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**AUDIT OF UNHCR OPERATIONS IN TURKEY**

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UNHCR Audit Service

AUDIT OF UNHCR OPERATIONS IN TURKEY (AR2006/121/04)

EXECUTIVE SUMMARY

In December 2006, OIOS conducted an audit of UNHCR Operations in Turkey. The audit covered activities with a total expenditure of US\$ 5.5 million in 2005 and 2006. A draft of this report was shared with the Director of the Bureau for Europe and the Representative in January 2007, on which comments were received in February 2007. *The Representative has accepted most of the recommendations and is in the process of implementing them.*

Overall Assessment

- OIOS assessed the UNHCR Operation in Turkey as average, it was adequately run but, although the majority of key controls were 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.

Programme Management

- For the three partners reviewed, reasonable assurance could be obtained that UNHCR funds were properly accounted for and disbursed in accordance with the Sub-Project Agreements. Internal controls were generally in place and operating effectively. The audit certificates that were received expressed unqualified opinions.
- In 2005 the Representation provided monthly cash grants to refugees totalling US\$ 0.9 million. OIOS was of the opinion that such an activity could be delegated to an implementing partner. *The Representation explained that it was difficult to find reliable implementing partners in Turkey, and was of the opinion that Turkey is in an exceptional situation.* OIOS understands the difficulties of finding partners to implement activities, nonetheless further efforts could be pursued to find suitable partnerships. With additional activities delegated to partners more time would be available for the Representation to enhance its project monitoring and provide assurance as to the reliability of implementing partners activities.
- Cash grants were paid by a bank from lists given to them by UNHCR. However for the monitoring of these payments, the Representation experienced difficulties in obtaining from the bank branches, the names of those who had not been paid (almost 25 per cent of payments authorized). *Action has been taken and discussions with bank officials were held in February 2007.*

- The established criteria for financial medical assistance of US\$ 0.4 million in 2005 were not sufficiently detailed and were not applied consistently. *The Representation is developing clearer criteria for medical assistance and would shortly be sending instructions to field offices.*

#### Supply Management

- Although there was limited procurement, OIOS suggested that purchasing plans be prepared and consideration given to procuring items such as stationery under a frame agreement rather than on a case-by-case basis. A Local Committee on Contracts (LCC) had not been formally established, and OIOS noted two contracts at an annual cost of US\$ 70,000 that had not been approved by the LCC prior to their award. *Action has been taken to improve procurement practices.*

#### Security and Safety

- The UNHCR offices in Turkey were MOSS compliant. The UHF radio communication system in Van was not operational, which could pose a risk to personnel in case of an emergency when the mobile network is overloaded. *Action was being taken to address the issue.*

#### Administration

- In the areas of administration and finance, the UNHCR Offices in Turkey generally complied with UNHCR's regulations, rules, policies and procedures and controls were operating effectively during the period under review.
- Local UNHCR staff in Turkey had been subject to income tax on UN salaries, and following the adoption of new Turkish fiscal legislation in 2003, the procedure changed and UN staff became exempt. The change was implemented in 2005 after the UN Resident Coordinator reached an agreement with the Turkish Tax Authorities. It was not clear to OIOS why it was only implemented starting 2005 and not to the date the legislation was enacted. According to the calculations of the former UNHCR Representative, an amount of about US\$ 1.1 million for 2003 and 2004 is involved. Further clarification as to why UNHCR (or the UN Resident Coordinator under whose ambit UNHCR falls) decided to waive recovery of tax payments made for staff in 2003 and 2004 is required.
- OIOS understands that despite the specific request not to retroactively initiate tax refunds from local tax authorities, some staff members have contacted their tax offices and have received refunds. These funds are due to UNHCR and not the staff member. *The Representation informed OIOS that at an all-staff meeting, staff were informed both verbally and in writing regarding the steps to be taken with regard to the tax reimbursement.*

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## I. INTRODUCTION

1. From 27 November to 7 December 2006, OIOS conducted an audit of UNHCR's Operations in Turkey. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing. OIOS reviewed the activities of the UNHCR Representation in Ankara, its two Field-Offices (FOs) in Van and Istanbul and of three of its implementing partners.

2. OIOS' previous audit of UNHCR in Turkey was carried out in August 2001. The review focused on 1999-2000 activities covering expenditure of US\$ 5.7 million. The main recommendations related to the need to strengthen controls of one of the implementing partners, to resolve the issue of the payment of termination benefits for project staff and to decrease direct implementation of projects by the Representation. The recommendations concerning the last two issues have not been fully implemented.

