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**OIOS AUDIT OF UNHCR OPERATIONS IN UKRAINE**

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UNITED NATIONS



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Office of Internal Oversight Services  
UNHCR Audit Service

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**EXECUTIVE SUMMARY**

In June 2004, OIOS conducted an audit of UNHCR Operations in Ukraine. The audit covered activities with a total expenditure of US\$ 2 million in 2002 and 2003. A briefing document with findings and recommendations was issued in June 2004, for which replies were received in July 2004. *The Regional Representative has accepted the recommendations made and has implemented or is in the process of implementing them.*

Overall Assessment

- OIOS noted that while the UNHCR operation in Ukraine had problems in 2002, due in part to problems with a local implementing partner, in 2003, the Representation took corrective action and discontinued working with this partner. Consequently, OIOS assessed the operations as above average in 2003. Overall, the operation was well run, and although some weaknesses in the application of internal controls were identified, the weaknesses concerned were not sufficiently critical to compromise the overall system of internal controls.

Programme Management

- For all the partners reviewed, except Edelweiss, reasonable assurance could be taken that UNHCR funds were properly accounted for and disbursed in accordance with the Sub-agreement. Edelweiss, a now defunct NGO, created by a former UNHCR Programme Assistant in 1997 and staffed by former UNHCR staff, had serious financial management and implementation deficiencies. OIOS was unable to trace the financial information or statistical information to the Sub-Project Monitoring Reports. The Representation prudently stopped partnering with Edelweiss in 2003 because of persistent allegations against the NGO about its hostile attitude towards refugees and asylum seekers, financial improprieties, and non-implementation of project objectives.
- In 2003, UNHCR had a contract with the European Commission (EC) for the Cross Border Co-operation Process. In 2004, EC is providing the funding to the Swedish Migration Board, which then funds UNHCR. Under the project, the Representation engaged local staff who were being administered by UNDP, because UNHCR does not establish posts from project funds. Some administrative problems existed with UNDP such as delayed salary payments and, critically, UNDP does not want to continue with this arrangement. The Representation would also like to change this arrangement. *The Division of Operational Support and the Bureau for Europe said they discussed the staffing issue with the Legal Affairs Section. As a result, various options are being explored: to maintain the current arrangement, to use*

*consultancies or to use special service agreements. Hiring staff under temporary assistance is not considered viable because of the nature of the project.*

- The Implementing Partners did not appear to understand UNHCR procurement guidelines and thus did not follow them even though they had agreed to do so as per the Sub-agreement. The guidelines presented to the partners were in English, not Russian, the language in which the partners are conversant. *The Bureau for Europe informed OIOS that a Russian version of the procurement guidelines had been available for some time.*

#### Supply Management

- The Representation engaged in direct implementation of procurement and construction contracts, in part, to ensure reimbursement of the Value Added Tax (VAT) of 20 per cent. Although the Ukraine government provides reimbursement of VAT for organizations like UNHCR, different interpretations exist whether such reimbursement extends to purchasing goods on behalf of partners or even whether partners may be reimbursed outright.

#### Administration

- In the areas of administration and finance, the Representation generally complied with UNHCR's regulations, rules, policies and procedures and controls were operating effectively during the period under review.
- The Representation makes substantial cash withdrawals, which totalled almost US\$ 0.8 million in 2003. For security reasons and also to comply with UNHCR rules which discourage cash withdrawals, the Representation should minimize cash transactions.
- The Representation uses online banking, called client-banking, which is a good approach. However, Treasury had not been informed about this activity. The Representation's client-banking is done in Ukrainian; thus, in effect, only two of the approved signatories, both National Officers, have control over these transactions since the other signatories do not know Ukrainian.
- For medical insurance reimbursements, a list of hospitals and doctors had not be maintained as required.

#### Security and Safety

- The Representation said it did not have enough funds to fully comply with the Minimum Operating Security Standards (MOSS).

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## I. INTRODUCTION

1. From 9 to 19 June 2004, OIOS conducted an audit of UNHCR operations in Ukraine. 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 Regional Representation in Kyiv and of six implementing partners.
2. The previous internal audit of UNHCR operations in Ukraine had been conducted in 2000. OIOS reviewed the recommendations made during that audit and followed up as appropriate.
3. Ukraine is the second-largest country in Europe and shares a long border with newcomers to the European Union, Poland, Slovakia, and Hungary. The UNHCR office in Kyiv, which became a Regional Representation in 2004, is the seat of the secretariat of the Söderköping Process-Cross-Border Co-operation Process (CPCP), covering Ukraine, Moldova and Belarus, established under the auspices of UNHCR with donor funding. In conjunction with this regional approach, strengthening asylum is the primary objective of UNHCR in Ukraine. The Representation provides legal assistance to persons of concern through NGOs and also temporary accommodations and material assistance. The Ukraine country programme also endeavors to reduce statelessness.

