



INTERNAL AUDIT DIVISION

AUDIT REPORT

UNHCR's relationship with implementing partners

Management and monitoring of relationships with
implementing partners need to be improved

25 March 2010

Assignment No. AR2007/160/03

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. Antonio Guterres, High Commissioner
A: United Nations High Commissioner for Refugees

DATE: 25 March 2010

REFERENCE: IAD: 10- **00150**

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

Fatoumata

SUBJECT: **Assignment No. AR2007/160/03 - Audit of UNHCR's relationship with implementing partners**
OBJET: **partners**

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 and 10 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Please note that OIOS will report on the progress made to implement its recommendations, particularly those designated as high risk (i.e., recommendations 1, 2, 3, 7 and 11) in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Ms. Karen Farkas, Controller and Director, DFAM, UNHCR
Ms. Maha Odeima, Audit Coordinator, UNHCR
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Ms. Susanne Frueh, Executive Secretary, Joint Inspection Unit
Mr. Moses Bamuwamye, Chief, Oversight Support Unit, Department of Management
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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's relationship with implementing partners

OIOS conducted an audit of the United Nations High Commissioner for Refugees' (UNHCR's) relationship with implementing partners (IPs). The overall objective of the audit was to assess the adequacy of UNHCR's policies for the establishment of an effective and efficient partnership with IPs. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

UNHCR has initiated a number of projects with the aim of developing efficient and effective relationship with IPs. While the intention to get maximum benefit from IPs can be demonstrated, there is an absence of mechanisms to collect and disseminate information on the relationship with IPs.

There is also no mechanism for ensuring that IPs who have not performed are excluded from future agreements. The effectiveness and efficiency of relationships with IPs cannot therefore be easily demonstrated, and opportunities to highlight best practice and ensure ineffective partners are removed are lost.

To address these issues, OIOS made recommendations for the establishment of improved procedures and transparent responsibilities for the management of relations with IPs. The recommendations have been accepted and are in the process of being implemented, with the responsibility for leading, guiding and monitoring functions of partnership being assigned to the newly created Division of Programme Support and Management.

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations High Commissioner for Refugees' (UNHCR's) relationship with implementing partners (IPs). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. The Statute of UNHCR indicates that "The High Commissioner shall administer any funds, public or private, which he receives for assistance to refugees, and shall distribute them among private and, as appropriate, public agencies which he deems best qualified to administer such assistance". UNHCR has developed and manages a rich network of partnerships with governmental and intergovernmental organizations, civil society and other actors. As at the time of the audit in July 2008, there were more than three thousand partners cooperating with UNHCR in providing resources and capacity that could not be found internally. UNHCR is continuously assessing the results of its partnership efforts and aims to build a constructive dialogue with its partners.

3. UNHCR partners include governments and their agencies, United Nations sister agencies, international and intergovernmental organizations, international financial institutions, non-governmental organizations (NGOs), the Red Cross/Red Crescent Movement, the private sector, civil society organizations, the refugees and other persons of concerns, goodwill ambassadors and sport organizations.

4. For the implementation of its field activities, UNHCR relies heavily on the contribution of IPs and Operational Partners (OPs). The use of IPs and OPs is integrated in almost all UNHCR activities, particularly in delivering protection and assistance to refugees and other persons of concern. The IPs are the partners whom UNHCR delegates project implementation using funds supplied by UNHCR. An organization that works in coordination with UNHCR, but does not receive funding, is referred to as an OP. There was no data regarding the activities of OPs. This report focuses on IPs.

5. The review of UNHCR expenditures for the period 2005 - 2007 (Table 1) indicates that around 30 per cent of expenditure was related to IPs, demonstrating their importance for the implementation of UNHCR activities. The following figures correspond to the net amount of installments paid by UNHCR with no consideration of the value of goods purchased by UNHCR and handed over to the partners for distribution to the beneficiaries.

