or incorrect payments, a further review and approval (exercise of financial delegation) is performed in Kabul through the Programme and Project Control Unit. In the opinion of OIOS, the work of this Unit should be one of ensuring accountability, i.e., that the certifying officers are performing their function. As such, there was a need to ensure that there is guidance on who should be appointed as a certifying officer and clear guidelines on the work they must carry out. Failure to do this increases the likelihood of inappropriate certifications leading to inaccurate or incorrect payments being made.

Recommendation 2

(2) To ensure consistency across the country, the UNHCR Representation in Afghanistan should issue guidelines which indicate who can be appointed as a certifying officer for cash grant payments and the level of checks that should be carried out.

24. *The UNHCR Representation in Afghanistan accepted recommendation 2 and stated that a revised procedure has been put in place together with a modified payment request for processing cash grant payments countrywide. Based on the action taken by the UNHCR Representation in Afghanistan, recommendation 2 has been closed.*

Enforcement of the staff rotation policy at the Encashment Centres could be used as an opportunity for to staff to gain multiple skills

25. In Kandahar and Jalalabad, UNHCR staff who attended the ECs, when accessible, were not rotated as advised in the voluntary repatriation operational plan, to reduce the risk of collusion between the staff of UNHCR, DoRR and the money traders. This situation was the same in other locations as well. The heads of the sub-offices explained that staff rotation was difficult to achieve due to the office sizes and low staff numbers. While recognizing the difficulties faced, OIOS considers that the Representation could also use the necessary rotation as an opportunity for staff to gain multiple skills.

Recommendation 3

(3) The UNHCR Representation in Afghanistan should comply with the staff rotation policy in order to reduce the risk of collusion at the Encashment Centres. The constraints related to the size of the offices and the low number of staff could be used as an opportunity for staff to gain multiple skills.

26. *The UNHCR Representation in Afghanistan accepted recommendation 3 and stated that efforts are ongoing to ensure compliance but there are real capacity constraints in the Operation's ability to implement the recommendation. Based on the UNHCR Representation in Afghanistan's commitment to implement the recommendation despite the current capacity constraints, and the low risk nature of the recommendation, recommendation 3 has been closed.*

There is an increased risk of fraud if UNHCR staff in Kandahar do not supervise Encashment Centres on a daily basis

27. As set out in the UNHCR voluntary repatriation operational plan, field staff are advised to be present at ECs to supervise activities. In Kandahar, this did not happen in 2007 and 2008 because the location of the EC was in an unsecure area. Though not formally agreed, DoRR staff had supervised EC operations and brought the voluntary repatriation forms to the UNHCR office for reconciliation during this period. Though the EC was moved to a more secure area at the end of 2008, there was no indication that field staff would be present on a daily basis as required by the rules. The inability of the field staff to effectively supervise the activities at the EC increases the risk of fraudulent activity not being detected in a timely manner.

Recommendation 4

(4) The UNHCR Representation in Afghanistan should ensure that field staff in Kandahar are present at the Encashment Centres daily as required by the voluntary repatriation operational plan.

28. *The UNHCR Representation in Afghanistan accepted recommendation 4 and its implementation is ongoing. The Representation stated, however, that the full implementation is subject to security conditions in Kandahar, logistical constraints and the volume of returnees.* Based on the action taken by the UNHCR Representation in Afghanistan, recommendation 4 has been closed.

Possibility to improve efficiency of operations by applying Afghanistan return and reintegration system in other areas

29. OIOS reviewed the reconciliation procedures in use in Afghanistan for return and reintegration information management. The current system has been developed and fine-tuned over the years to provide a comprehensive analysis and reporting of return and reintegration information. Some of the initial problems that have now been overcome included the use of different platforms in Pakistan and Iran and the use of unique identifiers/codes. In order to benefit from the expertise and experience gained in Afghanistan over the years, this system/database could be used by other UNHCR return and reintegration operations.

Recommendation 5

(5) The UNHCR Administration should review the applicability of the system used in Afghanistan for return and reintegration information management in other UNHCR return and reintegration operations.

30. *The UNHCR Administration accepted recommendation 5 and stated that the Division of Operational Services (DOS) will continue to consolidate information on return and reintegration operations in Afghanistan, and disseminate good practices and lessons learned to other UNHCR operations.* Based on the action taken by UNHCR, recommendation 5 has been closed.

Deteriorating security is forcing the UNHCR Representation in Afghanistan to make more use of remote monitoring for which there are no clear organizational operating policies and guidelines

31. The deteriorating security situation in Afghanistan forced UNHCR to resort to the use of remote monitoring in some parts of the country. During 2007 there were three remote monitoring partners (the Afghan Planning Agency – covering the eastern and central regions; the Afghan Public Welfare Organization – covering the south-eastern region; and Masood Akbar Construction Agency – covering the southern region). In 2008, as a result of the decision not to engage in shelter construction in the southern region because of deteriorating security and

partly due to the quality of performance, Masood Akbar Construction Agency was dropped and only two remote monitoring partners were utilized.