1. The findings and recommendations contained in this report have been discussed with the officials responsible for the audited activities during the exit conferences held on Saturday, 19 June 2004. Exit Conference Notes outlining the audit findings and recommendations were shared with the Representative, whose comments, which were received in July 2004, are reflected in the Audit Report. *The Representative has accepted the audit recommendations made and has implemented or is in the process of implementing them.*

## II. AUDIT OBJECTIVES AND SCOPE

2. 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.
3. The audit focused on 2002 and 2003 programme activities under the 400 project with total expenditure of around US\$ 1.5 million. OIOS' review concentrated on the activities implemented by governmental organizations: State Committee for Nationalities and Migration, (SCNM) - expenditure of US\$ 150,000 and at the request of the RO, Department of Migration in Odessa (DMO) – expenditure of US\$ 65,000; local NGOs: State Public Charity Foundation for Refugees and Migrants (Sympathy) – expenditure of

US\$ 240,000, Ukrainian Family Planning Association/Rokada (UFPA) – expenditure of US\$ 170,000; Edelweiss - expenditure of US\$ 360,000 and the international NGO, Hebrew Immigration Aid Society (HIAS) – expenditure of US\$ 130,000 and direct implementation of around US\$ 600,000. OIOS also briefly reviewed United Nations Volunteers with about US\$ 60,000 in expenditure.

4. The audit reviewed the administration of the RO with administrative expenditures totalling around US\$ 360,000 for the years 2002 and 2003 and assets with an acquisition value of US\$ 1.1 million and current value of US\$ 175,000. The number of staff working for the UNHCR operation in Ukraine based on the May 2004 official staffing table was 13. There were also 4 National United Nations Volunteers and one staff under an UNDP SSA contract as well as a seconded staff from ICMC.

### **III. AUDIT FINDINGS AND RECOMMENDATIONS**

#### **A. Review of Implementing Partners**

8. 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, with the exception of Edelweiss. The more pertinent issues are discussed below.

9. Audit certificates for the partners were received, where required, with the exception of Edelweiss. The RO has requested an audit certificate from Edelweiss unsuccessfully.

#### **State Committee on Nationalities and Migration (SCNM)**

10. For SCNM, reasonable assurance could be taken that UNHCR funds were properly accounted for and disbursed in accordance with the Sub-agreement. SCNM is the state body responsible for refugee and migration issues, and receives funds for capacity building. In 2002, to reduce the number of partners working with UNHCR, the Representation effectively made SCNM an umbrella partner to various regional migration departments. This experiment was unsuccessful for various reasons thus in 2003 the RO reverted to the previous model, whereby SCNM was responsible only for its own activities.

11. In terms of capacity building, the financial management system needs to be strengthened. SCNM has a very basic accounting system, with records kept manually in 2002 and by Excel spreadsheet in 2003. SCNM is required to follow government financial rules, which differ from UNHCR rules, budget lines and so forth.

12. SCNM did not maintain aggregate expenditure reports, therefore it was difficult for OIOS to readily agree the amounts in SCNM's records to the SPMR. At the periodic SPMR verification the RO programme staff checks reported expenditure by adding up the invoices, which SCNM segregates by UNHCR budget line. However, no record of this is maintained. To facilitate checking, and to improve financial management including

budgetary control, OIOS recommended that SCNM create a list of all expenditures incurred on a monthly and quarterly basis. *The Representation replied that this would be done.* OIOS also noted that there was no internal review of SCNM's records; instead SCNM relied on UNHCR to do this.

13. In 2004, the Representation informed OIOS that problems existed with the tendering process for construction works at Yagotyn. For example, SCNM ignored established UNHCR protocols and appended an UNHCR staff's signature to a document which she had not signed, among other issues. Since the SCNM person responsible for procurement was not available during our visit, we arranged another meeting to discuss the tendering process. In the interim, SCNM decided it would fully fund this particular construction works. Because of this as well as time constraints, we did not revisit the partner. OIOS also understands that using SCNM in future may be limited. Since the Representation is aware of the GO's problems in procurement, OIOS makes no further comment.