Table 1: Expenditures of UNHCR (in \$'000)

	Operational costs				UNHCR staff costs	Adm. and other expenses	Total Exp
	All IPs	UNHCR	Other UN	Total			
2007	427,511 (32%)	268,736 (20%)	29,404 (2%)	725,651 (54%)	382,923 (29%)	233,441 (17%)	1,342,015 (100%)
2006	321,330 (29%)	177,373 (16%)	25,801 (2%)	524,504 (48%)	339,549 (31%)	236,673 (21%)	1,100,726 (100%)

2005	338,723 (30%)	210,032 (18%)	21,689 (2%)	570,444 (50%)	306,601 (27%)	264,587 (23%)	1,141,632 (100%)
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6. For many UNHCR representations, the administration and management of partnership agreements is a major administrative and operational task. While the selection and operational management of the IPs are tasks performed locally, the establishment of vision, policy and guidance for an efficient partnership is to be provided by UNHCR Headquarters.

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

II. AUDIT OBJECTIVES

8. The main objective of the audit was to assess the adequacy of UNHCR arrangements for the establishment of effective and efficient partnership with IPs.

III. AUDIT SCOPE AND METHODOLOGY

9. The audit, which was carried out in July 2008, focused on strategic partnership relations with IPs. The report takes into consideration the results of OIOS audits of field operations and draws upon the UNHCR internal reviews in this area, especially the follow-up of the Partnership in Action process.

10. The audit methodology consisted of the review of the results of previous OIOS audits, UNHCR documents on IPs, and interviews with staff of the Division of Operational Services (DOS), the Secretariat and Inter-Agency Service (SIAS) of the Division of External Relations (DER) and other UNHCR divisions.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Roles and responsibilities

Need to assign responsibility for partnerships after the 2007 restructuring

11. The restructuring of DOS, undertaken in 2007 as part of a general restructuring of UNHCR, did not ensure that all roles and responsibilities of units would continue to be performed.

12. Prior to the 2007 restructuring exercise, the Programme Coordination and Operation Support Section (PCOSS) of DOS was responsible for:

- Selective review of the operational plans and implementing partner agreements for compliance with UNHCR policies, approved objectives, priorities, and procedures;

-
- Liaison and dialogue with implementing partners, in consultation with the NGO Liaison Unit, DER on organization-wide issues of policies and guidelines; and
 - Identification and dissemination of programme management best practice.

13. The DOS management only began in late 2008 to evaluate whether to re-establish a new section with competencies on partnership guidance. Until the organizational structure is resolved, the guiding functions originally carried out by PCOSS are not performed. Several managers of the Organization expressed their concern about this lack of guidance and comprehensive partnership monitoring mechanisms.

Recommendation 1

(1) The UNHCR Senior Management should assign responsibility for leading, guiding and monitoring functions for partnerships which used to be performed by the Programme Coordination and Operation Support Section.

14. *UNHCR accepted recommendation 1 and stated that this will be the responsibility of the newly created DPSM.* Based on the action taken by UNHCR, recommendation 1 has been closed.

No terms of reference and analysis of resources needs for the Inter-Agency Unit

15. In January 2008, the functions of the then Inter-Organization Desk merged with the NGO Liaison Unit to create the Secretariat and Inter-Agency Service (SIAS) that was established within DER. The SIAS comprises a Secretariat and the Inter-Agency Unit (IAU). The IAU, headed by a P-5, lacks Terms of Reference reflecting its newly assumed functions and there was no evidence of any analysis of resources required for the achievement of its objectives.

Recommendation 2

(2) The UNHCR Division of External Relations should develop terms of reference for the Inter-Agency Unit and determine the resources needed to carry out its role.

16. *The UNHCR DER accepted recommendation 2 and stated that SIAS plans for the biennium 2010-2011 were finalized at the beginning of April 2009. However, as the High Commissioner has a no staff growth policy in HQ and Headquarters Services were instructed to keep budgets within prior year limits, none of SIAS' proposals for increased resources were accepted. SIAS will try again in 2010.* Recommendation 2 remains open until the terms of reference for the IAU have been developed.