32. The use of remote monitoring techniques is an emerging issue that increasingly confronts UNHCR in new Operations, sometimes due to security reasons but at other times due to inaccessibility of some locations. While each Operation that utilizes remote monitoring has been developing mechanisms to ensure the success of such modes of verification, there are no organization-wide developed operating policies and guidelines to provide direction to the Operations. Tapping the collective experience of Operations that have used remote monitoring in the past to develop policies and guidelines would be an effective way to provide direction for all Operations that have to resort to remote monitoring in the future.

33. In Afghanistan, the IPs for shelter provide weekly and monthly progress reports in addition to the Sub-Project Monitoring Reports (SPMRs). Remote monitors provide verification reports to UNHCR on the shelter activities of the IPs. These reports have been standardized over the years. They also provide photographic evidence of the activities implemented. Each of the remote monitoring partners has a signed sub-agreement in place, which clearly sets out the expectations of UNHCR in terms of the partner's performance.

34. The delivery capacities of the remote monitoring partners are assessed regularly. As a result of these assessments, UNHCR made a decision not to utilize the services of Masood Akbar Construction Agency in 2008. Regular meetings are held with representatives of the remote monitoring partners to discuss any matters of concern. During the audit, OIOS met with one of the remote monitoring partners (Afghan Planning Agency) and noted that they were satisfied with the degree of assistance provided by UNHCR in terms of training and support. However, due to security constraints, OIOS was unable to perform any physical verification of shelters that had been the subject of remote monitoring. UNHCR indicated that the performance of the two remote monitoring partners maintained in 2008 was satisfactory.

35. While the mechanisms put in place in Afghanistan were considered to be satisfactory, they were local initiatives and the Representation could benefit from organization-wide policy and guidance.

Recommendation 6

(6) The UNHCR Division of Operational Services should develop operating policies and guidelines on the use of remote monitoring to ensure consistency of approach.

36. *The UNHCR Division of Operational Services (DOS) accepted recommendation 6 and stated that it had embarked on a survey in the latter part of 2008 which resulted in a draft paper "Remote Management – operations, challenges and lessons learned as of 1 April 2009". This paper is being reviewed by all relevant units at UNHCR Headquarters with a view to eventually turning it*

into a set of practical guidelines. Recommendation 6 remains open pending finalization of the practical guidelines on remote management.

Lack of independent verification of cash-for-work component of the shelter programme in Jalalabad could undermine the integrity of the programme

37. The shelter guidelines provide that there should be independent verification and supervision of the distribution of the cash-for-work component of the shelter programme. The strategy used by the UNHCR Representation in Afghanistan has been to enter into project sub-agreements with DoRR as a verification partner for the performance of the verification but this does not preclude other parties from being involved in the process.

38. A review of activities in Jalalabad suggested that greater monitoring of activities was needed to reduce the risk that inappropriate payments are made to beneficiaries. OIOS noted some instances where the cash-for-work component had been distributed by the IPs without the supervision of DoRR staff or UNHCR staff. In other cases, DoRR staff had not signed the summary sheets as evidence of their involvement and verification although they were supposed to be responsible for the verification of the payments.

39. The risk mitigating measures consist of informal networks among the returnees and the education programmes put in place by UNHCR to provide information to the returnees about their entitlements. In addition, in those places where both the presence of DoRR and UNHCR officers is not possible, UNHCR should try to involve the elders of the local community in the verification process.

Recommendations 7 and 8

The UNHCR Representation in Afghanistan should:

(7) Obtain periodic monitoring reports evidencing that independent verification is performed whenever the cash-for-work component of the shelter programme is distributed in Jalalabad; and

(8) Request the involvement of the elders of the local community to witness that the payments have been made where the Department of Refugees and Repatriation staff cannot be present at the distribution.

40. *The UNHCR Representation in Afghanistan accepted recommendation 7 for ongoing implementation.* Recommendation 7 remains open pending receipt of documentation from the Representation showing that periodic monitoring reports regarding the cash-for-work component of the shelter programme in Jalalabad are reviewed.

41. *The UNHCR Representation in Afghanistan accepted recommendation 8 for ongoing implementation.* Recommendation 8 remains open pending

confirmation by the Representation that elders of the local community are involved in the verification process when DoRR or UNHCR staff cannot be present at the distribution.

Conducting an impact assessment in the central region is a good initiative which should be extended to other areas and the policy on assessments of field operations should be developed

42. The Central Region Office of the UNHCR Representation was planning for an impact study of inputs delivered in 2008 as a follow-up mechanism to determine the effectiveness of efforts at providing shelter in the Region. After more than six years from its inception, an impact study of the efficiency and effectiveness of the shelter programme is justified. Large scale and expensive programmes, such as the shelter programme, which supported over 10,000 families in 2008, require periodic evaluation to provide management with information on emerging best practices and areas to improve. There is no such requirement for these types of reviews in UNHCR. In addition, OIOS noted that this study was limited to the Central Region Office, although it was not the only office implementing the shelter programme. The impact study by the Central Region Office could be used as a pilot project to develop a common methodology for application in a coordinated manner across Afghanistan, where the security situation allows it.