#### Department of Migration in Odessa (DMO)

14. For DMO, reasonable assurance could be taken that UNHCR funds were properly accounted for and generally disbursed in accordance with the Sub-agreement. DMO has a very basic, manually kept accounting system. The general ledger did not match the SPMR. OIOS was told that according to Ukrainian accounting law only items "distributed" could be considered as expended, and this may occur outside UNHCR's reporting year. To reconcile this, DMO had a spreadsheet with UNHCR budget codes. OIOS was able to agree them to the budget lines and to supporting documents on a test basis. While the system functions, OIOS recommended that it be computerized. *The Representation replied that this would be done by 31 August.* The budgetary control did not work because when UNHCR revised the budget, the partner did not change its spreadsheet to reflect this, instead still referring to the old budget. Further, purchase orders are not used, the sub-project symbol is not affixed to the invoices and invoices are not marked "paid" to avoid reuse. All these things should be considered in terms of improving accounting system and controls.

15. In 2002, DMO implemented a small construction sub-project (02/AB/UKR/LS/400/m1) totalling 320,000 UAH (US\$ 60,000). However, UNHCR procurement guidelines were not followed completely, nor was a waiver or prequalification received from UNHCR.

#### State Public Charity Foundation for Refugees and Migrants (Sympathy)

16. Reasonable assurance could be taken that UNHCR funds were properly accounted for and generally disbursed in accordance with the Sub-agreement. Sympathy had a simple manual-based accounting system, and although it worked OIOS recommended it be computerized. Since UNHCR had provided computers, including a Thinkpad, Sympathy should begin to utilize this equipment. The Chief Accountant, who also maintains the financial records for DMO, said that she could computerize the accounting system. Similar to DMO, there is no budgetary control and this should be done. As with DMO, purchase orders were not used, the sub-project symbol was not affixed to the

invoices, invoices were not marked "paid" to avoid reuse and all these things should be considered in terms of improving accounting system and controls.

17. For the years under review, the staff did not have employment contracts per se. Instead, they have "orders" which were just a few lines written in a notebook. On request of Sympathy's auditors, the IP has printed out the orders individually. In 2004 some staff are hired under orders, others have contracts. The contracts are tied to the project agreement and thus do not provide indemnification in case of termination. "Orders" do. It was OIOS' opinion that the RO should understand the differences because UNHCR could end up liable for termination benefits.

18. The budget line for vehicle maintenance in 2002 and 2003 was around 20,000 UAH per annum, which OIOS considers high given that a new economy-type vehicle in Ukraine may cost 25,000 UAH. If UNHCR had provided a new vehicle in 2002 for example, there would have been no need for a maintenance line of 20,000 UAH in 2003, a savings of around US\$ 3,500. *The Representation said it would review this but that it was easier to pay out 20,000 UAH over the project year instead of upfront for a new vehicle.*

19. The Chief Accountant is budgeted under both DMO and Sympathy as full time. OIOS does not object to the current accountant working on both DMO and Sympathy accounts but expects that it should be transparent. If she works part-time on each sub-project she should receive a part-time salary from each sub-project, not two full-time salaries. Since the sub-projects are discrete, they should each be charged the appropriate amount to reflect her actual work activities.

#### Edelweiss

20. This now defunct NGO was created in 1999 by a former UNHCR Programme Assistant at the request apparently of one of the previous Representatives. Various staff who worked in UNHCR joined this NGO, some of whom are now with HIAS, a partner which has taken over Edelweiss's legal assistance duties. OIOS selected Edelweiss to review because we were told that it had had implementation difficulties and it represented a large dollar component of the 2002 programme budget. Edelweiss was responsible for legal counselling and social work: distributing cash grants and material assistance like school uniforms and kits.

21. Because of problems with project implementation and allegations of corruption, UNHCR's new management in Ukraine correctly decided to discontinue using the partner at the end of 2002. OIOS was informed of financial corruption allegations only after our very brief review of Edelweiss. However, even without knowing this, it was apparent to OIOS almost immediately that there were problems with the 2002 financial records.



