



Office of Internal Oversight Services

INTERNAL AUDIT DIVISION

AUDIT REPORT

UNHCR operations in Southern Iraq

11 July 2008

Assignment No. AR2008/131/07

United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

INTERNAL AUDIT DIVISION - DIVISION DE L'AUDIT INTERNE

OFFICE OF INTERNAL OVERSIGHT SERVICES - BUREAU DES SERVICES DE CONTRÔLE INTERNE

TO: Mr. Antonio Guterres, High Commissioner
A: Office of the United Nations High Commissioner for
Refugees

DATE: 11 July 2008

FROM: Dagfinn Knutsen, Director
DE: Internal Audit Division, OIOS



REFERENCE: IAD: 08- 01531

SUBJECT: **Assignment No. AR2008/131/07 – Audit of UNHCR Operations in Southern Iraq**

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 2, 6 and 11 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 critical (i.e., recommendations 1 and 2), in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. L. Craig Johnstone, Deputy High Commissioner, UNHCR
Ms. Judy Cheng-Hopkins, Assistant High Commissioner, UNHCR
Ms. Karen Madeleine Farkas, Controller and Director, DFAM, UNHCR
Ms. Maha Odeima, Audit Coordinator, UNHCR
Mr. Swatantra Goolsarran, Executive Secretary, UN Board of Auditors
Ms. Maria Gomez Troncoso, Officer-in-Charge, Joint Inspection Unit Secretariat
Mr. Jonathan Childerley, Chief, Oversight Support Unit, Department of Management
Mr. Byung-Kun Min, Programme Officer, OIOS
Mr. Anders Hjertstrand, Chief, Geneva Audit Service, IAD, OIOS

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).

CONTACT INFORMATION

DIRECTOR:

Dagfinn Knutsen, Tel: +1.212.963.5650, Fax: +1.212.963.2185,
e-mail: knutsen2@un.org

DEPUTY DIRECTOR:

Fatoumata Ndiaye: Tel: +1.212.963.5648, Fax: +1.212.963.3388,
e-mail: ndiaye@un.org

CHIEF, GENEVA AUDIT SERVICE:

Anders Hjertstrand: Tel: +41.22.917.2731, Fax: +41.22.917.0011
e-mail: ahjertstrand@unog.ch

EXECUTIVE SUMMARY

UNHCR operations in Southern Iraq

OIOS conducted an audit of UNHCR Operations in Southern Iraq managed from the Cross Border Base in Kuwait (CBBK). The overall objective of the audit was to assess the adequacy and effectiveness of internal controls in programme management and administration. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

For the period covered, internal controls over programme related matters were assessed as weak even taking into consideration the limitations imposed by remotely managing most of the programme activities. Prompt corrective action is required by management to significantly improve the application of key controls.

Funding constraints, continued insecurity, and decline in the number of returnees to Iraq prompted UNHCR to downsize the operations managed from Kuwait in the first quarter of 2007. Consequently, key managerial positions were discontinued during the latter part of 2006 and early 2007. In the meantime, with a shift in focus to the provision of emergency assistance to internally displaced persons, the office continued to function. Nevertheless, the operation was seriously understaffed. A single professional staff member and a few locally recruited staff members on temporary contracts ran this \$7 million programme for most of 2007. Absence of regular support for the different functions from the UNHCR Representation for Iraq based in Amman also impaired programme management, implementation and monitoring.

Furthermore, although the budget for 2008 has increased to about \$12 million, no improvements were noted either in the staffing or the level of support from Amman in the first quarter of 2008.