Recommendations 9 and 10

(9) The UNHCR Representation in Afghanistan should use the impact study by the Central Region Office as a pilot project to develop a common methodology for application in a coordinated manner across the Representation.

(10) The UNHCR Administration should develop policies and procedures to specify which of the organization's programmes, activities and initiatives are to be formally assessed or evaluated.

43. *The UNHCR Representation in Afghanistan accepted the substance of recommendation 9 and agreed to first review the results of the exercise carried out by the Central Region (now planned for June to August 2009). After evaluating its methodology and findings, it may be considered for wider application.* Recommendation 9 remains open pending receipt of the results of the review carried out by the Representation in the Central Region, and confirmation of the subsequent action to be taken.

44. *The UNHCR Policy Development and Evaluation Service accepted recommendation 10 for ongoing implementation.* Recommendation 10 remains open pending finalization of the development of the policies and procedures specifying which of the organization's programmes, activities and initiatives are to be formally assessed or evaluated.

Adequate arrangements were in place for monitoring of implementing partners

45. There was evidence of regular monitoring of the IPs. As at the end of 2007, there were 77 IPs implementing 85 sub-projects amounting to \$10.9 million. Given the large number of sub-projects, the monitoring of the IPs was performed in a decentralized manner by the sub-offices and the field offices. The monitoring process in place was found to be satisfactory. For example, in Jalalabad and Kandahar, OIOS found evidence that the sub-project monitoring reports had been prepared and submitted by the IPs in a timely manner and these reports had been reviewed and signed by the heads of offices. UNHCR had developed guidelines, which had been implemented, for the monitoring of the IPs.

Positive developments have taken place in the redefinition of the relationship with MoRR to push it to become a more effective partner

46. The UNHCR Manual (Monitoring of IP Chapter 4 – 3.1) requires that UNHCR reacts proactively by training and coaching partners, where an evaluation suggests they are no longer performing as expected. The biggest of the IPs utilized by the UNHCR Representation in Afghanistan is MoRR and its attendant departments. In past years, UNHCR subsidies have amounted to as much as 80 percent of the value of MoRR's operational budget. The Ministry had been unable in the past to prepare a budget that accurately reflected its needs. It was also one of the few Ministries that had not gone through the Civil Service Reform Process in Afghanistan, a process initiated by the Government to streamline the Ministries, reform their structures and develop a better performing public workforce through competency assessment, prior to appointment and by adjustment of salaries.

47. UNHCR recognized that MoRR was not delivering effectively but an effective and reformed MoRR was seen by UNHCR as a critical element in building up the Government's capacity to deal with refugee and broader migration management matters.

48. To address this and ensure that ultimately MoRR becomes a more effective partner, UNHCR took steps in 2008 to redefine its relationship with the Ministry to provide an incentive for better performance. In 2008, the Representation developed a strategy for dealing with the repositioning of the relationship with the Ministry and communicated it to all sub-office and field office heads. UNHCR also started to have a relationship with other Ministries that were seen as good performers in the cause of supporting beneficiaries, in order to inject some competitive pressure on MoRR. UNHCR did a very good job in identifying the weakness of MoRR as a partner and redefining the relationship with it. This has given the Government the right impetus to reform the Ministry.

Deteriorating security situation poses risk to UNHCR in identifying suitable audit firms to conduct the audit certification of partners

49. Due to the deteriorating security situation, UNHCR found it extremely difficult to find suitable and willing auditors to perform the audit certification process of IPs in Afghanistan. The inability to find a suitable firm to conduct the 2007 IP certification exercise resulted in the procurement exercise being conducted twice, and an audit firm was not selected until May 2008. Finally, after the selection of the audit firm, the audit commenced in June 2008 and continued through October 2008. It resulted in the qualification of the accounts of three IPs and an inability to form an opinion on the financial statements of six IPs (most of them being DoRRs). The budget for all nine IPs affected (all in areas that were classified mainly as “no-go” areas from a security standpoint) was about seven percent of the total IP budget.

50. The external auditor appointed by UNHCR to audit the IPs visited Kabul, Jalalabad, Mazar-i-Sharif and Herat. The security situation posed a limitation on the ability of the auditor to travel to certain parts of the country for the audit. As a result, sub-projects implemented in the regions covered by the Sub-Office Kandahar, Field office Gardez and Field unit Bamyan were audited remotely from Kabul with files being transported from the field to Kabul for review. Limited access to relevant documentation also led to the issuance of the “inability to form an opinion” statement from the external auditor for the six IPs involved.

51. While UNHCR has guidelines for the audit certification process, these do not adequately cover situations where it is almost impossible to find suitable auditors for a specific Representation.

Recommendations 11

(11) The UNHCR Division of Financial and Administrative Management should develop guidance on steps to be taken by the Representations when no suitable auditors are found due to deteriorating security or other extenuating circumstances.