Measurable targets need to be established for partnership programme activities

17. According to the 2008-2009 DER budget submission, and the strategy and annual work programme for NGOs, UNHCR's global strategic objectives are interlinked and must be aligned with individual divisions' strategic objectives. The resultant set of organizational and divisional objectives should guide UNHCR activities and should be used to assess its performance.

18. The 2008-2009 UNHCR Global Strategic Objective (GSO) #6 calls for the development of dynamic partnerships by increasing the percentage of UNHCR implementation through partners and improved quality of UNHCR's partnerships with NGOs. The DER plan for 2008-2009 established a baseline and set targets for achieving GSO #6. However, the existing baseline and targets do not facilitate a transparent and demonstrable performance measurement. For instance, it was stated that an increase of implementation by IPs is expected but targets (in percentage or absolute numbers) were not set.

Recommendation 3

(3) The UNHCR Division of Programme Support and Management should establish expected and measurable targets for programme activities for partnerships.

19. *UNHCR accepted recommendation 3.* Recommendation 3 remains open pending submission to OIOS of documentation showing that expected and measurable targets for programme activities for partnerships have been established.

Lack of regular follow-up of the Partnership in Action process

20. UNHCR makes continuous efforts to improve its relations with partners. The 1994 Partnership in Action (PARinAC) process was seen by UNHCR as a defining moment for the development and improvement of relations with its partners. The global NGO and UNHCR Conference in Oslo was the culmination of a year-long series of consultations and regional meetings, and the plan of action represents the synthesis of the proposals which emerged from the six regional conferences. The plan of action includes 134 recommendations. The IAU still sees PARinAC as the key document and process for developing an effective and efficient partnership mechanism. However, after the 2000 review of PARinAC, UNHCR did not conduct any follow-up assessment of the process leaving unanswered questions regarding its validity.

21. Between 1994 and 2007, around 12 evaluations and reviews of partnership with NGOs were completed by UNHCR. Not all were available on the UNHCR web page and intranet and there was no evidence of continuous follow-up on the status of the reports and the findings contained therein. It was therefore not easy to track and follow the latest guidance and thinking about managing IP relations.

Recommendation 4

(4) The UNHCR Secretariat and Inter-Agency Service should update the status of the implementation of major evaluations and plans of action following the Partnership in Action process.

22. *The UNHCR SIAS accepted recommendation 4 and stated that IAU/SIAS will look into the recommendations stemming from the meetings which took place in the PARinAC process from 1993 to the early 2000s. These recommendations will be consolidated into a work plan in order to ensure ultimately that action has been taken to implement them.* Recommendation 4 remains open pending confirmation by UNHCR that the status of implementation of major evaluations and plans of action following the PARinAC process has been updated.

B. Capacity and partnership building

Need to establish a framework covering all components of IP capacity building

23. The need for a capacity building strategy for IPs is endorsed in several UNHCR guidelines and reviews. The UNHCR Manual (Monitoring of IP Chapter 4, Section 3.1) requires that UNHCR react proactively by training and coaching partners where an evaluation suggests they are no longer performing as expected. The Practical Guide to Capacity Building and the UNHCR Strategy for Enhancing National NGO Partner Effectiveness also identified the need for a systemic approach to identify capacity building needs and modules, and the need to recognize capacity building activities at the planning stage.

24. As UNHCR is moving towards a more decentralized structure, the need for a systemic and planned approach is critical to guide and monitor capacity building initiatives. Standardized capacity building modules, developed from a global needs analysis would be a cost-efficient tool to correct common deficiencies that can occur across many operations. Examples of deficiencies identified in OIOS audit reports include:

- Lack of a proper accounting and reporting systems;
- Weak internal control over financial management (including handling cash);
- Inadequate procedures or non-compliance with UNHCR rules on procurement, asset management, warehousing, inventory management and distribution of goods;
- Lack of training and high turnover of staff; and
- Non-compliance with UNHCR rules on the contribution to the project for Headquarters overhead support costs.