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I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the Office of the United Nations High Commissioner for Refugees (UNHCR) operations in Southern Iraq which were managed from the UNHCR Cross Border Base in Kuwait (CBBK). The CBBK, headed by a Field Officer based in Kuwait, is under the responsibility of the Representative of the Iraq Operations Unit Amman (IOUA). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. The security, political, social and economic impact of the ongoing bloodshed in Iraq is significant. The UNHCR operations in Southern Iraq aimed to provide protection and other emergency assistance like distribution of relief items to the internally displaced Iraqis (IDPs); strengthen emergency preparedness and response capacity inside Iraq; strengthen the capacity of national institutions to respond to the humanitarian crisis; and promote greater international attention and advocacy on behalf of IDPs and persons of concern inside Iraq.

3. In 2007, the programme budget and expenditure amounted to \$7 million. At the time of the audit visit in March 2008, there were 17 posts altogether in Kuwait, Basra, Nassiriyah and Kerbala, of which one was international.

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

II. AUDIT OBJECTIVES

5. The overall objective of the audit was to assess the adequacy and effectiveness of internal controls in programme management and administration. The main objectives of the audit were to assess:

- (a) Effectiveness and efficiency of arrangements for programme management including monitoring of the implementing partners;
- (b) Safeguarding of UNHCR resources against loss, misuse and damage due to waste, abuse, mismanagement, errors, fraud and irregularities; and
- (c) Compliance with UNHCR regulations and rules, Letters of Instruction and Sub-Project Agreements.

III. AUDIT SCOPE AND METHODOLOGY

6. The audit of UNHCR operations in Southern Iraq managed from the CBBK is one of a number of audits OIOS conducted of UNHCR's Iraq operations. The operations in Southern Iraq covered the eight Governorates of Basrah, Diwaniya, Kerbala, Missan, Muthanna, Najaf, Thi-Qar and Wassit. OIOS reviewed project 07/SB/IRQ/EM/133 with a budget of \$7 million, including financial and human resources management in the CBBK.

7. The audit methodology comprised: (a) review of policies and procedures, administrative guidelines, data available from the Management System Renewal Project (MSRP), and other subsidiary systems; (b) interviews with responsible personnel; (c) analysis of applicable data; (d) physical verification and assessment of the effectiveness of controls; and (e) observations and verification of processes, as appropriate.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Organization setup

Human resources

8. OIOS noted that funding constraints, insecurity and decline in the number of returnees prompted UNHCR to downsize the operations managed from Kuwait and close the CBBK in the first quarter of 2007. In line with this decision, most of the key professional posts in the CBBK were discontinued such as the Associate Finance and Administrative Officer (end of 2006) followed in early 2007 by the Senior Programme Officer (Officer in Charge or OIC), the Associate Field Officer (Programme), the Field Safety Adviser and the Associate Protection Officer. Anticipating a reduction in the programme activities, in December 2006 the OIC wrote to other UN agencies based in Kuwait about the downsizing of the CBBK in March 2007 and requested them to absorb the eight UNHCR General Service (GS) staff in their organizations.

9. However, the visit of the High Commissioner to the Region and the CBBK in March 2007 and the humanitarian situation in Iraq favoured the continuation of the CBBK, rather than its closure. In the meantime, the budgeted expenditure for the programme increased from \$4 million in 2006 to \$7.5 million for 2007 and is expected to be \$12 million for 2008. Regardless, the staffing situation in the CBBK did not improve commensurate with the budget increase. The CBBK is still headed by a Field Officer who is also the OIC. The GS staff members were temporary staff on short-term contracts. Their contracts were extended seven times in 2006 and twice in 2007. For 2008, except for the Finance Assistant and drivers who have fixed term contracts until the end of 2008, contract issues have not been fully resolved for other staff. In addition, there were three staff members working for the CBBK but paid through a partner. Such a practice is contrary to the established UNHCR policy (IOM/81/2001 dated 28 September 2001 refers).

10. Despite the poor staffing OIOS noted that these dedicated GS staff members performed all the core functions (programme, personnel, finance, protection and other areas) and kept the CBBK functioning.