3. At the end of 2005, UNHCR Turkey had an active caseload of 7,271 persons that included 7,214 non-European refugees and asylum-seekers and a residual caseload of 57 European refugees from the Balkan wars of the 1990s. There were also 51 Turkish returnees who have repatriated voluntarily from Iraq over the past two years. The majority of the non-Europeans are Iranians, with Iraqis comprising the next largest group. Somalis, Afghans, Palestinians and a range of other African and Asian nationalities account for the rest. The refugees included 1,170 Iranians who previously found protection in Iraq and entered Turkey between 2001 and 2003 in search of resettlement opportunities (the "Iranians ex-Iraq").

4. The findings and recommendations contained in this draft report have been discussed with the officials responsible for the audited activities during the exit conference held on 7 December 2006. A draft of this report was shared with the Director of the Bureau for Europe and the Representative in January 2007, on which comments were received in February 2007. *The Representative has accepted most of the recommendations and is 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
- Compliance with regulations and rules, Letters of Instruction and Sub-Project Agreements

## III. AUDIT SCOPE AND METHODOLOGY

6. The audit focused on 2005 and 2006 programme activities under projects 05&06/AB/TUR/LS/400, 05&06/AB/TUR/LS/401 and 05&06/SB/TUR/RP/333 with expenditure of US\$ 3.6 million. Our review concentrated on the activities implemented by

International Catholic Migration Commission (ICMC) – expenditure of US\$ 0.3 million, Human Resources Development Foundation (HRDF) – expenditure of US\$ 0.1 million, and Association for Solidarity with Asylum Seekers/Migrants (ASAM) – expenditure of US\$ 0.1 million. We also reviewed activities directly implemented by UNHCR with expenditure of US\$ 3.1 million.

7. The audit reviewed the administration of the office of the Representation in Ankara and FOs Van and Istanbul with administrative budgets totalling US\$ 1.7 million for the years 2005 and 2006 and assets with an acquisition value of US\$ 1.2 million and a current value of US\$ 0.2 million. The number of staff working for the UNHCR Operation in Turkey was 61.

8. The audit also followed-up on findings and recommendations made in the 2001 internal audit and the 2003 inspection. Most of the recommendations made in the reports were implemented or were in-progress of being implemented in the near future. *The Representation indicated that the issue of the severance payments for former project staff of the NGO ARGEN would be settled in 2007.* A review of the strategy and staffing structure of UNHCR's Operation in Turkey for 2007-2009 was conducted in August 2006.

9. The audit activities included a review and assessment of internal control systems, interviews with staff, analysis of applicable data and a review of the available documents and other relevant records.

#### IV. AUDIT FINDINGS AND RECOMMENDATIONS

##### A. Review of Implementing Partners

10. For the three partners reviewed, reasonable assurance could be obtained that UNHCR funds were properly accounted for and disbursed in accordance with the Sub-Project Agreements. OIOS assessed that internal controls of all partners were generally in place and operating effectively. Audit certificates for 2005 were received where applicable and unqualified opinions were expressed.

##### (a) Association for Solidarity with Asylum Seekers/Migrants

11. The accounting records of ASAM together with the supporting documents could be reconciled with the SPMRs. OIOS found that although the Sub-Project Agreement stipulates that the standard implementation period is to the end of December with the liquidation period of one month, actual expenditures continued to be charged for the first two months of the next year. *The Representation stated ASAM was aware of the project duration but due to an earmarked contribution it was obliged to record vital expenditures in January and February 2006. In order to avoid this reoccurring in 2007, UNHCR Turkey signed a Letter of Mutual Intent with the implementing partner.*

12. The salary of the Financial Adviser was not budgeted for and was absorbed from the office rental budget line. *ASAM explained that there was no budget line for the post of the Financial Adviser, and in accordance with a Government Regulation, a Financial Adviser was required. The fee of the Advisor will be reflected in a separate budget line.* OIOS also noted that there was no reimbursement for private telephone calls, and the list of assets and Right of Use Agreement were not up-to-date. *The Representation provided assurances that action had been taken to address these areas.* OIOS appreciates the quick action taken by the

Representation to strengthen the internal controls of ASAM.

(b) International Catholic Migration Commission

13. OIOS could reconcile the accounting records and summary expenditure balances to the SPMR. The filing system however could be improved so that documents could be easily retrieved to support the expenditures made. Also, there was a duplication of functions in the area of data management when the information entered by ICMC for registration purposes had to be re-entered by the Representation into ProGres.