52. *The UNHCR Division of Financial and Administrative Management (DFAM) accepted recommendation 11 and stated that it will develop and provide guidance on the IP audit certification process to operations on a case by case basis when alerted of difficulties with IP audit certification due to security conditions or other extenuating circumstances. DFAM will be issuing an IOM/FOM on the terms of reference for IP audits during the third quarter of 2009. Recommendation 11 remains open pending the issuance by DFAM of the terms of reference for IP audits.*

Steps have been taken by the Representation in Afghanistan to follow up on the results of the IPs' audit certification process

53. The UNHCR Representation in Afghanistan has already taken certain steps to mitigate the financial risks associated with implementation through IPs whose accounts were issued with qualified opinions. Unreliable partners were phased out. It was also decided to reposition the relationship with MoRR and DoRR to make the relationship more effective in terms of performance.

54. With the conclusion of the audit certification process at the time of the OIOS audit, the Programme Section in Kabul was in the process of extracting key summary findings (relating to those IPs whose accounts were not qualified) for dissemination to the sub-offices, field offices and field units for corrective action to be taken on control weaknesses identified. However, it is clear that due to the prevailing security situation, meaningful corrective action for those IPs, where an opinion could not be formed, is unlikely to happen soon.

55. In OIOS' opinion, the delays have been beyond the control of the Representation, which has taken the necessary steps to mitigate the risk. As a result, no recommendation is made.

C. Safety and Security Management

Inadequate information available to monitor and audit security-related expenditures

56. In 2008, the security-related budget for operations in Afghanistan was considerably increased after a transfer of \$3 million from the operational reserve. Neither the security staff nor the administration could provide OIOS with a breakdown of security-related expenditures for 2008. OIOS was therefore unable to establish that expenditures amounting to over \$3 million were correctly spent. OIOS established that the cause was inadequate budget monitoring arrangements in place. The budget provision for security-related activities is incorporated in the administrative budget (ABOD) as per the Country Operations Plan (COP), which provides details on the security budget, per duty station and budget line. The security budget is then spread among several line items and summed with other requirements. In addition, due to the current MSRP structure, the tracking of security-related expenditures is very cumbersome. It can only be done using spreadsheets outside of the system.

57. The inability to separately monitor the security budget could lead to a loss of accountability and transparency in its management. Given the overarching impact of security on overall operations, and the need to plan for security activities and to provide a measure of accountability on the use of security-related funds, a monitoring system for the security budget is required.

Recommendation 12

(12) The UNHCR Representation in Afghanistan with the support of the Bureau for Asia and the Pacific at Headquarters should implement a system for the monitoring of the security budget.

58. *The UNHCR Representation in Afghanistan did not accept recommendation 12, stating that this was a systemic problem for all UNHCR offices. Therefore, in their opinion, the issue should be addressed at the Headquarters level, as it requires a change in the existing tools in the Managing for Systems, Resources and People System, the methodology applied in reporting security expenditures globally, as well as the recruitment process for Field Safety Advisors (FSAs) to include a requirement for competency in financial management. The Representation further noted that they regularly monitor the security expenditures as part of the ABOD.* OIOS is aware that this is a systemic problem, as per UNHCR's own assessment made in the document "Security Budgeting in UNHCR", dated 18 April 2008. However, it remains the responsibility of the Representation to take corrective measures in the Afghan operations, while UNHCR Headquarters should develop the system-wide solutions. The need for accurate, functional and accountable financial management is necessary in every aspect of the operations, including in security management. The regular monitoring of security expenditures provides the means by which the FSA can adequately plan for security activities. This can only be achieved with the active involvement of the FSA, which was not the case in Afghanistan. This is very critical in a country where security concerns affect all aspects of the UNHCR operations. OIOS is therefore reiterating recommendation 12, and requests the Representation to reconsider its initial position on the matter. Recommendation 12 remains open pending confirmation of the involvement of the FSA in the regular process of separately accounting for security related expenditure incurred in the Afghan operations, and in monitoring the security budget.

Lack of a comprehensive security training plan and collective security planning meetings could lead to loss of opportunities to share better practices and inability to achieve synergies through assessment of common needs

59. In 2008 the UNHCR Representation in Afghanistan conducted 114 security-related presentations and 37 practical exercises in 11 offices in the country. On some occasions, training was coordinated between UNHCR offices and/or other agencies. While staff interviewed were satisfied with the security training received, no comprehensive plan existed both for 2008 and 2009. Each sub-office was preparing its own plan for 2009.

60. The Senior FSA and other staff interviewed confirmed that additional coordination in the production of training plans and budget could result in better synergies and coordination both within UNHCR and with other agencies. Further, while individual meetings had been held during field missions, there had been no collective security planning meetings between the FSAs and all Assistant FSAs. Such meetings are common practice for other substantive sections (e.g.,

Protection Officers) and can provide opportunities for the sharing of best practices and assessment of common needs, including training.

Recommendation 13

(13) The UNHCR Representation in Afghanistan should develop a coordinated security training plan, taking into consideration the needs in terms of security and the potential for achievement of synergies.

