

**UNITED NATIONS**

**Office of Internal Oversight Services  
UNHCR Audit Service**

Assignment AR2004/113/01  
Audit Report R04/R033

5 October 2004

**OIOS AUDIT OF UNHCR OPERATIONS IN ZAMBIA**

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**EXECUTIVE SUMMARY**

In April and May 2004, OIOS conducted an audit of UNHCR Operations in Zambia. The audit covered activities with a total expenditure of US\$ 20 million in 2002 and 2003. Audit Observations were shared with the Regional Representative in June 2004, on which comments were received by August 2004. *The Regional Representative has accepted the recommendations made and is in the process of implementing them.*

Overall Assessment

- OIOS assessed the UNHCR Operation in Zambia as average, it was adequately run but although the majority of key controls were being applied, the application of certain important controls lacked consistency or effectiveness. In order not to compromise the overall system of internal control, timely corrective action by management is required, particularly for the financial management activities of Sub-Office Mongu.

Programme Management

- For the six partners reviewed, reasonable assurance could be taken that UNHCR funds were properly accounted for and disbursed in accordance with the Sub-agreements.
- Project financial and performance monitoring was adequately performed. However, closer monitoring of the utilization and management of funds advanced to government departments for construction/rehabilitation works was required. OIOS found cases where the work was either not completed in time or abandoned midway. *The Regional Representation is pursuing the matter.*
- The five per cent Headquarters support costs for international NGOs was not consistently applied, and was paid to partners without evidence of an equivalent contribution. *The Regional Representation is addressing this issue.*

Supply Management

- The documentation of the procurement process was assessed as less than satisfactory and procurement lists and proper filing systems were not maintained until the end of 2003. The Regional Representation did not maintain a vendor list of potential and pre-qualified suppliers. *These issues have been satisfactorily addressed.*

- Cost effective purchasing was not always assured. In 2002 and 2003, the Representation purchased a large number of computers and other equipment locally at inflated and uneconomic prices. Due to the seriousness of the findings, the issue has been referred to the Inspector General's Office.
- Considerable efforts were still required to improve asset management. A large number of assets with implementing partners were not recorded in AssetTrak, some registered assets could not be found, and administrative action on assets lost or damaged was required. AssetTrak data was inflated as three light vehicles were recorded with an acquisition value of more than US\$ 1 million. *The Regional Representation has undertaken a critical review of asset management in order to address the shortcomings.*
- The functioning of the Regional Emergency Stockpile at Lusaka was assessed as satisfactory, except that the level of insurance coverage was not adequate and needed to be increased. *Action has been taken to increase the insurance coverage to an appropriate level.*

#### Security and Safety

- The security measures were generally in compliance with UNHCR's policies and procedures. However, some work was still required to ensure the offices were MOSS compliant. All staff had completed the basic field security training.

#### Administration

- In the areas of administration and finance, UNHCR in Zambia generally complied with UNHCR's regulations, rules, policies and procedures and controls were operating effectively during the period under review with the exception of Sub-Office Mongu.
- The administration of the Medical Insurance Plan required improvement by closer monitoring. Many MIP claims could not be traced, and those found and reviewed did not consistently comply with UNHCR MIP rules and statutes. *A new HR Assistant has been assigned the responsibility of implementing adequate systems and procedures to ensure compliance with MIP guidelines.*
- The administration and financial procedures adopted at Sub-Office Mongu (SOM) were found to be deficient. Many instances of non-compliance with UNHCR's rules and policies were observed. Immediate attention was required over the authorisation and approval of official travel. Internal controls over the use and recovery of the telephone for private purposes were weak, as no recovery had been made for private international calls costing some US \$22,000.

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## I. INTRODUCTION

1. From 19 April to 7 May 2004, OIOS conducted an audit of UNHCR's Operations in Zambia. The audit was conducted in accordance with the Standards for the Professional Practice of Internal Auditing, promulgated by the Institute of Internal Auditors and adopted by the Internal Audit Services of the United Nations Organizations. OIOS reviewed the activities of the UNHCR Regional Representation in Zambia and its Sub-Offices (SO) in Mongu and Kawambwa and the activities of six of its implementing partners.
2. OIOS' previous audit of UNHCR in Zambia was conducted in June 2001. The audit covered 2000 administrative and programme activities with a total expenditure of US\$ 8.6 million. The Representation generally complied with the relevant regulations and rules, although Asset Management was identified as an area of concern.
3. The Zambia programme's main objectives are to find durable solutions as well as provide material assistance to some 125,000 refugees mainly from Angola, the Democratic Republic of Congo, Burundi and Rwanda. Moreover, efforts are being made to encourage and strengthen environmental awareness, education and protection/rehabilitation in all camps and settlements.
4. The findings and recommendations contained in this report have been discussed with the officials responsible for the audited activities during the exit conference held on 7 May 2004. Audit Observations detailing the audit findings and recommendations were shared with the Regional Representative in June 2004. The comments, which were received in August 2004, are reflected in the final report. *The Regional Representation has accepted the audit recommendations made and are in the process of implementing them.*