25. OIOS observed that capacity building for IPs was mostly left to national and regional offices and was based on *ad hoc* training modules developed and implemented in the field. The main components of IP capacity building in UNHCR country operations were training/workshops and monitoring activities. In some cases, particularly in the community empowerment projects, large international NGOs were acting as umbrella agencies for national IPs. At the time of the audit, there was neither a common training strategy for IPs nor a mechanism to facilitate cooperation between international and national NGOs such as joint activities and handover strategies. UNHCR has recognized the need to address these issues and is developing two projects for the establishment of common capacity building tools for IPs:

- UNHCR identified, as part of the project “Improving the selection and risk management of UNHCR implementing partners” (June 2008), the need to develop standard training and coaching packages to assist IPs and standardize oversight reports. These new modules should ensure enhanced performance management of IPs, providing quick guides covering the basics of budget and accounting management and financial software packages for IPs. The main project focal points are the Division of Financial and Administrative Management and the Division of Operational Services//Division of Programme Support and Management; and,
- The Training Unit/Division of Programme Support and Management is developing standard training modules directed to both UNCHR officers and IPs in the area of operation management. The standard training packages aim at ensuring that both UNHCR staff members and IPs staff are aware of relevant policies. The training plan applies a training of trainees approach which should cascade down to IPs.

Recommendations 5 and 6

(5) The UNHCR Division of Financial and Administrative Management and Division of Programme Support and Management should finalize the implementation of the project “Improving the Selection and Risk Management of UNHCR Implementing Partners” with regard to the development of new training tools dedicated to implementing partners, the periodic re-assessment of capacity building needs and the development of coaching packages for partners.

(6) The UNHCR Division of Programme Support and Management should establish a framework on implementing partners’ capacity building covering all components of this function such as the development of training activities and the introduction of a mechanism for sharing knowledge between international and national partners.

26. *UNHCR accepted recommendation 5 and stated that IOM/003-FOM/003/2009 Implementing Partner (IP) pre-selection checklist: Risk Management and Risk Treatment Options was issued on 14 January 2009. This checklist is currently being updated and will be issued in by mid 2010. Recommendation 5 remains open pending the finalization of the implementation of the project “Improving the Selection and Risk Management of UNHCR Implementing Partners”, including the revised checklist to assist with pre-selection of IPs.*

27. *UNHCR accepted recommendation 6 and stated that the Division of Programme Support and Management has been tasked with facilitating and monitoring results-based management in field operations under the authority of the Assistant High Commissioner (Operations). In order to entrench results-based programming into key sectors of assistance, DPSM will continue to rely on an extensive network of regional coordinators who provide quality assurance in matters of public health, HIV/AIDS, water, sanitation and hygiene, nutrition, shelter, environment, livelihoods support and (re)integration. DPSM will provide more targeted and consistent support to operations for the design and implementation of their plans and will assist the Headquarters-based processes of high-level prioritization and resource allocation/reallocation through systematic analysis, as well as through leading the identification of global strategic priorities. OIOS thanks UNHCR for explaining the framework which it intends to put in place to enhance IP capacity building. Recommendation 6 remains open pending submission to OIOS of documentation showing that a framework on implementing partners’ capacity building has been developed.*

Annual NGO consultation needs to be formalized to recognize the key nature of the event

28. The “Report on PARinAC and plan of action of 2000” recommended that a process be developed to bring together NGOs to allow for an improved and structured means in which NGO statements to the Executive Committee (EXCOM) and the Standing Committee are formulated. In order to implement this recommendation, UNHCR promoted the Annual NGO consultation, which is a three-day event held in Geneva usually just before the annual EXCOM Meeting. The first conference took place in 2000.

29. The agenda of the meeting is decided through a discussion forum with partners. UNHCR Representations are involved in the invitation and selection of participants, and conclusions of the annual forum are formally drafted and reported to the EXCOM for its consideration. Participation to the forum is restricted to NGOs that are: (a) accredited by ECOSOC; (b) members of the International Council of Voluntary Agencies (ICVA); or (c) active UNHCR implementing or operational partners. Other participants include universities, international organizations and Member States. In 2008, international and national NGOs represented respectively 53 and 34 per cent of participating organizations to the 2008 forum. The remaining 13 per cent were representing governmental, inter-governmental and academic institutions.