11. OIOS noted that the CBBK's staffing situation has not changed in the current year and the GS staff members continue to discharge all the core functions. This state of affairs is inappropriate considering the level of

expenditure, volume of tasks and the related administration and programme management responsibilities expected from the CBBK. If not addressed without delay, it will have a considerable impact on programme management and protection issues in particular, as well as the overall functioning of the office.

12. The weakness of the staffing structure also significantly affected the financial delegation of authority to the CBBK. For example, the Finance Assistant has dual roles in relation to the payment vouchers: (1) to prepare; and (2) to technically approve them. Due to the limitation in staffing, the Finance Assistant was also made the technical approver. To enable her to perform this role a second user ID was created. The OIC (P-3) has no ceiling on the amount that can be approved and was put on par with the Representative based in Amman. Being the single payment approver for the CBBK, he had to approve payments for himself.

13. OIOS observed that with a lone staff for each function, there is a risk of significant interruption to the day to day operation of the CBBK in the event that a staff member is unavailable even for a few days. For example, the Finance Assistant explained that she processed and approved payments in the summer of 2007 when she was on a holiday outside the country for a few weeks. The Human Resources Assistant provided some back-up to the Finance Assistant though certain critical gaps remained like the monthly bank reconciliation exercise, a task that the Human Resources Assistant was unable or not trained to perform.

14. Likewise, the programme function suffered for several months in 2007 due to the discontinuation of the Senior Programme Officer's post, absence of the Programme Assistant who was away on maternity leave, non-existence of financial control mechanism of the implementing partners and reporting on the ongoing implementation. Furthermore, there was no evidence of proper back-up or allocation of resources from Amman to address these deficiencies.

Recommendation 1

(1) The UNHCR Representation for Iraq should undertake a comprehensive review of the staffing requirements for the Cross Border Base in Kuwait and the field offices in Southern Iraq keeping in view the significant increase in operational budget and the functions that can be performed by the Iraq Operations Unit in Amman.

15. *The UNHCR Representation for Iraq accepted recommendation 1 and stated that a comprehensive programme/operations review was planned for June 2008. This review would address staffing issues for the South and would lead to a clearer vision of the role of the CBBK.* Recommendation 1 remains open pending receipt of documentation from UNHCR showing the results of the comprehensive review, and the steps taken to improve operations of the CBBK.

Communication and coordination

16. The latest organigram for the Iraq operations showed that all staff members in the CBBK and all the heads of the field offices inside Southern Iraq, Basra, Nassiriyah and Kerbala reported to the OIC of CBBK. The OIC in turn reported to the Deputy Representative of the IOUA.

17. OIOS noted that the CBBK did not receive regular support from Amman. There was no evidence of regular coordination meetings or conference calls on the operations between IOUA in Amman and CBBK. Though there were some ad hoc consultations on various operational issues across the functions, there were no regular missions from Amman to Kuwait. OIOS was informed that the Representative visited the Kuwait office three times and the Senior Administrative Officer once. There were no missions covering programme and supply chain issues.

18. Furthermore, OIOS noted deficiencies in communication and information exchange between the CBBK and the field offices in Southern Iraq. For example, the heads of the field offices were national officers and occupied higher grades than the staff in the CBBK, who were GS staff. This obstructed the communication flow. The national officers in Iraq preferred to communicate through the OIC rather than directly with the functional staff in Kuwait. It was not always easy for CBBK management to obtain feedback on the ongoing programme activities from the staff inside Southern Iraq.

19. Considering that all the major functions in the CBBK were performed by GS staff with short term employment contracts, there were constraints for them to fully focus on the UNHCR's programme implementation, monitoring and reporting requirements. This requires better and regular coordination on operational issues and more field missions from the Representation to provide the necessary guidance to boost the CBBK's functioning and staff morale.

Recommendation 2

(2) The UNHCR Representation for Iraq should put in place a mechanism for free flow of communication, coordinate regularly with the Cross Border Base in Kuwait and provide the necessary operational support and guidance. This would include encouraging senior staff members from different functions to undertake regular missions to the Cross Border Base in Kuwait.