## II. AUDIT OBJECTIVES

5. The main objectives of the audit were to evaluate the adequacy and effectiveness of controls to ensure:
  - Reliability and integrity of financial and operational information;
  - Effectiveness and efficiency of operations;
  - Safeguarding of assets; and,
  - Compliance with regulations and rules, Letters of Instruction and Sub-agreements.

## III. AUDIT SCOPE AND METHODOLOGY

6. The audit focused on 2002 and 2003 programme activities under projects AB/ZAM/EM/140, AB/ZAM/CM/200 and AB/ZAM/LS/401 with expenditure of US\$ 16.3 million. Our review concentrated on the activities implemented by CARE International, Canada (CARE) - expenditure of US\$ 1.3 million; International Federation of the Red Cross/Zambia Red Cross Society (IFRC) - expenditure of US\$ 1.3 million; World Vision International (WVI) - expenditure of US\$ 1.3 million; Aktion Afrika Hilfe (AAH) - expenditure of US\$ 1 million; Lutheran World Federation (LWF) - expenditure of US\$ 2 million, and African Humanitarian Action (AHA) - expenditure of US\$ 1.8 million. We also reviewed activities directly implemented by UNHCR with expenditure of US\$ 5 million.

7. The audit reviewed the administration of the Regional Representation in Zambia and SOs Mongu and Kawambwa with administrative budgets totalling US\$ 3.6 million for 2002 and 2003 and assets with an acquisition value of US\$ 7.8 million and a current value of US\$ 2.2 million. The number of staff working for the UNHCR Operation in Zambia was 108. This included staff on regular posts and United Nations Volunteers.

8. The audit activities included a review and assessment of internal control systems, interviews with staff, analysis of applicable data, review of implementation of sub-projects in the field, visits to camps and a review of the available documents and other relevant records.

#### IV. AUDIT FINDINGS AND RECOMMENDATIONS

##### A. Review of Implementing Partners

9. For the six implementing partners reviewed, reasonable assurance could be taken that UNHCR funds were properly accounted for and disbursed in accordance with the Sub-agreements. OIOS assessed that internal controls of all partners were generally in place and operating effectively. For CARE and LWF, however, there were some difficulties in verifying the correctness of the expenditure charged to UNHCR as numerous adjustment and transfer entries were made. OIOS also found that CARE overcharged UNHCR for Headquarters' support costs and staffing costs, an issue that is dealt with in more detail below.

10. The Representation had received audit certificates for all partners, local and international. For Africare, YMCA and Ministry of Home Affairs (partners not included in the scope of the audit) qualified audit opinions were expressed. For the others, unqualified audit opinions were expressed, but in some cases the opinion included an 'except for' clause, highlighting certain weaknesses. With the exception of CARE, partners have addressed the concerns raised by the external auditors.

##### (a) CARE International, Canada

11. CARE is no longer a partner of UNHCR in Zambia; CARE's withdrawal from UNHCR funded activities has for the most part been amicable, though a few vital outstanding issues have not been resolved satisfactorily. One of these relates to CARE's insistence in charging 8.5 per cent shared costs, an item of expenditure not authorised in the sub-project budget. *According to CARE 'shared costs' arise from direct services by CARE's office in Lusaka to UNHCR funded projects, allocated on a 'fair share' basis and represent in-country charges for administration and management.* OIOS does not agree with the apportionment of such additional charges and maintains that the in-country expenses for administration and management were already adequately provided by UNHCR under other budget lines. In the absence of a budget line explicitly enabling the charge to UNHCR of 'shared costs', such costs should not have been apportioned to UNHCR. OIOS also noted that shared costs were objected to by the Representation, but CARE persistently included such charges in the SPMRs.