**Recommendation:**

- The UNHCR Representation in Turkey should continue to ensure that the International Catholic Migration Commission improve the filing of supporting documents in order to provide assurance that UNHCR funds are properly disbursed. The Representation should also find ways to avoid the duplication of data entry (Rec.01).

14. *The Representation accepted the recommendation. UNHCR has already taken action with Headquarters to improve data management for registration purposes and avoid duplication.* OIOS is pleased to note the action taken and will keep the recommendation open pending documentary evidence of the action taken to improve the data entry system in order to avoid duplication.

B. Programme Issues

(a) Programme and project monitoring

15. There are delays in the processing of asylum seekers' cases. Nine months elapsed between the original application of an asylum seeker in Turkey and the first interview with UNHCR. The Representation stated that since more emphasis was put on RSD functions, this caused delays in the processing of cases. OIOS was informed that delays were due to problems of staff performance and the insufficient training of staff.

**Recommendation:**

- The UNHCR Representation in Turkey should take appropriate measures to reduce the delay in processing asylum seekers' cases. Staff performance issues should be dealt with and proper training of staff provided (Rec.02).

16. *The Representation stated that it does not have the resources for additional staff in Turkey to deal with the backlog, and it is dealing with the staff performance issues. Also at present, there are no vacancies in the Protection Unit. In general the growth of the backlog is attributed to an increase in the number of asylum seekers in 2006.* OIOS appreciates that the lack of resources has an impact on the time taken to process cases. OIOS will keep the recommendation open pending confirmation that positive action has been taken to reduce the timeline for processing asylum seeker cases.

17. FO Van was not able to provide OIOS with its work plans. These should be used as a management tool to monitor project implementation. They are especially important considering

that RSD functions will be mainly centralized in the office of the Representation and work plans should now reflect other activities such as border monitoring and cooperation with the national counterparts.

**Recommendation:**

- The UNHCR Representation in Turkey should ensure that the Field Office Van develops work plans to monitor project implementation and include a process to gradually tackle the issues of the change in the direction of the programme from RSD towards other issues (Rec.03).

18. *The Representation accepted the recommendation and indicated that action had already been taken and work plans were in implementation in Van.* OIOS is pleased to note the action taken and will close the recommendation on receipt of a copy of FO Van's workplans.

19. OIOS' review of the Support Protocol between the Gendarmerie General Command of the Turkish Republic and UNHCR on Improving Accommodation Conditions for Migrants Entering Legally and Illegally from Eastern Border of Turkey showed that the document was not sufficiently detailed. It did not clearly explain the actual needs of the concerned population and the ways to assist refugees and asylum seekers. As a result, there was only one transfer of funds from the three planned in 2006. No financial reports on the use of funds were received because of the low implementation rate. FO Van was not properly consulted during the drafting of the Protocol.

**Recommendation:**

- The UNHCR Representation in Turkey within the framework of the Protocol with the Gendarmerie should formulate clear and realistic objectives accompanied by measurable outputs and indicators. In the future, Field Office Van should be properly consulted during the drafting of cooperation documents (Rec.04).

20. *The Representation accepted the recommendation.* OIOS is pleased to note that action will be taken and will monitor the implementation of the recommendation, which has a target date for implementation of 30 April 2007.

21. Project financial and performance monitoring needed improvement. In 2005 and 2006, the Programme and Administrative Unit had not conducted any financial monitoring visits. While OIOS noted that there were no serious concerns with the partner's reviewed, and the level of funds delegated to them to implement UNHCR's activities was limited, OIOS is still of the opinion that regular reviews should be conducted and their results documented.

**Recommendation:**

- The UNHCR Representation in Turkey should improve its financial monitoring of implementing partners' activities. Regular reviews should be conducted and their results documented and any recommendations made to improve their activities should be followed-up to ensure they are implemented (Rec.05).

22. *The Representation accepted the recommendation and agreed to implement financial monitoring visits on a regular basis. It further stated that implementing partners were requested*



to submit an SPMR on a monthly basis together with all supporting documentation, which were subsequently verified. OIOS is pleased to note that action will be taken. While the Representation may re-verify the partners supporting documents on a monthly basis, it is OIOS' opinion that this is not an efficient use of UNHCR resources. Periodic visits to the partners' premises may be more beneficial in the long term, particularly if further activities are delegated to partners. OIOS will keep the recommendation open pending copies of the planned schedule to review partners' activities together with some samples of the verification reports drafted subsequent to the review.

