



## **INTERNAL AUDIT DIVISION**

# **AUDIT REPORT**

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### **Audit of UNHCR operations in Cameroon**

**Overall results relating to the effective management of UNHCR operations in Cameroon were initially assessed as partially satisfactory. Implementation of two important recommendations remains in progress**

**FINAL OVERALL RATING: PARTIALLY  
SATISFACTORY**

**26 November 2012  
Assignment No. AR2011/110/01**

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# AUDIT REPORT

## Audit of UNHCR operations in Cameroon

### I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the United Nations High Commissioner for Refugees (UNHCR) operations in Cameroon.
2. In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.
3. The UNHCR Representation in Cameroon was established in 1999 in cooperation with the Cameroonian Government to assist refugees and persons of concern with international protection and humanitarian assistance. As of September 2012, the population of concern consisted of 106,130 refugees and asylum seekers who came mainly from Central Africa, Chad and Rwanda and they are all in the Langui camp.
4. UNHCR Cameroon worked with 15 implementing partners (IPs) in 2010 and 2011, all of which were local and international non-governmental organizations (NGOs). There was no national commission for refugees, thus UNHCR Cameroon was in charge of asylum, refugee determination status and protection matters. The Representation held 451 property items with a purchase value of \$1.7 million. The Representation had three offices in Cameroon comprising one branch office in Yaoundé, one sub office in Bertoua (East Province) and one field office in Garoua (North Province).
5. The budget of the Representation was \$13.2 million in 2010 and \$13 million in 2011. The operation had 46 staff posts, including 13 United Nations Volunteers.
6. Comments provided by UNHCR are incorporated in italics.

### II. OBJECTIVE AND SCOPE

7. The audit was conducted to assess the adequacy and effectiveness of the Representation's governance, risk management and control processes in providing reasonable assurance regarding **the effective management of UNHCR operations in Cameroon**.
8. The audit was included in the 2011 OIOS risk-based work plan in agreement with the Bureau for Africa, taking into consideration the timing of the last audit assignment which took place in 2005 and the controls weaknesses then noted in programme management, supply management, administration, and security and safety.
9. The key controls tested for the audit were: (a) project management; and (b) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:
  - (a) **Project management** - controls that provide reasonable assurance that there is sufficient project management capacity to achieve mandates.

(b) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the operations of the Representation in the areas of financial management, staff training, security and safety issues, and fuel management; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

10. The key controls were assessed for the control objectives shown in Table I.

11. OIOS conducted the audit from November 2011 to March 2012. The audit covered the period from 1 January 2010 to 30 October 2011.

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

### III. AUDIT RESULTS

13. The Representation's governance, risk management and control processes examined were **partially satisfactory** in providing reasonable assurance regarding **the effective management of UNHCR operations in Cameroon**. OIOS made four important recommendations in the report to address the issues identified in the audit. Management had started implementing an action plan to request from international NGOs details of their contribution to UNHCR activities. This was completed for 2012, but information was still missing for 2010 and 2011. A vendor management system had been established in August 2012 and following the audit fieldwork in November 2011, the Representation had set up fuel management procedures to ensure compliance with UNHCR procedures. Inventory management controls relating to the recording of all assets in the Managing for Systems, Resources and People (MSRP) enterprise resource system had yet to be strengthened.

14. The initial overall rating was based on the assessment of key controls presented in Table 1 below. The final overall rating is **partially satisfactory** as two of the four important recommendations remain in progress.

**Table insert 1: Assessment of key controls**

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of UNHCR operations in Cameroon	(a) Project management	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
	(b) Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
<b>FINAL OVERALL RATING: PARTIALLY SATISFACTORY</b>					

## A. Project management

### Action was taken to improve IP selection and retention

15. There was no documentation relating to the selection, retention and annual review of the 13 IPs that UNHCR Cameroon worked with in 2010 and the 15 in 2011. Programme expenditures pertaining to these IPs totaled \$11.8 million in 2010 and \$9.2 million as of 30 September 2011. While none of the documentation required by UNHCR rules had been produced, there was evidence of an informal process for the annual review using data from performance monitoring visits. When the issue was brought to the attention of the Representation, it implemented controls to ensure compliance, including the use of a risk-management approach and establishment of an IP selection committee composed of the members of Senior Management. The selection committee became operational in January 2012.

### Action was taken to comply with rules on financial and performance monitoring of IPs

16. Financial monitoring was not being carried out in compliance with the rules as only desk reviews were carried out and there was neither an annual monitoring plan nor a reporting schedule/plan created. Moreover, the performance monitoring visits were carried out on an *ad hoc* basis and were not documented. The Representation had implemented OIOS' recommendation to establish an annual monitoring schedule/plan for financial and performance review, which became operational in 2012, to ensure that problems are identified and resolved in a timely manner. The Representation together with all IPs had also established an action plan with milestone dates to implement outstanding external audit recommendations.

### Need to clearly define in sub-project agreements payment of overhead support costs to IPs

17. In 2011, nine international IPs were paid overhead costs totaling \$538,000. While the amount paid was correct, the requirement that needed to be fulfilled to qualify for the payment was not on file. To qualify for the payment, there should have been evidence in each IP sub-project agreement of a costed contribution being made by the IP towards meeting an objective that might otherwise have to be funded by UNHCR. The Representation explained that the details of IP contributions to UNHCR activities were not systematically requested and the office had sent correspondence to all IPs in 2011 to enforce this requirement for 2012.