12. For instance, under sub project 01/AB/ZAM/CM/201(a), CARE had claimed K 340 million (approximately US\$ 89,800) under agency operational support, though the budget for that line was only K 32 million (US\$ 8,500). This represented over expenditure that was ten times the budget. The difference of K.308 million (US\$ 81,300) represented shared costs charged by CARE to UNHCR for which there was no budgetary provision. Also under sub-project 01/AB/ZAM/CM/201(a) US\$ 42,629 had been charged for 5 per cent Headquarters

support costs against a budget of US\$ 32,574, implying an over expenditure of US\$ 10,000. The overcharges on account of shared costs and 5 per cent support costs totalled US\$ 91,355. In OIOS' opinion, therefore, an amount of US\$ 91,355 should not have been accepted as bonafide charges, and should be refunded to UNHCR. Positive action needs to be taken to resolve this issue as more than two years has elapsed since the end of liquidation period and the project is overdue for closure. The shared costs for 2002 & 2003 could not be assessed and clearly identified as these were distributed across several budget lines. OIOS considers this method of cost allocation as non-transparent and not easily amenable to audit scrutiny.

13. *CARE argued that overall the budget had not been exceeded and stated that during 2001, the Regional Representation had agreed that they could charge such support costs. No documentary evidence however was provided for this assertion and the Regional Representation denied that they had granted permission to charge these costs. The Regional Representation in Zambia added that they would continue to pursue this matter with CARE to close the pending sub-project.*

14. Under sub-project 02/AB/ZAM/LS/401(a\$, CARE charged UNHCR an amount of US\$ 18,126, which reportedly was for 'garage income shortfall' for CARE's Lusaka garage. This amount represented undercharges detected during CARE's internal audit that were divided among CARE's donors. In OIOS' view this, did not represent a legitimate charge to UNHCR and unless it is clearly justified as UNHCR sub-project expenditure, it should be recovered. *The Regional Representation agreed to raise the issue once more with CARE.*

15. CARE persistently disregarded the sub-project budgets, with significant over expenditures recorded. For example, against one of the salary budgets of US\$ 59,000, some US\$ 134,000, more than twice the budget, was charged. Other examples can be cited. This over expenditure generally arose as CARE paid higher salaries and allowances to staff than the amount UNHCR budgeted. OIOS would reiterate that if CARE wanted to pay higher salaries than mutually agreed in the signed Sub-agreement, they should have topped up the salaries from their own resources. At this stage OIOS is not recommending a recovery, but the Regional Representation, when they saw this trend emerging, should have discussed and resolved this issue with the partner instead of subsequently accepting consistent overcharges.

### **Recommendations:**

- The UNHCR Bureau for Africa in conjunction with the NGO Liaison Unit should follow-up with CARE International, Canada headquarters on the issue of charges for 'shared cost' and seek a recovery of US\$ 91,355 for such cost, which were neither budgeted for in the sub-projects nor accepted as bona fide expenditure by the Representation in Zambia (Rec.01).
- The UNHCR Regional Representation in Zambia should request CARE International, Canada to refund an amount of US\$ 18,126 for 'garage income shortfall' incorrectly charged as salary cost to the UNHCR sub-project, unless it can be justified as bonafide UNHCR sub-project expenditure (Rec.02).

(b) Lutheran World Federation

16. OIOS recommended that the LWF camp construction activities be improved by the introduction of better monitoring procedures. OIOS found that works were not always completed timely and in some instances the workmanship was poor. The high turnover in staff may have been a factor contributing to the weaknesses identified. *The Regional Representation agreed that the monitoring of construction activities was not adequate and they would ensure they were strengthened so that problems are identified and corrected early.*

17. LWF was responsible for fleet management activities, which consisted of a number of garages at key locations. Important consolidated information, which is crucial to effectively manage a logistical operation, was not maintained centrally. For example, basic statistics on spare part inventory levels and the number and cost of repairs carried out were not available. Moreover, at the time of the audit there were a large number of vehicles that were non-operational due to poor maintenance and the lack of spare parts. OIOS recommended that LWF significantly improve their vehicle management systems and procedures to ensure they are effective and information is reliable and up-to-date. *The Regional Representation stated a UNV will assume the responsibilities of Fleet Manager, and will be responsible for ensuring the LWF introduce improved procedures.*

(c) World Vision International

18. OIOS noted that some K 279 million (US\$ 62,000) was charged in the 2003 SPMR for Headquarters support costs instead of US\$ 26,000 representing the normal 5 per cent support cost charge. WVI's project implementation was assessed as less than satisfactory. Project planning was poor and project monitoring and evaluation was not adequate resulting in delays in the completion of the work. For example, the construction of seven staff houses at Kawambwa was initiated in 2002, but the project was not fully completed until November 2003. *The Regional Representation and the partner will improve the monitoring of construction activities.*

**Recommendation:**

- The UNHCR Regional Representation in Zambia should recover from World Vision International excess charges for Headquarters support costs amounting to US\$ 36,000 (Rec. 03).