(b) Payment of cash grants

23. The Representation provides monthly financial assistance to refugees by way of cash grants totalling US\$ 0.9 million in 2005. OIOS was of the opinion that such an activity could be delegated to an implementing partner. *The Representation explained that it is difficult to find reliable implementing partners in Turkey since the Turkish Government does not provide active support to the idea of developing a network of non-governmental organizations in the country. It was stressed that UNHCR Turkey is in an exceptional situation, and has been working without NGO implementing partners for more than 30 years.* While OIOS appreciates that traditionally UNHCR has not worked with many partners and that there are possible difficulties of finding suitable partners given the political situation, OIOS is of the opinion that the Representation's efforts in the area of working more with implementing partners could be further increased. Once this is established, the Representation could strengthen its project monitoring to ensure the risks of delegating such responsibilities are mitigated.

24. The payment of cash grants is directly implemented by the Representation, and beneficiaries are paid via the Garanti Bank. OIOS' review of the systems and procedures in place to manage this activity, as well as discussion on the possible risks associated with the process, assessed them as satisfactory.

25. The Representation transfers money to branches of the Garanti Bank in satellite cities along with payment lists. Beneficiaries sign the payment list on receipt and the document is resubmitted to UNHCR for reconciliation. However, UNHCR, Ankara is experiencing serious difficulties in getting the lists back from the bank with the details of the unpaid amounts. These difficulties in reconciliation increase the risk of incorrect payments. The Representation has to perform extensive follow-up work with the branch offices of the bank. Up to 25 per cent of the staff time of a G-5 is spent solving these issues. This problem had already been raised by the previous audit, but the progress achieved was minimal. No agreement has been signed between the Representation and the bank.

**Recommendation:**

- The UNHCR Representation in Turkey should, as a result of difficulties encountered in obtaining details of unpaid amounts to refugees, take appropriate action to ensure significant improvement in services are received from the Garanti Bank. An agreement between the Representation and the bank should be signed (Rec.06).

26. *The Representation accepted the recommendation. Action has already been taken and discussions with the Bank officials were held in February 2007. However, despite several written and verbal warnings, due to the frequent changes of staff in the bank branches, delays in*

*obtaining payment lists still continue. The Representative will be discussing with the Bank the need for such an agreement in March 2007.* OIOS is pleased to note the action taken so far and will keep the recommendation open pending confirmation that a formal agreement has been reached with the bank.

(c) Medical Assistance

27. In the area of medical assistance to the beneficiaries, US\$ 0.4 million in 2005 and US\$ 0.3 million in 2006, the respective guidelines were not clear, and were only issued in the form of a Note for the File. In OIOS' view they should have been issued under the signature of one of the senior staff of the Representation.

28. OIOS noted that guidelines were not followed particularly in decisions relating to the percentage of reimbursement of difficult hospital cases, which varied between 25 to 50 per cent. Similarly, decisions about one-time financial assistance cases were made without reference to them. OIOS also found that reimbursements of medical costs were continued beyond the 1 August 2006 deadline when, according to the new policy adopted by the Representation, all asylum seekers and refugees should first approach the Turkish Social Solidarity Foundation. It was decided that only in cases of a refusal in writing, would the Representation review the case. Despite the fact that the Government has to gradually take over these expenses, UNHCR should adopt a clearer approach during the transition period.

**Recommendation:**

- The UNHCR Representation in Turkey should ensure that the criteria for medical assistance are consistently applied without exceptions by the field offices and that the criteria are sufficiently clear so that staff need not make their own interpretation of the established procedures (Rec.07).

29. *The Representation accepted the recommendation and stated that it was working on clear criteria for medical assistance and would shortly send the instructions to all staff in the field offices. However, it is important to keep some flexibility and keep room for some humanitarian exceptions to be made by field staff in coordination with the Senior Management.* OIOS is pleased to note that action will be taken, and will keep the recommendation open pending a copy of the instructions sent to staff.

30. In OIOS' view the basis for the monthly lumpsum payment of US\$ 6,000 paid under the contract for the Cankaya Clinic in Ankara was not clear. Also, prior to awarding the contract it was not submitted to and approved by the Local Committee on Contracts (LCC) even though the annual amount exceeded US\$ 70,000. OIOS was of the opinion that the Representative and not the Head of Programme and Administrative Unit should have signed the contract. *The Representation accepted OIOS' recommendation. An LCC has already been constituted. The contract for the Clinic in Ankara was renewed and the Representative signed it.* OIOS takes note of the positive action taken to implement the recommendation.