61. *The UNHCR Representation in Afghanistan accepted recommendation 13 and agreed that a comprehensive plan developed in conjunction with other agencies and UNDSS would be useful.* Recommendation 13 remains open pending the development of the coordinated security training plan.

Action underway to address security risks associated with guest house used in Kandahar

62. For security reasons, UNHCR has reduced the staff in Sub-Office Kandahar to two international staff, whose personal safety is at risk because of the current location of the guest house where they are required to stay. The Sub-Office and the guest house are separated by a number of roads where there is a high risk of a road attack. UNHCR has recognized the risk, and at the time of audit were in the process of looking for a new guest house. As action is ongoing, no recommendation is raised.

There is a need to follow up on a potential liability related to the use of services provided by a private security company

63. Part of the security provided to the guest house in Kandahar is provided by a private security firm contracted by UNAMA. There was no evidence of an agreement in place covering how UNHCR would reimburse UNAMA for the cost of these services, which since 2007 amount to around \$600,000. In the absence of any formal agreement, UNHCR has made no provision for the costs and the Representation in Afghanistan disputes the existence of a liability, although minutes of an SMT meeting indicate the costs for UNHCR.

Recommendation 14

(14) The UNHCR Representation in Afghanistan should follow up with the United Nations Assistance Mission in Afghanistan (UNAMA) to resolve the matter of potential liability incurred for services provided by a private security company hired by UNAMA to protect the UNHCR guest house in Kandahar.

64. *The UNHCR Representation in Afghanistan accepted recommendation 14 and stated that the matter has been followed up with UNAMA since 2007 but no contract or written documentation stipulating the arrangement and verifying*

the liabilities has ever been produced. The UNHCR Representation, together with other UN agencies sharing the Kandahar Guest House, is seeking clarity on this matter with UNAMA with respect to future liabilities. Recommendation 14 remains open pending confirmation of the successful resolution of the matter with UNAMA.

Lack of counselling services for staff operating in a traumatic environment could negatively affect staff morale and well-being

65. The security and operating environment within Afghanistan is very stressful for most staff (both local and international), who quite often have been witnesses to traumatic events or have been involved in traumatic events themselves. There is currently no effective counselling service available to assist such staff members. In fact, OIOS was informed that the whole UN system had only one counsellor in Afghanistan. While attempts have been made to provide counselling services from Geneva, they have been rare.

Recommendation 15

(15) The UNHCR Representation in Afghanistan in conjunction with the Regional Bureau for Asia and the Pacific should arrange for regular counseling services to be made available for staff that operate in the stressful and traumatic environment of Afghanistan.

66. *The Regional Bureau for Asia and the Pacific accepted recommendation 15 and stated that since the audit, a Staff Welfare Officer post has been approved for the Pakistan Operation and the Bureau is in dialogue with the Staff Welfare Section to ensure regional coverage to include Iran and Afghanistan. Recommendation 15 remains open pending confirmation of the agreement for coverage of Afghanistan.*

D. Supply Chain Management

Development of technical evaluation criteria after bid opening could undermine UNHCR Afghanistan's procurement process

67. Preparation of the technical evaluation criteria alongside the development of the invitation to suppliers enhances transparency and reduces the risk of criteria being developed to favour a particular supplier. OIOS looked at nine material procurement cases and found that in two cases totalling approximately \$5 million, the evaluation criteria was developed after the bids were opened:

- For the renovation of the guest house, the Representation selected the most expensive vendor (\$40,000) on the basis of a technical assessment and an assessment of work performed, but none of the criteria used had been pre-determined and documented before the finalization of the tender.

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- For the procurement of steel beams (of almost \$5 million), the Representation issued four Invitations to Bid (ITBs): one addressed to local suppliers and the remaining three to Pakistani steel producers. The deadline for submission for the local vendors was 20 January 2008 and included the list of Pakistani companies found suitable by UNHCR for producing the beams and requested Delivery Duty Unpaid (DDU) prices. An ITB was subsequently sent to the identified Pakistani companies but, with a different deadline (3 March 2008) and prices could be quoted both DDU and Ex-works. Finally, the four ITBs were jointly tabulated and the Local Committee on Contracts (LCC) deliberated on 23 March 2008. The decision to award the contract to local companies was based on criteria that had not been pre-determined.

68. In OIOS' view, the practices described above, diminish the transparency of the procurement process, increase the risk of collusion and are against the general principle of not providing potential key information to vendors and identifying potential bidders to one another.

Recommendation 16

(16) The UNHCR Representation in Afghanistan should ensure that technical evaluation criteria are always developed prior to bid receipt and opening to enhance transparency and reduce the risk of manipulation of criteria to favour a particular supplier.