*The Regional Representation has initiated action by requesting WVI to refund US\$ 36,000 and submit a revised SPMR.*

(d) African Humanitarian Action

19. Six expatriate staff were funded under the sub-project, this was more than the personnel budgeted and funded under other partners for comparable activities. The staffing levels were excessive, and with the cost of expatriate salaries accounting for 28 per cent of the expenditure, OIOS recommended that the staffing levels be reviewed with the aim to reducing them. *AHA was of the opinion that the international staff were required for accountability, follow up and professional*

responsibility. *The Regional Representation stated that the deployment of international staff would depend upon the gradual phasing out of the project.* OIOS accepts the requirement of a minimum complement of expatriate staff, but maintained the opinion that one expatriate post per camp instead of two is sufficient.

## B. Other Programme Issues

### (a) Programme and performance monitoring

20. OIOS assessed that project financial and performance monitoring by the Regional Representation was adequately performed. The function, however, required to be improved by SO Mongu. For example, OIOS noted three instances where UNHCR had advanced money totalling to some US\$ 28,300 to two government departments and the Zambian National Service for the construction and rehabilitation of roads, but the works were either not completed in time or abandoned midway. *The Regional Representation stated that the matter was being pursued with the Provincial Secretary and the Zambia National Service for a satisfactory resolution.*

### (b) Headquarters support cost

21. The eligibility to 5 per cent Headquarters support costs for international NGOs had not been correctly determined. For example, some sub-projects contained large elements of local procurement that should have been excluded for the calculation. Also, for most international NGOs there was little evidence that they were contributing to the sub-project and hence, eligible for the 5 per cent headquarter support costs. *The Regional Representation stated that all international NGOs provided UNHCR with information in writing on the resources they planned to contribute to the refugee programme.*

## C. Supply Management.

### (a) Procurement

22. The documentation of the procurement process was assessed as less than satisfactory and it was observed that procurement lists and proper filing systems were not maintained until the end of 2003. The Regional Representation also did not maintain a vendor list of potential and pre-qualified suppliers. A Local Contracts Committee (LCC) had been established, which was also responsible for reviewing and approving procurement undertaken by UNHCR's offices in Zimbabwe and Malawi. OIOS noted, however, that the LCC exceeded its authority, and certain purchases over US\$ 100,000 were not submitted to the Headquarters Committee on Contracts. Also, OIOS noted instances where cost effective purchasing, particularly for vehicles and computers, had not been ensured. *The Regional Representation acted promptly and introduced procedures to improve the procurement process. Frame agreements have been established for frequently purchased goods and services and a vendor list has been compiled. The Regional Representation also put in place a comprehensive procurement plan that will facilitate timely, well-planned and cost effective procurement from SMS and other sources.*

23. In 2002 and 2003 the Regional Representation purchased a large number of computers and other equipment locally. Based on various price comparisons with those available through SMS, the United Nations Office at Nairobi, the UNHCR Representation in Kenya and the Internet, OIOS

noted that the Regional Representation at Lusaka was overcharged by significant amounts. In view of the nature of the findings, OIOS has referred certain cases to the Inspector General's Office.

(b) Asset management

24. OIOS audit in 2001 highlighted the need for the Regional Representation to significantly improve asset management. Nonetheless, in 2004, this was still found to be a very weak area. For example, a large number of assets with implementing partners were not recorded in AssetTrak, some registered assets could not be found, and proper administrative action had not been taken to dispose of the large number of assets lost or damaged due to accidents. Although a physical inventory was being conducted at the time of the audit, the previous one had only been done in 2002. Also, three light vehicles were recorded in AssetTrak as having an acquisition value of US\$ 375,000 each, meaning that the asset data was overstated by more than US\$ 1 million. A focal point for asset management had not been designated, and responsibilities were divided between Programme and Administration. *The Regional Representation stated that following a critical review of asset management; the backlog of physical verification, GS45s and LAMB submissions has been cleared to a great extent.*