20. *The UNHCR Representation for Iraq accepted recommendation 2 and stated that frequent visits of senior staff from Amman to Kuwait (like the new Representative, Senior Programme Officer, Senior Administrative and Finance Officer) have already commenced to ensure the necessary support to the CBBK and establish mechanisms for sustainable engagement, continuous communication and guidance.* Based on the response, recommendation 2 has been closed.

B. Programme activities

Remote management

21. Due to the security situation in Iraq, remote management is the main approach for managing the operations. OIOS acknowledges the difficulties encountered by the Representation. However, with deficient staffing in 2007, monitoring of the programme was significantly affected.

22. The Protection and Assistance Centres (PACs) provided the principal activities for the displaced Iraqis, such as legal interventions and provision of material assistance. The assistance provided by these PACs was recorded in a special database by the implementing partners. OIOS noted that the partners submitted several lengthy monthly reports to CBBK that, in view of the current staffing, did not get the necessary attention. There was no assurance that the CBBK effectively dealt with issues requiring its action.

23. OIOS noted that 11 out of the 16 PACs operated in the south and covered about 28,500 beneficiaries (out of the 39,700 all over Iraq) in 2007. However, it is unclear how many of these cases were repetitive and how many were solved. Furthermore, for the entire Iraq, PACs referred over 6,000 cases to other authorities for further action. There was no adequate follow-up of the cases referred to other authorities.

24. The CBBK received a copy of the consolidated database on the cases handled by the PACs every month from the partner Millennium who was responsible for database management. OIOS did not obtain evidence of quality control by CBBK to verify the reliability of the data provided by the PACs. There is also no information whether the CBBK (Protection Unit) obtained and reviewed the documentation of some of the cases to corroborate the assistance and interventions recorded. OIOS was informed that the CBBK just started using this database for interactive decision making, which will need reliable data.

25. The situation reports (SitReps) for the CBBK were available for most months for 2007. However, they lacked the necessary detail. Furthermore, they were not consistent in providing the needed information on the distribution of non-food items, activities carried out by implementing partners, and significant administrative and human resources issues. For 2008, OIOS noted that a partner is tasked with writing the SitReps, which should be carried out by the CBBK.

26. Staff members in Iraq work from home due to the security situation. Apart from some ad hoc reports, there was no mechanism in place to monitor the work performed by these staff members. In other words, there was no established plan of work and how the actual time spent compared to the plan. In addition, there was no evidence of their contribution to the monthly SitReps produced by CBBK.

27. OIOS is pleased to note that there is a web site, www.hcriraq.org that provides relevant text and visual details on the programme implemented in all parts of Iraq. These activities are analyzed by implementing partners and

assistance sectors. However, considerable work needs to be done to update the data provided on this site including the presentation of details on the emergency distribution of non-food items in Southern Iraq, which was one of the principal activities for 2007.

Recommendation 3

(3) The UNHCR Representation for Iraq should enhance its project monitoring by: (a) requesting information from partners that can be used effectively; (b) ensuring that cases referred to other authorities are effectively followed-up till the delivery of intended assistance; (c) ensuring that the documentation on protection interventions are reviewed on a regular basis and the details are corroborated with the recorded data; (d) ensuring that Situation Reports provide all the critical detail on the operations and administration; and (e) regularly updating the website on the activities carried out.