69. *The UNHCR Representation in Afghanistan did not accept recommendation 16, stating that they use the criteria built into the ITB as the guiding criterion for evaluation of bids. These vary depending on the nature of goods and services tendered. As referred to in paragraph 67, OIOS observed two cases totalling approximately \$5 million which did not include pre-determined and weighted criteria in the ITB. OIOS therefore reiterates recommendation 16, which will remain open pending receipt of documentation that all ITBs now include pre-determined and weighted criteria.*

In Jalalabad and Kandahar, non-compliance with the procurement rules with regard to the aggregated value of transactions increases the risk of fraud

70. The UNHCR Representation has established an LCC in Kabul with the authority to approve purchases between \$20,000 and \$150,000. In order to assist the heads of sub-offices in their delegated procurement authority for purchases of up to \$20,000, the Representation in Afghanistan has established an LCC in each sub-office with the authority to deliberate on any procurement and contract valued between \$5,000 and \$20,000. For the calculation of the threshold limits, the UNHCR Manual explains that "related orders are all contracts with a single vendor within the previous 12 months, which in total equal to or exceed the indicated amount excluding contracts subject to previous Committee approval".

71. While the arrangement for having sub-office LCCs does not breach procurement rules, OIOS noted that the LCCs of the Sub-Offices Kandahar and

Jalalabad mostly dealt with the procurement of small quantities of fuel with a value of less than \$20,000 for each procurement but which when aggregated (for each vendor) went beyond the delegated authority of each sub-office LCC. However, the LCC in the Representation, which would have been the body to approve such purchases, was never informed. The existence of the LCC at the sub-offices may lull the Representation into a false sense that procurement rules were being followed and also dilute accountability for breaches of procurement rules.

Recommendation 17

(17) The UNHCR Representation in Afghanistan should provide adequate supervisory control to ensure that the Local Committees on Contracts at the sub-office level do not exceed their delegated authority.

72. *The UNHCR Representation in Afghanistan accepted recommendation 17 and stated that reminders have been sent to the Sub and Field Offices to exercise monthly oversight on amounts over \$20,000.* Based on the action taken by the UNHCR Representation in Afghanistan, recommendation 17 has been closed.

No standards existed in Kabul for monitoring generators' fuel consumption, leading to increased risks of fraud or misuse of fuel

73. With fuel being a highly valuable commodity that is susceptible to fraud and misuse, it is expected that the consumption of fuel would be monitored in order to mitigate such risks.

74. In 2008, the UNHCR Representation in Kabul purchased 357,682 litres of fuel, amounting to \$325,490. The consumption was aligned with the previous year (\$312,263). For 2008, 67 per cent of fuel usage related to generators, 21 per cent to vehicles and the remaining 12 per cent for office heating, making fuel usage in generators a major item of procurement.

75. In the Representation in Kabul, the refuelling of vehicles and generators is reconciled monthly with logbooks and fuel vouchers and the consumption of fuel is monitored by unit (vehicles and generators). For vehicles, an average consumption of fuel by kilometre is established and compared to expected standards. The same analysis is not done for generators, for which the Representation has neither identified expected standards nor historic data to compare the data with. These standards are normally provided by the manufacturers and are useful for identifying abnormal trends of usage.

76. OIOS also noted that in Kandahar, fuel consumption is not monitored either for vehicles or for generators. This weakness exposes the organization to potential misuse of fuel going undetected.

Recommendations 18 and 19

The UNHCR Representation in Afghanistan should:

(18) Establish standard operating procedures for the monitoring of fuel consumption;

(19) Ensure that reviews of fuel consumption by both generators and vehicles are conducted regularly.

77. *The UNHCR Representation in Afghanistan accepted recommendation 18 and stated that a procedure has already been implemented. The existing standard operating procedure has been enhanced to reflect hourly consumption of fuel.* Based on the action taken by the UNHCR Representation in Afghanistan, recommendation 18 has been closed.

78. *The UNHCR Representation in Afghanistan accepted recommendation 19, stating that the review of consumption of fuel has been enhanced as per the procedure indicated in paragraph 77.* Based on the action taken by the UNHCR Representation in Afghanistan, recommendation 19 has been closed.

More work is required for the implementation of Inter-Office Memoranda (IOM)/Field Office Memoranda (FOM) on asset management

79. UNHCR's New Asset Management Policy (IOM075/FOM077-2008) defines requirements in the asset management area in order to comply with International Public Sector Accounting Standards (IPSAS). Focal points for the asset clean-up (Phase I) must be nominated and present a work plan for all offices covered by the Representation and coordinate the asset clean-up process. In view of IPSAS implementation, UNHCR also issued a new inventory policy (IOM086/FOM088-2008), which provides instructions for the inventory database clean-up, which is to be finalized by the end of September 2009.

80. While a focal point for the implementation of the IOM/FOMs was rapidly identified, there is no formal planning document for their implementation. The focal point had started with the implementation of Phase I of the Asset Management Policy by cleaning up and gradually recording assets into the inventory module. At the time of the audit, the Supply Officer was planning two field visits (to Kandahar and Jalalabad) to assist and train local supply assistants for the implementation of the new requirements.