(c) Warehousing

25. OIOS reviewed the functioning of the Regional Emergency Stockpile in Lusaka, which was managed by WVI. The procedures and systems in place to control and monitor the stock movement were assessed as satisfactory. However, while the stock was insured for a value of US\$ 500,000, OIOS noted that the first loss sum insured was limited to only US\$ 50,000; the amount for which the insurer will be liable. Above this limit, UNHCR would not be compensated and would have to bear the loss. In OIOS' view the insurance policy coverage was inadequate and needed to be re-examined. *The Regional Representation reviewed the insurance policy and increased the coverage to the total value of the inventory.*

C. Security and Safety

26. The security measures appeared adequate at the UNHCR offices. All UNHCR staff in Zambia have completed the basic field security training. Offices are not yet fully MOSS compliant, although shatter resistant film has been ordered and the fire evacuation plan is under review by the Regional Representative.

D. Administration

27. In the areas of administration and finance, with the exception of MIP at the Regional Representation and expenditures incurred by SOM, the UNHCR offices in Zambia generally complied with UNHCR's regulations, rules, policies and procedures and controls were operating effectively during the period under review. However, some weaknesses were identified for which corrective action is required.

(a) Payment of Daily Subsistence Allowance

28. A consultant hired through UNHCR Headquarters was paid DSA of US\$ 17,000 for a mission lasting 8 months. Although the travel authorization referred to the reduction in DSA rates after a period of 120 days, this was not done, and the consultant continued to receive the full daily amount. OIOS recommended that the claim be re-examined and recoveries made as appropriate. *The Regional Representation agreed that a reduced rate should have applied.*

*They will follow-up on the matter with the person authorising the payment, as they did not know the present whereabouts of the consultant.*

(b) Medical Insurance Plan (MIP)

29. A proper assessment could not be conducted of MIP, as all the pertinent documents could not be located and therefore, a number of the higher valued claims could not be audited. Overall therefore, assurance could not be taken as to the adequacy and correctness of the reimbursement of this entitlement.

30. OIOS review of the claims available noted that many of them were not adequately supported with original documents outlining the treatment provided or drugs or medicines prescribed. Most of the claims were simply supported by an invoice and in some cases a cash receipt document, showing only the total fees charged by the hospital/clinic. In such circumstances, it was not possible to ascertain the completeness and the correctness of the claims processed.

31. Moreover, in many cases the amounts reimbursed were incorrect, highlighting the lack of an effective screening process and due regard for the MIP rules and statutes. For instance in many claims, the entire hospital receipt was reimbursed at a 100 per cent, including the doctors/consultants fees that can only be reimbursed at 80 per cent. No criteria or standards to screen medical expenses had been established to ensure the claims were reasonable and customary for the duty station. In the absence of such a control, staff were paying different amounts for the same medical treatment and there was no assurance that reimbursements for 'out of country expenses' were based on rates that were reasonable and customary at the duty station. *The Regional Representation has improved the filing and documentation of MIP claims. A new Human Resources Assistant has been trained on the system, and the Finance Officer has been given the responsibility of reviewing all claims. The issue of standard rates of treatment is being followed up with the UNDP and UNHCR Pretoria.*

(c) MEDEVAC

32. Attention was required with regard to MEDEVAC cases. Important control documentation necessary for monitoring MEDEVACs was not systematically prepared and the filing of MEDEVAC cases required improvement, as many of the papers were misfiled with the MIP files. Payment of DSA was not regulated correctly for local staff for in-country MEDEVACs, and claims relating to some international MEDEVACs had not been settled with advances still outstanding. *The Regional Representation stated that the discrepancies of earlier years would be addressed and the payment of DSA regulated in accordance with the appropriate instructions.*

(d) Other matters

33. OIOS commended the efforts made by the Regional Representation to clear the outstanding receivables. However, OIOS' review of the recovery of costs associated with the use of UNHCR vehicles for private purposes noted that procedures were not consistent countrywide. Instead of recovering mileage costs for private use based on actual kilometres driven, the Regional Representation in Lusaka preferred to make recoveries at a lump-sum rate of US\$ 90 per month. This decision was taken to avoid the difficulties that arise in the actual monitoring of private usage. The Sub-Offices were however inclined to making

recoveries on the basis of actual private use of UNHCR vehicles. OIOS recommended that the method of cost recovery for private usage of UNHCR vehicles be consistent countrywide. *The Regional Representation confirmed it would comply with UNHCR's instructions and ensure a consistent approach.*