28. *The UNHCR Representation for Iraq accepted recommendation 3 and stated that in light of the changed terms of reference of PACs, the reporting format has to be changed as the existing reports did not adequately portray displacement patterns. More field-level follow-up has to be done though it would have an impact on the existing staffing resources. Modifications were being made to the databases that support the monitoring process and users would be able to analyze the details recorded therein. A new standardized monthly progress report on the programme implementation has already been provided to the implementing partner and was expected to provide clearer results on the progress of the implementation. Recommendation 3 remains open pending receipt of documentation from UNHCR showing that it has been fully implemented.*

Selection of implementing partners

29. OIOS found that the CBBK's main criterion for selecting partners is that they have been working successfully with these non-government organizations (NGOs) for a number of years. CBBK explained that most of these NGOs started operations in Iraq long time back and have functioning infrastructure like office and staff there. Furthermore, it is difficult for new NGOs to establish in Iraq. OIOS accepts that it is prudent to work with partners who have access to the UNHCR's persons of concern and who have demonstrated, in the Representation's view, their capacity to deliver.

30. Nevertheless, a more formal process needs to be introduced in line with the requirements of Section 5 of Chapter 4 of the UNHCR Manual and obtain standard information such as a copy of the partners' legal registration documents, annual audited financial statements to prove their financial strength, and evidence that they have the experience and expertise in the activities assigned. This information is more critical in the context of remote management and also to

build the capacity of the national NGOs who are assigned with programme delivery tasks.

31. In this regard, one of the partners who implemented the 2006 programme was not engaged in 2007. OIOS could not find all the documentation in Kuwait or information on the sequence of events that led to the disengagement of this partner. According to the CBBK, the decision was taken in Amman.

Recommendation 4

(4) The UNHCR Representation for Iraq should ensure that adequate research has been done and adequate information gathered on implementing partners prior to entering into Sub-Project Agreements.

32. *The UNHCR Representation for Iraq accepted recommendation 4 and stated that implementing partners were requested to provide the missing details about their profile by the end of June 2008.* Recommendation 4 remains open pending confirmation that the UNHCR Representation for Iraq is in possession of all the mandatory information relating to the implementing partners.

Audit certificates

33. All audit certificates required for 2006 have been received together with management letters. However, the external auditor did not systematically report on implementing partners' compliance with UNHCR policies and procedures over cash management, procurement, management and storage of commodities such as non-food items, the obligation for the partners to have a full set of supporting documents for audit purposes and the requirement to disclose the details of currency exchanges. In addition, in view of the adoption of the International Public Sector Accounting Standards (IPSAS) by 2010, more needs to be done to ensure that UNHCR, through its partners, will comply with the new requirements concerning the management of assets and commodities on stock. OIOS met with the external auditors to discuss these issues at length. They assured us of appropriate reporting in their management letters.

34. The external auditors should also be requested to provide a summary of recurring audit findings, which were evident from OIOS' review of the management letters issued. The CBBK and the Representation should ensure that the recommendations have been implemented to address the weaknesses identified. OIOS also considers that the CBBK and the Representation should use the audit certification process for management control purposes and not only for compliance.

Recommendation 5

(5) The UNHCR Representation for Iraq should improve the local external audit process by obtaining more relevant information on implementing partners' activities. This should include reporting whether partners have: (a) used the

correct exchange rates for financial reporting purposes; (b) and been able to physically verify the assets and non-food items provided by UNHCR for the sub-project.

35. *The UNHCR Representation for Iraq accepted recommendation 5 and stated that the shortly expected audit reports on the audits of the implementing partners carried out by a professional firm for 2007 projects would reflect the implementation of the recommendation.* Recommendation 5 remains open pending receipt of the audit reports on the implementing partners reflecting the additional information relating to financial and inventory management.

Headquarters support costs

36. OIOS noted that about \$400,000 was paid towards the headquarters support costs for 2007. To be eligible for a contribution to international NGO's headquarters support costs, the partner must make a significant and quantifiable contribution with its own resources to the individual project or country/regional operation. At the time of the audit, the CBBK did not have information on the financial value of the contributions or inputs made by the implementing partners. Unless such contributions are reported to UNHCR and properly documented, the overhead costs charged by the partners should be disallowed.

37. OIOS also noted that the headquarters support costs should be distinct in the budget and coded under 611000. However, the CBBK included such costs under 'Other Grant, Lump Sum Payment – 611998'.