C. Supply Management

31. There was limited procurement, nonetheless the procedures and internal controls in place should be strengthened. OIOS suggested that purchasing plans be prepared and

consideration be given to procuring items such as stationery under a frame agreement rather than on a case-by-case basis.

32. Only one meeting of the LCC was held in 2006 to review the purchase of three air conditioners valued at about US\$ 2,000-2,200. This is well below the threshold for the submission to an LCC for approval. In OIOS' opinion, it is not cost effective to convene an LCC for such low value cases. OIOS also noted that the LCC had not been officially established, and members of LAMB *de facto* performed the functions of the LCC members. The full set of supporting documents for the 2005 LCC meeting for the purchase of computers costing US\$ 23,000 could not be provided. The LCC also did not review the Ankara Cankaya Clinic contract and the Security contract for FO Van. Each of them amounted to US\$ 70,000. *The Representation accepted the recommendation, which has already been implemented.*

33. OIOS found that 125 computers and other equipment that were no longer in use, some of dating back to 1996. A review of these items should be conducted with the aim of selling or donating them. No periodic physical verifications were done to identify the accumulation of obsolete and old items.

**Recommendation:**

- The UNHCR Representation in Turkey should periodically conduct physical inventories to identify obsolete items or those no longer in working condition in order to dispose of them either by selling or donating them (Rec.08).

34. *The Representation accepted the recommendation and stated that it had conducted a physical inventory in December 2006. Most of the surplus items were donated to the implementing partner, ASAM, for the use of refugees and asylum-seekers in Ankara and in other cities. Action will also be taken either to donate or sell the few remaining items.* OIOS takes note of the action taken but will keep the recommendation open pending a copy of the documents supporting the disposal of obsolete and old items.

35. The review of the Local Asset Management Board (LAMB) procedures revealed that there were delays in settling cases which had been brought to the attention of the LAMB several years ago. Information was missing on two pending cases: damage to a vehicle in 2002 and the loss of a portable computer in 2003. No action had been taken by the LAMB to review these cases and make a decision as to the appropriate action.

**Recommendation:**

- The UNHCR Representation in Turkey should take appropriate action through the Local Asset Management Board to deal with damaged and lost assets (Rec.09).

36. *The Representation accepted the recommendation. Action has already been taken in December 2006 for the damaged vehicle. As for the loss of a portable computer, action will be taken for write off.* OIOS takes note of the action taken and will keep the recommendation opening pending a copy of the LAMB decisions for both assets.

#### D. Security and Safety

37. OIOS noted that the office was assessed as MOSS compliant. Nonetheless, the security contract for FO Van was not translated into English, which posed difficulties as far as its implementation and verification were concerned (the Head of Field Office in Van does not speak Turkish). The contract was never reviewed by the LCC although the annual amount paid to the company was US\$ 70,000. There is no assurance that best value for money was achieved. *The Representation informed OIOS that the translation of the security contract in Van was under way and the new LCC will review offers received from other security companies.*

38. UHF radios in Van did not work. The repeater was not installed due to differences with the authorities on the price of the installation. This could pose a risk to personnel in case of emergency when the mobile network is overloaded. *The Representation informed OIOS that the Ministry of Foreign Affairs did not authorise the free installation of the repeater in Van, and the office will use Thuraya phones in case of an emergency.* In OIOS' opinion, a decision should be reached on the installation of the UHF radio equipment in Van, otherwise, this equipment should be transferred to a UNHCR field location where it could be properly used. *The Representation will see how to make better use of the repeater.*

#### E. Administration

39. In the areas of administration and finance, the UNHCR offices in Turkey generally complied with UNHCR's regulations, rules, policies and procedures and controls were operating effectively during the period under review.

##### (a) Payment of income tax

40. Until 2005, local UNHCR staff in Turkey had been subject to income tax on UN salaries. UNHCR paid the income tax for national staff, and these payments were financed from the staff assessment deducted from the gross income of the staff members. The Representation in Ankara provided staff members with documents stating their annual income, and individual tax statements were issued to UNHCR staff from their respective tax offices.