**(1) The UNHCR Representation in Cameroon should request from the international non-governmental organization implementing partners details of their contribution to UNHCR activities as a requirement for the payment of the seven per cent overhead support cost.**

*The UNHCR Representation in Cameroon accepted recommendation 1 and stated that requests were sent out to IPs in January 2012 to provide details of their contributions towards UNHCR activities. Detailed information was received from the IPs for 2012. Clarification was sought from the NGO Unit in Headquarters on activities, which could be considered IP contribution towards UNHCR activities. For 2010 and 2011, information on IP contributions were received from three partners only for 2011; the Representation was in the process of gathering the same information from all partners for 2010 and the remaining partners for 2011. Once all information is gathered, the information would be sent to Headquarters immediately. Recommendation 1 remains open pending receipt of documentation showing complete information on IP contributions to UNHCR activities for 2010 and 2011.*

## B. Regulatory framework

### Action was taken to register and manage vendors

18. The Representation purchased goods and services worth approximately \$1.1 million in 2010 and \$5.1 million in 2011 from some 90 vendors. The Representation had not complied with the following requirements relating to the registration and management of vendors: (a) establishment of a vendor review committee; (b) maintenance of vendor files; and (c) registration of vendors in MSRP. Staff members did not understand the vendor management procedures, which were designed to streamline the process for pre-qualifying vendors, improve transparency, put in place a clearly defined document-trail, and enhance the vendor database quality and sourcing infrastructure.

**(2) The UNHCR Representation in Cameroon should establish a vendor management system, including a Vendor Review Committee and a vendor database registered in the Managing for Systems, Resources and People enterprise resource system.**

*The UNHCR Representation in Cameroon accepted recommendation 2 and stated that a vendor management system including a vendor review committee has been established in August 2012. Based on the action taken by the Representation, recommendation 2 has been closed.*

### Incomplete inventory records

19. Of the 216 property, plant and equipment (PPE) items costing \$168,227 reviewed by OIOS, 30 items costing \$13,492 were not recorded in MSRP as of 27 June 2011. This was mainly due to a lack of understanding by staff members of asset management procedures and a lack of training in the MSRP.

**(3) The UNHCR Representation in Cameroon should monitor and confirm that assets are recorded in the Managing for Systems, Resources and People enterprise resource system.**

*The UNHCR Representation in Cameroon accepted recommendation 3 and stated all PPE had been recorded in MSRP as of 1 June 2012. With the assumption of duty of the supply associate, assets are recorded on a continuous basis. However, for other assets such as the serially tracked items (STIs), a comprehensive Excel table is currently available and is being used to update the information in MSRP. Expected date of completion is mid-November 2012. Recommendation 3 remains open pending receipt of documentation showing that all assets have been recorded in MSRP.*

### Action was taken to ensure compliance with fuel management procedures

20. The Representation used fuel coupons worth about \$15,000 in 2010 and \$50,000 in 2011 for 16 vehicles and seven generators. The Representation explained that the increase in fuel expenditures were mainly due to a power shortage during 2011. The following weaknesses were noted:

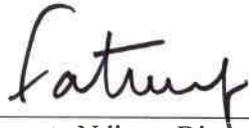
- Drivers did not complete the fuel issue request form when requesting for fuel tickets to refuel vehicles;
- The Administration Unit did not check the mileage of the vehicle when issuing the fuel tickets; and
- The Administration Unit did not maintain monthly records of fuel utilization.

**(4) The UNHCR representation in Cameroon should ensure compliance with UNHCR procedures for fuel management.**

*The UNHCR Representation in Cameroon accepted recommendation 4 and stated that following the audit mission in November 2011, several actions had been taken in respect of fuel management, and provided OIOS with details of those actions. Based on the action taken by the Representation, recommendation 4 has been closed.*

#### **IV. ACKNOWLEDGEMENT**

21. OIOS wishes to express its appreciation to the Management and staff of UNHCR for the assistance and cooperation extended to the auditors during this assignment.



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## STATUS OF AUDIT RECOMMENDATIONS

## Audit of UNHCR operations in Cameroon

Recom. no.	Recommendation	Critical/ <sup>1</sup> Important <sup>2</sup>	C/ <sup>3</sup> O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	The UNHCR Representation in Cameroon should request from the international non-governmental organization implementing partners details of their contribution to UNHCR activities as a requirement for the payment of the seven per cent overhead support cost	Important	O	Submission to OIOS of documentation showing complete information on IP contributions to UNHCR activities for 2010 and 2011	Ongoing
2	The UNHCR Representation in Cameroon should establish a vendor management system, including a vendor review committee and a vendor database registered in the Managing for Systems, Resources and People enterprise resource system.	Important	C	Action completed	Implemented
3	The UNHCR Representation in Cameroon should monitor and confirm that assets are recorded in the Managing for Systems, Resources and People enterprise resource system.	Important	O	Submission to OIOS of documentation showing that all assets have been recorded in MSRP	Mid-November 2012
4	The UNHCR representation in Cameroon should ensure compliance with UNHCR procedures for fuel management.	Important	C	Action completed	Implemented

<sup>1</sup> Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

<sup>2</sup> Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNHCR in response to recommendations