38. When more than 30 per cent of the budget is local procurement, the budget element relating to procurement should be deducted prior to calculating the 5 per cent headquarters support costs. OIOS found that for InterSOS, considerable procurement amounting to \$1.2 million (\$900,000 for relief goods procurement and the balance for quick impact projects) was done and managed locally. As a result, the headquarters support cost cannot be fully justified. Due to this, InterSOS was overpaid at least \$45,000.

Recommendation 6

(6) The UNHCR Representation for Iraq should not allow the implementing partners to budget or charge for headquarters support costs for significant local procurement.

39. *The UNHCR Representation for Iraq accepted recommendation 6 and stated that during the budget negotiations with InterSOS, this point was raised and the headquarters support costs were disallowed.* Based on the action taken, recommendation 6 has been closed.

Supply management

40. Inventory management of relief items inside Iraq is delegated to the implementing partner InterSOS. The CBBK received weekly stock holding reports from Iraq and monthly reports from InterSOS. OIOS noted that there was

no effective system in place to provide all the details relating to the inventory management like the quantities and value of the stock received (locally procured and received from Amman) in the warehouses, distributed and the balance quantity and value held in Iraq. For example, the instructions to release goods were by email. However, they were not systematically filed and linked to stock reports. Although the CBBK received weekly and monthly stock reports from south Iraq and InterSOS in spreadsheets, the data from these reports could not be put to good use considering that the stock balance could not be reconciled with monthly transactions.

41. OIOS was also unable to corroborate the relief items distributed in 2007. For example, the reports from InterSOS disclosed that the number of cooking stoves distributed was 5,373. However, their narrative sub-project monitoring report (SPMR) explained that the distribution was 4,345 or a variance of over 1,000 stoves. Likewise, 1,357 tents were distributed according to the stock reports while their SPMR indicated 2,404 or a variance of over 1,000 tents.

42. With regard to warehouse management, additional work needs to be done. In Kuwait, the CBBK has six rub halls to store the non food items. At the time of the audit visit, there were only 2,000 light weight tents and over 500 mattresses were stored in two warehouses leaving the rest empty. However, these two items were not stacked appropriately to facilitate a proper count.

Recommendation 7

(7) The UNHCR Representation for Iraq should establish the details of all the procurement of non-food items including the quantities and value of items received from other UNHCR offices and establish their current status showing the quantities distributed, the quantities and value still in hand, and their location. Any discrepancies should be investigated, and the goods in the warehouses should be stacked properly to facilitate a correct count.

43. *The UNHCR Representation for Iraq accepted recommendation 7 and stated that stocks of non food items were reorganized and a proper documentation process for tracking commodities movement was being put in place. With a planned mission by the Senior Logistics Officer, the entire process would be reinforced. Recommendation 7 remains open pending receipt of documentation from UNHCR showing that it has been fully implemented.*

Asset management

44. OIOS noted that two 80 KVA and one 130 KVA generators procured in 2003 for about \$48,000 have been lying unused. Though they have not been removed from the original pack, one has been stored outside and is subject to the elements while two are stored in a rub hall. Furthermore, there were four armored vehicles (two Mambas and two Scouts) procured in 2004 and have not been used. There was no plan to use these assets in the near future.

45. OIOS also noted that there were eleven vehicles available for use in the CBBK. This high number of vehicles is highly disproportionate to the two drivers and one international staff member working in the CBBK. Most of these vehicles were procured in 2003 and have logged less than 50,000 kms.

46. Considerable work is required to ascertain the status of assets held inside Iraq. This would include a physical verification to assess their condition prior to updating the asset records and write off of lost assets through the Asset Management Board.

Recommendations 8 and 9

The UNHCR Representation for Iraq should:

(8) Initiate immediate action to effectively use the new assets that have been idle in the UN compound for nearly five years and the surplus vehicles parked in the compound. If it is not possible to use them in Iraq, they should be redeployed to other countries or should be donated to the agencies working on refugee-related or humanitarian issues; and

(9) Conduct a complete physical inventory where the security situation permits and initiate the write-off of assets through the appropriate Asset Management Board.