30. The popularity of the event has grown with time and it is now seen as an important mechanism for dialogue between UNHCR and its partners and civil

society at large. Approximately 340 delegates participated in the 2008 event compared to 321 in 2007 and 200 in 2000.

31. Although this event became a quasi-formal mechanism for dialogue between UNHCR, its partners and the EXCOM, it has no formal statute regulating participation and expected results. Rules for participation and the discussion process have not been formally established. These would help UNHCR cope with growth in attendance. This would also help ensure that participants' expectations are aligned with UNHCR's mandate or interest. The procedures established for the EXCOM members could be used as a model for the NGOs' annual consultation.

Recommendation 7

(7) The UNHCR Secretariat and Inter-Agency Service of the Division of External Relations should formalize the annual consultation with non-governmental organizations, adopting a formal statute and guidelines for the management of the event and selection of participants.

32. *The UNHCR SIAS accepted recommendation 7 and stated that a statute and guidelines can be developed in coordination with ICVA with whom UNHCR coordinates the organization of the annual consultations. Recommendation 7 remains open pending confirmation by UNHCR that the annual consultation with NGOs has been formalized.*

No means to assess, evaluate and improve the effectiveness of the coordination mechanism for planning and monitoring with IPs

33. IOM 057/2004 – FOM 059/2004, on partnerships for protection – the importance of regular dialogue and co-operation with our NGO partners, requires UNHCR to share with partners its planning activities at the national level and to organize and lead efforts to ensure coordination between UNHCR and the NGOs. Consultations with partners and persons of concern in developing operations plans and for UNHCR's end-of-year review is also endorsed in the "Instructions and Guidelines to UNHCR Field Offices and Headquarters Units on Reporting in 2008, Implementation in 2009 and Planning for 2010-2011" (IOM092/2008 – FOM094/2008). An efficient and effective coordination during activities planning and end-of-year review with IPs is considered by OIOS as good practice for an efficient partnership.

34. UNHCR staff interviewed during the audit identified *ad hoc* cases of successful as well as less successful management of partnerships. There was, however, no evidence of a formal system in place for the exchange of information on partnership best practices, such as periodic bulletins or collection and sharing of practical cases.

Recommendation 8

(8) The UNHCR Senior Management should establish a mechanism for the collection and analysis of information for coordinating planning and monitoring activities with partners in order to establish best practices.

35. *UNHCR accepted recommendation 8 and stated that UNHCR had mandated joint planning with implementing and operational partners. The Division of Programme Support and Management is now looking into this matter.* Recommendation 8 remains open pending confirmation by UNHCR that a mechanism for the collection and analysis of information for coordinating planning and monitoring activities with partners has been established.

No feedback on how UNHCR manages its relationships with IPs

36. Dialogue between local partners and UNHCR offices in the field is governed by the financial relations (with UNHCR acting as donor). On several occasions, including during the 2008 annual conference with NGOs, partners complained to UNHCR about the lack of harmonious dialogue with some UNHCR field offices. There is no assessment mechanism in place, such as periodic surveys, to seek feedback on the partner's view on how well the partnership mechanisms are performing. These surveys would provide UNHCR with 360 degree feedback on how well they are perceived to have discharged their part of the partnership.

Recommendation 9

(9) The UNHCR Senior Management should plan for regular partnership surveys to assess how well it is managing its relationship with implementing partners.

37. *UNHCR accepted recommendation 9 and stated that currently the annual consultations and permanent coordination with NGOs are sufficient to bring to the surface partnership difficulties and needs for remedial action. UNHCR proposed that this recommendation is submitted to the next UNHCR/NGO consultations to determine how best to assess UNHCR's management of its implementing and operational partners.* Recommendation 9 remains open pending confirmation that the issue of regular partnership surveys has been submitted to the next UNHCR/NGO consultations.