41. Following the adoption of new Turkish fiscal legislation in 2003, the procedure for the payment of income tax changed. The UN Resident Coordinator had reached an agreement with the Turkish Tax Authorities on tax exemption for national staff, but for some reason it was implemented starting in 2005. OIOS did not manage to obtain a clear understanding of why the implementation date was 2005 and was not back-dated to 2003, the date the legislation was enacted. OIOS was also informed that UNHCR staff members had been specifically asked not to request the Turkish Tax Authorities to reimburse the tax payments retroactively for 2003 and 2004. According to the calculations of the former UNHCR Representative, an amount of about US\$ 1.1 million for 2003 and 2004 is involved. From the information available to OIOS, the tax payments made on behalf of UNHCR staff members should be reimbursed to UNHCR as of 2003.

42. OIOS understands that despite the specific request not to retroactively initiate tax refunds from local tax authorities, some staff members have contacted their tax offices and have received refunds. Furthermore, OIOS was informed that the staff members concerned were not willing to return the amounts received to UNHCR even though the income tax payments were funded by UNHCR.

43. OIOS discussed the issue with the Legal Affairs Section (LAS) seeking clarification on the issue and to gain LAS' opinion on the refusal of certain staff to refund to UNHCR the income tax reimbursements received. LAS stated that the amounts should be considered as overpayments to staff and should be recovered in accordance with ST/AI/2000/11 of 12 October 2000 on "Recovery of overpayments made to staff members". In a subsequent mission by the Personnel and Administration Section and Legal Affairs Section on 16-17 February 2007, OIOS was informed that *at an all-staff meeting, staff were informed both verbally and in writing about the steps to be taken with regard to the tax reimbursement. Headquarters will separately report on how UNHCR is handling this issue.*

**Recommendation:**

- The UNHCR Representation in Turkey should ensure that the tax refunds received by some staff members for 2003 and 2004 be reimbursed to UNHCR. The Representation, together with the Legal Affairs Section at Headquarters should seek clarification on this issue to ensure that income taxes paid by UNHCR on behalf of its staff, estimated at US\$ 1 million from 2003 onwards be refunded to UNHCR (Rec.10).

44. OIOS takes note of the action taken so far and will close the recommendation on receipt a copy of the report outlining the action taken to inform staff of their responsibilities with regard to any tax reimbursements received, as well as clarification as to why UNHCR (under the ambit of the UN Resident Coordinator) decided to waive recovery of tax payments made for its staff in 2003 and 2004.

(b) Communications

45. The monthly telephone cost for FO Van was about US\$ 1,000, and OIOS noted that no private telephone calls were reimbursed for the first half of 2005, and suggested that the system of reimbursing private telephone calls be improved. OIOS noted that the telephone system in place was unable to provide information that would indicate the total costs made per telephone line. Software, which permits the tracing of calls per telephone line, should be installed. This will enable telephone costs to be better monitored and reviewed.

**Recommendation:**

- The UNHCR Representation in Turkey should strengthen the system of monitoring private telephone calls to ensure the appropriate amounts are reimbursed from staff members. Software, which permits the tracing of calls per telephone line should be installed (Rec.11).

46. *The Representation accepted the recommendation. Action has been taken. FO Van was requested to ensure timely reimbursement of private phone calls. Discussions with the companies also continue for the installation of software to trace the calls per telephone line. OIOS will keep the recommendation open pending a copy of the documents available to support the action taken.*

(c) Administrative costs of FO Silopi

47. The administrative overhead costs of US\$ 72,000 of maintaining FO Silopi are too high. There is only one staff member in a very large office and there was a recent investment of

US\$ 24,000 for installing cabling and a security system. However, the review of the documents and discussion with the responsible officials indicated that at least one third of these one-time expenses (for computer equipment, cameras etc.) could be recovered by transferring the equipment if a smaller and cheaper building were to be found. An analysis should be done on whether it is cost effective to continue covering the expenses of premises this size. The reduction of the running costs by 50 per cent would result in savings amounting to US\$ 70,000 over a two-year period.

**Recommendation:**

- The UNHCR Representation in Turkey should review the need for such a large office in Silopi, as well as prepare a cost-benefit analysis of the use of the office. A reduction of running costs by about 50 per cent could result in savings of up to US\$ 70,000 over a two-year period (Rec. 12).

48. *The Representation accepted the recommendation. The Head of FO Van and the Administrative/Programme Officer went on mission to Silopi in February 2007. A suitable place with reasonable rental cost was identified and the move to new office premises is expected to take place in March 2007. Savings will be made in the administrative costs over a one year period.* OIOS is pleased to note that action will be taken, and will keep the recommendation open pending confirmation that the move to new premises has taken place.

## V. ACKNOWLEDGEMENT

49. I wish to express my appreciation for the assistance and cooperation extended to the auditor by the staff of UNHCR and implementing partners in Turkey.

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