81. OIOS could not find evidence of the visits of the previous Supply Officer to field locations (the current Supply Officer is fairly new to the Operation). There was also no comprehensive, documented plan for year-round scheduled visits to all locations. Without a well-formulated plan to achieve the requirements of the IOM/FOMs, there is a risk that UNHCR may not be able to implement IPSAS on time.

82. During field visits in Kandahar and Jalalabad, OIOS noted that Supply Assistants were not capable of recording the incoming and outgoing movement

of inventory stocks and could not process the disposals, due to the lack of proper knowledge of MSRP asset modules.

Recommendations 20 and 21

The UNHCR Representation in Afghanistan should:

(20) Clarify the supervision/oversight and training responsibilities of the Supply Officer with respect to Country/Field Offices and ensure that regular visits are undertaken to address asset management and inventory issues; and

(21) Develop a plan to ensure compliance with the requirements of the revised UNHCR Asset Management and Inventory Policies.

83. *The UNHCR Representation in Afghanistan accepted recommendation 20 and stated that the Supply Officer has already undertaken field missions to Kandahar and Jalalabad. A schedule for visiting the remaining offices has been prepared.* Based on the action taken by the UNHCR Representation in Afghanistan, recommendation 20 has been closed.

84. *The UNHCR Representation in Afghanistan accepted recommendation 21 and stated that the most recent reporting on this task indicates 73 percent compliance, with two offices now having 100 percent compliance.* Based on the action taken by the UNHCR Representation in Afghanistan, recommendation 21 has been closed.

Delays in disposal of assets lead to waste

85. There was no evidence that any checks had been carried out to identify items for disposal as required by Chapter 8 of the UNHCR Manual.

86. During field visits to UNHCR warehouses in Kandahar, Jalalabad and Kabul, OIOS noted that unused properties remained in stock in some cases for more than 2 years. The unused stock included several non-armoured (“soft skin”) vehicles that after the purchase of armoured vehicles have been parked in the warehouses for months or for years. Other assets that were stocked for extended periods included generators and motorcycles.

87. In Kandahar and Jalalabad, three production lines (purchased for income-generation projects) worth around \$100,000 (at purchase value) remained parked in the warehouses. Once returned to UNHCR at the end of the project cycle, these machines remained unused for several years and were never re-allocated. Among these, one molding machine for caps was originally purchased in 2004 for about \$70,000 and was never used. Some productive resources therefore remain unused.

Recommendation 22

(22) The UNHCR Representation in Afghanistan should expedite the identification and disposal of unused assets as required by Chapter 8 of the UNHCR Manual.

88. *The UNHCR Representation in Afghanistan accepted recommendation 22 and stated that the proposed action for administrative assets at Branch Office Kabul has been completed and a follow-up on the programme assets is ongoing. Recommendation 22 remains open pending confirmation of the completion of the identification and disposal of unused assets in all UNHCR offices in Afghanistan.*

Inefficiencies due to delays in disposal of assets

89. OIOS noted that Supply Assistants in sub-offices have limited knowledge of disposal practices and are not familiar with the procedures for the submission of asset disposal cases. In 2008, it took an average of 131 days between the date a request for disposal was submitted by the asset user and the Local Asset Management Board decision. Four asset disposal cases were submitted to the Headquarters Asset Management Board (HAMB) in 2006 and have not yet been finalized.

Recommendation 23

(23) The UNHCR Representation in Afghanistan should follow up with the Headquarters Asset Management Board for the finalization of asset disposal cases that have been outstanding since 2006.

90. *The UNHCR Representation in Afghanistan accepted recommendation 23 and stated that the Representation has been sending reminders to the HAMB for finalization of cases. Recommendation 23 remains open pending confirmation of the finalization of the cases pending with HAMB.*

V. ACKNOWLEDGEMENT

91. 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 ¹	Actions needed to close recommendation	Implementation date ²
1	The UNHCR Representation in Afghanistan should continue to play the lead role in raising "winterization" issues until an alternative coordination mechanism is implemented.	Strategy	Low	C		Implemented
2	To ensure consistency across the country, the UNHCR Representation in Afghanistan should issue guidelines which indicate who can be appointed as a certifying officer for cash grant payments and the level of checks that should be carried out.	Operational	Moderate	C		Implemented
3	The UNHCR Representation in Afghanistan should comply with the staff rotation policy in order to reduce the risk of collusion at the Encashment Centres. The constraints related to the size of the offices and the low number of staff could be used as an opportunity for staff to gain multiple skills.	Compliance	Low	C		Implemented
4	The UNHCR Representation in Afghanistan should ensure that field staff in Kandahar are present at the Encashment Centres daily as required by the voluntary repatriation operational plan.	Operational	Moderate	C		Implemented
5	The UNHCR Administration should review the applicability of the system used in Afghanistan for return and reintegration information management in other UNHCR return and reintegration operations.	Operational	Low	C		Implemented
6	The UNHCR Division of Operational Services should develop operating policies and guidelines on the use of remote	Operational	High	O	Finalization of the practical guidelines on remote management	Not provided