C. Monitoring of partnerships

Partnership databases should be consolidated in the Managing for Systems, Resources and People enterprise software

38. The NGO Liaison Unit (now the Inter-Agency Unit or IAU) is mandated to advise on past performance of NGO partners, when the knowledge is not available in the field, for selection purposes (UNHCR Manual, Chapter 2, section 6, para. 6.8 and Chapter 4 section 5.1, para. 3.1). Existing information of past

performance as well as the capacity of potential partners should be considered when UNHCR identifies the most appropriate IP for a programme. The IAU maintains two databases of partners. One is available on the intranet and the second is maintained internally on a Microsoft Access database. The on-line database is updated at regular intervals using the information stored in the Microsoft Access database. The databases are used by the IAU for:

- Statistics;
- Analysis of IPs;
- Emergency contact list; and
- Selection of invitees for conferences.

39. The databases represent the repository of UNHCR's information on partnership with IPs and other partners, including information about 3,260 entities (1,756 national NGOs; 776 international NGOs; 624 governmental agencies; and 104 intergovernmental organizations).

40. The databases include most partners' contact information (name, telephone, e-mail, etc.), but currently they do not consistently capture substantive information such as financial data, end-of-assignment assessments or oversight reports and their follow-up. When the IAU receives requests on a potential partner, it does an *ad hoc* search for audit reports and any other available documents. The Unit indicated that it aims to develop a comprehensive database to provide the information necessary for selecting and assessing future partners.

41. UNHCR recently organized direct access to basic data pertaining to audit certification of IPs in the Managing for Systems, Resources and People (MSRP) enterprise software. It also plans to include in MSRP other underlying reports and the IPs risk rating by the end of 2008. The systematic collection of information on IPs will allow the Organization to get better knowledge of its partners and will facilitate transparent decision making for their selection. The IAU should assess the possibility of integrating the information collected in the two databases that it maintains within MSRP as the main repository of all information on partners.

Recommendation 10

(10) The UNHCR Secretariat and Inter-Agency Service of the Division of External Relations should assess the feasibility of integrating the existing information in the databases on non-governmental organization partners into the Managing for Systems, Resources and People enterprise software together with risk assessments, audit reports and underlying reports.

42. *The UNHCR SIAS accepted recommendation 10 and stated that the present version of MSRP cannot integrate this information. However, the NGO database has been integrated in Livelihood (UNHCR's electronic document management system) and is available at Headquarters and will be available to*

field offices with access to Livelink by mid-2010. Based on the action taken by UNHCR, recommendation 10 has been closed.

Need to develop a mechanism to gather information on cases or suspected cases of misconduct by IPs

43. UNHCR does not have a debarring policy for partners or procedures for the de-listing and re-admission of organizations that have violated the UNHCR code of ethics or committed fraud or other mismanagement of UNCHR funds.

44. The scope of the investigation authority of the Inspector General's Office (IGO), as per the IOM/FOM 054/2005, does not provide the possibility to investigate IPs suspected of misconduct. This lacuna reflects the difficulties of regulating a grey area where the jurisdiction of UNHCR is not clear and is lacking legal basis. The Investigation Section of the IGO does not follow up on cases of misconduct involving UNHCR IPs and has no pending cases as of the date of the audit. The cases brought to the attention of the IGO are either referred to the local authority or to the IP's headquarters. There was neither follow-up nor an exchange of information on these issues with the IAU, which is therefore not aware of any existing cases or suspected cases of misconduct. It is not possible therefore to use the existing information when UNHCR selects, evaluates risks or assesses the capacity of potential partners.

45. OIOS is of the opinion that UNHCR needs to develop a strategy for following up on suspected cases of misconduct by third parties. In order to assess feasible solutions, best practices existing in other UN entities should be taken into consideration. An interdisciplinary working group at UNHCR Headquarters should be established to consider what actions are available to UNHCR in such situations.

Recommendation 11

(11) The UNHCR Senior Management should establish a working group to establish procedural guidelines for the follow-up of cases of partners that violated the UNHCR code of ethics, committed fraud or mismanaged UNCHR funds.