47. *The UNHCR Representation for Iraq accepted recommendation 8 and stated that the process of identifying the assets that need to be redeployed and identification of the end destinations has started. While generators have already been redeployed to Syria, efforts are underway to redeploy the idle vehicles by the end of June. Since the armored Scouts are of no use in the region, the Representation has been looking for other regions where they could be used. Recommendation 8 remains open pending receipt of documentation from UNHCR showing that it has been fully implemented.*

48. *The UNHCR Representation for Iraq accepted recommendation 9 and stated that a physical count of the assets would be carried out before 2008 for all the locations where security situation would allow such an exercise. This would be an ongoing and regular process. The Asset Management Board has been established and would meet when required to decide on disposition of specific assets. Recommendation 9 remains open pending receipt of documentation from UNHCR showing that it has been fully implemented.*

C. Information technology

Network issues

49. OIOS observed that the local area network in the CBBK is poorly maintained and the desktop computers connected to it are also inappropriately configured. Users were dissatisfied that they had to reboot their system to use

normal storage media such as flash drives. Furthermore, frequent technical faults in the network increased the down time and significantly affected their work.

Recommendation 10

(10) The UNHCR Representation for Iraq should review the computer network and the configuration of desktop computers in the Cross Border Base Kuwait to prevent frequent outages and interruptions to the functioning of the office. Appropriate measures should also be initiated to maintain the equipment regularly.

50. *The UNHCR Representation for Iraq accepted recommendation 10 and stated that the network and email were upgraded recently. The Regional Information Technology Officer would visit the office in the second half of 2008 to examine the network. Recommendation 10 remains open pending receipt of documentation from UNHCR showing that it has been fully implemented.*

Training on MSRP

51. Discussions with the OIC revealed that he was not trained on MSRP. Being the only payment approver in the CBBK, he has to depend on his colleagues, particularly the Finance Assistant to approve vouchers. The inventory and asset management modules in the MSRP are also not used by the CBBK due to lack of training.

Recommendation 11

(11) The UNHCR Representation for Iraq should ensure that training is provided as a matter of priority to staff for whom the competent use of the Management System Renewal Project is essential to their work.

52. *The UNHCR Representation for Iraq accepted recommendation 11 and stated that a proper training would be organized for all the staff members in Kuwait. In addition, the existing users have provided some training to the field staff members. Based on the response, recommendation 11 has been closed.*

V. ACKNOWLEDGEMENT

53. We wish to express our appreciation to the Management and staff of the UNHCR Cross Border Base in Kuwait for the assistance and cooperation extended to the auditors during this assignment.

STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	C/O ¹	Actions needed to close recommendation	Implementation date ²
1	O	Documentation from UNHCR showing the results of the comprehensive review, and the steps taken to improve operations of the CBBK.	30 June 2008
2	C	Action completed	Implemented
3	O	Documentation from UNHCR showing that the recommendation has been fully implemented	31 May 2008
4	O	Confirmation that the UNHCR Representation is in possession of all the mandatory information relating to the implementing partners.	30 June 2008
5	O	Receipt of the audit reports on the implementing partners reflecting the additional information relating to financial and inventory management.	31 March 2008
6	C	Action completed	Implemented
7	C	Documentation from UNHCR showing that the recommendation has been fully implemented.	31 May 2008
8	O	Documentation from UNHCR showing that the recommendation has been fully implemented.	Implemented
9	O	Documentation from UNHCR showing that the recommendation has been fully implemented.	31 December 2008
10	O	Documentation from UNHCR showing that the recommendation has been fully implemented.	31 July 2008
11	C	Action completed	Implemented

1. C = closed, O = open

2. Date provided by UNHCR in response to recommendations.