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
7	<p>monitoring to ensure consistency of approach.</p> <p>The UNHCR Representation in Afghanistan should obtain periodic monitoring reports evidencing that independent verification is performed whenever the cash-for-work component of the shelter programme is distributed in Jalalabad.</p>	Financial	Low	O	Submission of documentation showing that periodic monitoring reports regarding the cash-for-work component of the shelter programme in Jalalabad are reviewed	Implemented
8	<p>The UNHCR Representation in Afghanistan should request the involvement of the elders of the local community to witness that the payments have been made where the Department of Refugees and Repatriation staff cannot be present at the distribution.</p>	Financial	Moderate	O	Confirmation by the Representation that elders of the local community are involved in the verification process when DoRR or UNHCR staff cannot be present at the distribution	Implemented
9	<p>The UNHCR Representation in Afghanistan should use the impact study by the Central Region Office as a pilot project to develop a common methodology for application in a coordinated manner across the Representation.</p>	Operational	Moderate	O	Submission of the results of the review carried out by the Representation in the Central Region, and confirmation of the subsequent action to be taken	Not provided
10	<p>The UNHCR Administration should develop policies and procedures to specify which of the organization's programmes, activities and initiatives are to be formally assessed or evaluated.</p>	Operational	High	O	Confirmation of the development of the policies and procedures specifying which of the organization's programmes, activities and initiatives are formally assessed or evaluated	Not provided
11	<p>The UNHCR Division of Financial and Administrative Management should develop guidance on steps to be taken by the Representations when no suitable auditors are found due to deteriorating security or other extenuating circumstances.</p>	Operational	Moderate	O	Issuance of the terms of reference for IP audits by DFAM	Not provided
12	<p>The UNHCR Representation in Afghanistan with the support of the Bureau for Asia and the Pacific at Headquarters</p>	Operational	Moderate	O	Confirmation of the involvement of the FSA in the process of separately accounting for security related expenditure	Not provided

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
13	<p>should implement a system for the monitoring of the security budget.</p> <p>The UNHCR Representation in Afghanistan should develop a coordinated security training plan taking into consideration the needs in terms of security and the potential for achievement of synergies.</p>	Operational	Moderate	O	<p>incurred in the Afghan operations, and in monitoring the security budget</p> <p>Development of the coordinated security training plan</p>	Not provided
14	<p>The UNHCR Representation in Afghanistan should follow up with the United Nations Assistance Mission in Afghanistan (UNAMA) to resolve the matter of potential liability incurred for services provided by a private security company hired by UNAMA to protect the UNHCR guesthouse in Kandahar.</p>	Financial	High	O	Confirmation of the successful resolution of the matter with UNAMA	Not provided
15	<p>The UNHCR Representation in Afghanistan in conjunction with the Regional Bureau for Asia and the Pacific should arrange for regular counseling services to be made available for staff that operate in the stressful and traumatic environment of Afghanistan.</p>	Human Resources	High	O	Confirmation of the agreement for coverage of Afghanistan	Not provided
16	<p>The UNHCR Representation in Afghanistan should ensure that technical evaluation criteria are always developed prior to bid receipt and opening, to enhance transparency and reduce the risk of manipulation of criteria to favour a particular supplier.</p>	Compliance	High	O	Submission of documentation that all ITBs now include pre-determined and weighted criteria	Not provided
17	<p>The UNHCR Representation in Afghanistan should provide adequate supervisory control to ensure that the Local Committees on Contracts at the sub-office level do not exceed their delegated authority.</p>	Compliance	Moderate	C		Implemented
18	<p>The UNHCR Representation in</p>	Operational	Low	C		Implemented

Recom. no.	Recommendation	Risk category	Risk rating	C/ ¹ O ²	Actions needed to close recommendation	Implementation date ²
	Afghanistan should establish standard operating procedures for the monitoring of fuel consumption.					
19	The UNHCR Representation in Afghanistan should ensure that reviews of fuel consumption by both generators and vehicles are conducted regularly.	Operational	Moderate	C		Implemented
20	The UNHCR Representation in Afghanistan should clarify the supervision/oversight and training responsibilities of the Supply Officer with respect to Country/Field Offices and ensure that regular visits are undertaken to address asset management and inventory issues.	Operational	High	C		Implemented
21	The UNHCR Representation in Afghanistan should develop a plan to ensure compliance with the requirements of the revised UNHCR Asset Management and Inventory Policies.	Compliance	Moderate	C		Implemented
22	The UNHCR Representation in Afghanistan should expedite the identification and disposal of unused assets as required by Chapter 8 of the UNHCR Manual.	Compliance	Moderate	O	Confirmation of the completion of the identification and disposal of unused assets in all UNHCR offices in Afghanistan	Not provided
23	The UNHCR Representation in Afghanistan should follow up with the Headquarters Asset Management Board for the finalization of asset disposal cases that have been outstanding since 2006.	Compliance	Moderate	O	Confirmation of the finalization of the cases pending with HAMB	Not provided

¹ C = closed, O = open

² Date provided by UNHCR in response to recommendations