

AUDIT RECOMMENDATIONS

Client Response to Draft Audit Report - Audit of UNHCR Operations in Liberia

| Rec. no. | Recommendation | Critical ¹ / Important ² | Accepted? (Yes/No) | Title of responsible individual | Implementation date | Client comments |
|----------|--|---|-----------------------|---------------------------------|---------------------|--|
| 1 | The UNHCR Representation in Liberia should reassess reported 7 per cent overhead for 2010 and 2011 and seek recovery of \$ 459,339 from the international NGO implementing partners. | Important | Y | Programme Officer | 30 June 2013 | <p>The Representation has initiated discussions with the concerned implementing Partners and requested the reimbursement in line with the audit recommendation (see below and attached all letters sent to the IPs) .</p> <div style="display: flex; justify-content: space-around;"> <div style="text-align: center;">  Adobe Acrobat Document </div> <div style="text-align: center;">  Adobe Acrobat Document </div> </div> <div style="text-align: center; margin-top: 20px;">  Adobe Acrobat Document </div> <p>UNHCR Liberia's Comments:</p> <p>The Representation would like to indicate that efforts have been initiated</p> |

¹ 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.

² 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.

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| | | | | | | <p>to comply with the audit recommendation. Thus far no success has been achieved and we are not optimistic to achieve much success if any at all.</p> <p>The Representation fully appreciates the observation as a project management strengthening statement. However, the request to recover is an almost impossible objective to achieve particularly with the knowledge that all the IPs in question did contribute amounts over the overhead cost we paid and these contributions are appropriately recorded in the body of the IP Agreement signed by the Representatives of both agencies.</p> <p>The Representation would like to clarify the issue of overhead costs by providing some background information and to contextualize the issue.</p> <p>Background:</p> <p>UNHCR is required to record Implementing Partner Cash and In-Kind contributions within the IP Agreement. Article 2.10 of the IP Agreement generated from MSRP</p> |

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| | | | | | | <p>makes provision for recording lumpsum contributions without the flexibility to detail the activities to which activities are targeted; neither does it allow the IP Agreement preparer to detail the planned activities for which the lumpsum has been contributed.</p> <p>Annex A (Project Description) of the IP Agreement however provides an opportunity for the details of the contribution to be recorded under sub section 4 (Related Imputs and Projects). This is to provide for effective monitoring of the project towards the achievement of overall project objectives and results.</p> <p>The IP Agreement thus provides two opportunities to record IP contributions 1) within the main body of the Agreement (Art.2.10) where the requirement is clearly stated as part of the legal provisions and 2) an opportunity to detail the record in Art 2.10 in subsection 4 of Annex A (Project Description of the IP</p> |

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| | | | | | | <p>Agreement).</p> <p><u>Compliance</u></p> <p>The Representation was compliant to the extent that financial contributions of IPswere recorded in the body of the IP Agreement and signed off by the Representative on behalf UNHCR.</p> <p>The Representation failed to detail these in the Annex to the IP Agreement and was non compliant in that regard.</p> <p><u>Implication of non-compliance with recoding in Annex A:</u></p> <p>The Representation is aware that absence of detailed record in Annex A, compromises effective monitoring to ensure that all resources are invested towards the achievement of planned results. We do acknowledge also that this was an omission on our part due to</p> |

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| | | | | | | <p>the operational context and capacity.</p> <p>However, we do not consider the lack of capacity on our part to ensure that the details are adequately captured in Annex A astantamount to default in contribution on the part of NGO partners in 2010 and 2011.</p> <p><u>Context:</u></p> <p>The Representation would like to highlight that these IP Agreements were signed at the height of the Ivorian refugee emergency. It is important to note that the within 4 months, the Representation increased the number of implementing partners from 9 to 28 without a corresponding increase in staffcapacity over the period. In such situations, experience has shown that compliance becomes a challenge particularly with regard to narrative detail.</p> <p><u>Remedial Action:</u></p> |

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| | | | | | | <p>As a result of the audit observation the Representation has subsequently ensured that the details of IP contributions are captured in subsection 4 of Annex A (Project Description).of the IP Agreement.</p> <p>3 samples from International Rescue Committee (IRC) Norwegian Refugee Council (NRC) and MERLIN attached as proof.</p> <p> C:\Documents and Settings\UNHCRUser\</p> <p> C:\Documents and Settings\UNHCRUser\</p> |