46. *UNHCR accepted recommendation 11 and stated that for the time being, the UNHCR Inspector General's Office does not have the mandate to follow up on cases of partner misconduct, fraud or mismanagement of funds. A gap exists which has been identified and discussed by the UNHCR Oversight Committee. Discussions are still ongoing. Recommendation 11 remains open pending submission to OIOS of documentation showing that procedural guidelines for the follow-up of cases of partners that violated the UNHCR code of ethics, committed fraud or mismanaged UNCHR funds have been established.*

V. ACKNOWLEDGEMENT

47. 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 Senior Management should assign responsibility for leading, guiding and monitoring functions for partnerships which used to be performed by the Programme Coordination and Operation Support Section.	Governance	High	C	Action completed	Implemented
2	The UNHCR Division of External Relations should develop terms of reference for the Inter-Agency Unit and determine the resources needed to carry out its role.	Governance	High	O	Receipt confirmation that Terms of Reference for the Inter-Agency Unit have been developed.	30 June 2010
3	The UNHCR Division of Programme Support and Management should establish expected and measurable targets for programme activities for partnerships.	Strategy	High	O	Receipt evidence that expected and measurable targets for programme activities for partnerships have been established.	Not provided
4	The UNHCR Secretariat and Inter-Agency Service should update the status of the implementation of major evaluations and plans of action following the Partnership in Action process.	Compliance	Medium	O	Receipt confirmation that the status of implementation of major evaluations and plans of action following the Partnership In Action process has been updated.	December 2010
5	The UNHCR Division of Financial and Administrative Management and Division of Programme Support and Management should finalize the implementation of the project "Improving the Selection and Risk Management of UNHCR Implementing Partners" with regard to the development of new training tools dedicated to implementing partners, the periodic re-assessment of capacity building needs and the development of coaching packages for partners.	Strategy	Medium	O	Receipt of confirmation of the finalization of the implementation of the project "Improving the Selection and Risk Management of UNHCR Implementing Partners".	July 2010

Recom. no.	Recommendation	Risk category	Risk rating	C/O ¹	Actions needed to close recommendation	Implementation date ²
6	The UNHCR Division of Programme Support and Management should establish a framework on implementing partners' capacity building covering all components of this function such as the development of training activities and the introduction of a mechanism for sharing knowledge between international and national partners.	Strategy	Medium	O	Receipt of evidence that framework on Implementing Partners capacity building has been developed.	Not provided
7	The UNHCR Secretariat and Inter-Agency Service of the Division of External Relations should formalize the annual consultation with non-governmental organizations, adopting a formal statute and guidelines for the management of the event and selection of participants.	Governance	High	O	Receipt of confirmation that the annual consultation with NGOs has been formalized regarding its statute and guidelines for the management of the event and selection of participants.	July 2010
8	The UNHCR Senior Management should establish a mechanism for the collection and analysis of information for coordinating planning and monitoring activities with partners in order to establish best practices.	Operational	Medium	O	Receipt of confirmation that a mechanism for the collection and analysis of information for coordinating planning and monitoring activities with partners has been established.	December 2010
9	The UNHCR Senior Management should plan for regular partnership surveys to assess how well it is managing its relationship with implementing partners.	Operational	Medium	O	Receipt of confirmation that the issue of a regular partnership surveys has been submitted to the next UNHCR/NGO consultations.	June 2010
10	The UNHCR Secretariat and Inter-Agency Service of the Division of External Relations should assess the feasibility of integrating the existing information in the databases on non-governmental organization partners into the Managing for Systems, Resources and People enterprise software together with risk assessments, audit reports and underlying reports.	Operational	Medium	C	Action completed	Implemented
11	The UNHCR Senior Management should establish a working group to establish procedural guidelines for the follow-up of	Governance	High	O	Receipt of evidence that procedural guidelines for the follow-up of cases of partners that violated the UNHCR code of	Not provided

Recom. no.	Recommendation	Risk category	Risk rating	C/O¹	Actions needed to close recommendation	Implementation date²
	cases of partners that violated the UNHCR code of ethics, committed fraud or mismanaged UNCHR funds.				ethics, committed fraud or mismanaged UNCHR funds have been established.	

¹ C = closed, O = open

² Date provided by UNHCR in response to recommendations