(e) Sub-Office Mongu

34. Financial management and budgetary control was weak, particularly during 2002. Not only was the total obligation level exceeded, but the ABCS also showed substantial excesses in seven chapters. The 2003 ABOD expenditures were mostly within budgets, though we noted that the overtime budget still was overspent by 25 per cent. With respect to the 2002 ABOD, OIOS concluded that due to weak internal controls, the Head of Office did not ensure that disbursements were within limits of allocations and approved obligation levels. *The Regional Representation assured OIOS that appropriate action is being initiated to avoid over expenditures and to ensure that obligation levels are not exceeded.*

35. SOM's expenditures on official travel for 2002 and 2003 were nearly US\$ 250,000, which was more than the expenditures incurred by the Regional Representation in Lusaka and three times that reported by the other Sub-Office at Kawambwa. OIOS review of travel expenditures in Mongu showed that lax internal controls, poor management and frequent extensions of missions contributed to the high level of travel expenditures. OIOS recommended that the level of travel required by staff members assigned to SOM be reviewed, as it appeared excessive and could not always be justified. Moreover, the internal controls over travel expenditures were weak, as staff members regularly issued and approved their own travel authorisation and travel claims, and the higher DSA rate was claimed without accompanying hotel receipts. OIOS recommended that internal controls be strengthened. *The Regional Representation has taken steps to address OIOS' concerns. They have stopped the practice of the issuance of monthly travel authorizations, which OIOS felt gave too much flexibility to staff to make their own travel plans.*

36. SOM did not enforce proper controls over communications expenditure that totalled some US\$ 92,000 for 2002 and 2003. The communications budget was overspent by 26 per cent (US\$ 10,525) in 2002, though expenditures were within the budget in 2003. Telephone logs were not properly kept, international telephone lines were readily accessible, and unusually long private calls to international destinations were made frequently exceeding 30 minutes. From selected bills amounting to some US\$ 22,000, OIOS identified that most of them were for private purposes, however, no recovery had been initiated. This was a matter of concern and as OIOS only analysed selected bills, the actual amounts to be recovered would be significant. OIOS recommended the establishment of a proper monitoring and billing system, the restriction of international dialling facility, implementing controls to ensure private calls are kept to a minimum and conducting a thorough review of previous bills to identify private calls. In order to control the rising cost of communications, OIOS suggested the installation of the PAMA system. *The Regional Representation has purchased a billing system and once installed they will also maintain a manual log. Costs relating to outstanding private telephone calls will be recovered and instructions have been issued to limit the number and duration of telephone calls. The Regional Representation will seek approval for the implementation of PAMA.*

37. Also, SOM needed to ensure compliance with UNHCR rules and procedures with regard to hospitality expenditure, overtime payments and staff members' residential security

costs. *The Regional Representation stated they would ensure that such costs would be regulated strictly in accordance with instructions*

(f) Field Office Solwezi

38. There were a number of shortcomings in the administration and management of the Field Office Solwezi (FOS). SOM was responsible for the overall supervision and management of the administration activities of FOS. This arrangement, however, was not working effectively, as they were 14 hours apart. Consequently, the Representation in Lusaka took over the responsibility to process the expenditures against SOM Mongu's ABOD, but this was done after a considerable time lag. OIOS recommended that a better and more practical working arrangement was necessary, and considering the level of expenditure incurred by FOS, which accounted for more than a quarter of SOM's expenditures, this was considered a priority.

39. For FOS, overall significant improvement over administrative matters were warranted; overtime payments were not correctly calculated, advances and deposits were charged directly to the ABOD, overpayment for travel were made and staff on mission received the higher rated DSA without adequate supporting documentation. OIOS also noted that VAT was paid on goods and services and no procedures were in place for the recovery of private telephone calls. There was no clear evidence that refunds due to UNHCR were appropriately credited to the bank account, and charges for petrol/diesel were misclassified under official travel.

40. OIOS recommended that the Regional Representation in Zambia review the current organizational arrangements for supervision of FOS. *The Regional Representation acknowledged the financial control constraints between SOM and FOS and stated that the situation has been addressed through the recruitment of an Admin/Finance Assistant.*

(f) Sub-Office Kawambwa

41. OIOS observed that the Head of Office was approving payments to himself. *The Regional Representation has now rectified this.* Fuel management needed improvement and OIOS recommended that proper measuring devices be installed. Closer monitoring and improved internal controls over inventory was also required. *Action has been taken to improve controls.*

## V. ACKNOWLEDGEMENT

42. I wish to express my appreciation for the assistance and cooperation extended to the auditors by the staff of UNHCR and its implementing partners in Zambia.

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