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| | | | | | | <div data-bbox="1549 331 1619 391" data-label="Image"> </div> <p data-bbox="1482 396 1688 448">C:\Documents and Settings\UNHCRUser\</p> <p data-bbox="1482 613 1734 643"><u>Recommended Action</u></p> <p data-bbox="1482 737 1902 1117">The Representation would like to request the Bureau and OIOS to review the audit observation and to revise the recommendation to reflect steps to improve project management rather than recovery since the Representation is fully aware that these NGOs contributed and in fact their contributions played a key role in responding effectively to the emergency in 2010 2011.</p> <div data-bbox="1549 1214 1619 1274" data-label="Image"> </div> <p data-bbox="1514 1279 1654 1325">Adobe Acrobat Document</p> |

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| | | | | | |  <p>Adobe Acrobat Document</p> |
| 2 | <p>The UNHCR Representation in Liberia should follow up on the long outstanding open items for recovery. Write-off action should only be recommended if properly justified and only if follow up procedures have been exhausted as required by Chapter 8 of the UNHCR Manual.</p> | Important | Y | Snr. Admin Finance Officer | 30 June 2013 | <p>The effort of the UNHCR Representation in Liberia has resulted in the reduction of the Open Items from an initial US\$90,598.64 to US\$ 47,882.21. The office is in consultation with Headquarter to write off specific cases for which all possible means have been exhausted. Attached is the Liquid Asset Form signed by the Representative and sent to HQ for endorsement by both Director of Africa bureau and the Controller for the amount of 47,882.21\$US.</p>  <p>Adobe Acrobat Document</p> <p>Bureau's comment: The GS -45 document is received and is in the process for HAMB action.</p> <p>UNHCR Comment: Action has been</p> |

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| | | | | | | initiated by the Bureau for Africa to bring closure to this. The Desk for West Africa is responsible to providing update to this recommendation. |
| 3 | The UNHCR Representation in Liberia should prepare purchasing plans based on a needs assessment by end of November each year. | Important | Y | Snr. Supply Officer | By 7th December 2012. | 2013 Procurement plan is being processed. After finalization of IP negotiations and detailed budget entry, the Procurement Plan will be finalized and submitted by the 7 th December 2012. The procurement plans are now completed and are attached. |
| 4 | The UNHCR Representation in Liberia should undertake a physical count of spare parts in all locations and a valuation of the inventory at hand, and report the results to Headquarters. | Important | Y | Snr. Supply Officer | 30 June 2013 | Weekly spare parts counts have been conducted by the Representation. See weekly spare parts report. (See attached: Supply Attachment 4a and 4b) |
| 5 | The UNHCR Representation in Liberia should ensure that spare parts are checked as part of the regular periodic reconciliations of physical quantity to book value records and the value is | Important | Y | Snr. Supply Officer | 30 June 2013 | Spare parts are checked as part of the regular periodic reconciliations. Attached is a sample narrative report and the weekly spare parts report. (See attached: Supply Attachment 5a and |

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| | reported to Headquarters. | | | | | 5b) |
| 6 | The UNHCR Representation in Liberia should check periodically that there is adequate monitoring of fuel consumption and that appropriate records are maintained. The fuel records for the period from January to April 2011 should also be reviewed in detail to confirm that all fuel issued from the United Nations Mission in Liberia to a vendor was properly accounted for. | Critical | Y | Snr. Supply Officer | 31 December 2012 | <p>Periodic checks on fuel consumption are now being conducted. (See attached: Rec 6 Supply Attachment Fuel).</p> <p>The Representation would like to confirm that Fuel Records for the period from January to April 2011 have now been reviewed and would like to categorically confirm that all fuel issued from UNMIL to our Logistics Implementing Partner, LSL, was properly accounted for. Excel summaries (see e-mail from Supply Officer) showing how fuel was used during the period from January to April 2011 are attached. Original documents (such as Fuel Requisition Vouchers, Confirmation of Receipt of the Fuel by the recipients, etc) signed by responsible UNHCR staff during the period in question are available in 16 box files and can be supplied to the auditors by special pouch on request.</p> |