22. It was extremely difficult to total the cash given to the refugees because no aggregate listing either on a weekly, monthly or quarterly basis had been prepared. To verify, each payment slip would have had to be added up. Because of time constraints and the poor condition of the records, OIOS was unable to do this. The Representation staff said they did add up the slips as part of the quarterly SPMR verification, however, there was no record for us to refer to.
23. Edelweiss also apparently kept two sets of records: one for the tax inspectors and one to account for assistance given to asylum-seekers, who by Ukrainian law are not eligible for such benefits although they are persons of concern to UNHCR. The IP either did not have or did not retain the records of material assistance such as blankets etc given to the "illegal" beneficiaries. The IP did keep records for cash to all beneficiaries, legal or otherwise. The Representation told us that likely when a legal refugee (i.e., a recognized refugee: "RR") received, for example, a blanket the IP would mark two blankets as distributed, the second blanket going to the "illegal" beneficiary. There is no way to verify this unless UNHCR was present at each distribution. OIOS tried to agree August 2002 statistics listed in the situation report and which should be derived from the IP's reports but was unable to do so because Edelweiss did not track or did not retain information on certain distributions.
24. Edelweiss did not follow UNHCR procurement guidelines even though the Director of Edelweiss told OIOS it had.
25. The Director of Edelweiss was in an accident in 2001 with an UNHCR vehicle but this was never reported to the Local or Headquarters Asset Management Board instead a note to the file was written by the then Programme Officer. This same Programme Officer conducted an "investigation" into the allegations against Edelweiss and despite the numerous complaints by refugees of rudeness, hostility and forging signatures of departed refugees, nothing was conclusively substantiated. Apparently, a note to the file about Edelweiss's problems had been written but the Representation could not find a copy. The Bureau for Europe had heard of problems about implementation but had not heard of these financial-related allegations until OIOS informed it. At the time of the audit, the Senior Protection Officer at the Representation told OIOS that the Representation had zero tolerance for partner malfeasance and would pursue any instances in local court. OIOS recommended that before this occurred, the Representation should consult with Legal Affairs Section (LAS). *The Representation stated that an e-mail was sent to LAS on actions to be taken in case of malfeasance or inappropriate retention of funds.*

#### B. Other Programme Issues

26. The Programme Section has taken a positive step in harmonizing the salaries/titles for certain NGO partners. OIOS recommended that the Representation consider expanding this standardization process to Kyiv-based NGOs and to other titles like guards/cleaners, to which the Representation agreed. Programme said it also plans to do this for other standard costs, like office supplies, equipment and maintenance of vehicles.

27. The Representation has an urban refugee caseload to which it provides financial and material assistance. The cash grant rate currently is from US\$ 40 to US\$ 130 depending on family size. Some long-stayers, who cannot work for medical or legal status reasons, receive assistance. The Representation is aware of the six-month cut-off for this assistance but explains that these beneficiaries do not have access to jobs. This issue should be revisited because UNHCR cannot continue to support long-stayers.

28. The Representation purchased certain items and entered into construction contracts instead of the implementing partner because the Representation is not subject to VAT, which is 20 per cent. UNHCR's philosophy, however, is to limit direct implementation, instead relying on partners to implement project activities. Although the Ukraine government provides reimbursement of the VAT for organizations like UNHCR, different interpretations exist whether such reimbursement extends to purchasing goods on behalf of partners or even whether partners may be reimbursed outright. Ukrainian law apparently says that such purchases must be used for the benefit of the exempted organization. OIOS recommended that the Representation consult with the LAS on this, particularly if foreseen that procurement by partners will be high. *The Representation responded that it would obtain relevant law, arrange its translation into English and forward to LAS for their comments by the end of August 2004.*

29. The Implementing Partners did not appear to understand UNHCR procurement guidelines and thus were not following them. One of the reasons was that the procurement guidelines they had been given were written in English, not Russian or Ukrainian. OIOS informed the Representation that the procurement guidelines should always be provided *and* discussed with partners during budget negotiations, particularly when information is written in other than the local language. *The Representation agreed and replied that the Russian version of IP Procurement guidelines had been provided with particular emphasis on adhering to them.* At OIOS' post audit briefing with the Bureau for Europe, OIOS was told that Russian translations do exist for some relevant documents. In future the Representation should consult with the Desk on these matters to identify what information has been translated already. OIOS also recommended that the Representation ask the Bureau for Europe to provide a workshop for the partners and relevant UNHCR staff on UNHCR rules to enhance their understanding of UNHCR rules and to expand their skill sets. *The Representation agreed and said that it plans to have a small training session on the guidelines with the implementing partners involved.*

### C. Supply Management

#### Procurement

30. The lease for the office premises was for five years with a rental of just under US\$ 100,000 per annum; the contract was not submitted to the Headquarters Committee on Contracts (COC), although it did go to LAS for review. The Representation did not consider that the contract was for five years, as it contained a notice to vacant clause. The Representation held the view that its total value therefore did not exceed US\$ 100,000. OIOS maintains that the contract should have been submitted to the COC, despite the opt-out clause.

31. The Representation has been using a local audit firm to conduct audits of the partners in accordance with UNHCR policy. OIOS was told that the last tender for audit firms was done in 1998 or 1999 and that the Representation was happy with the results of the work. Given the time lapsed since the last tender, the Representation should conduct another invitation to bid in accordance with UNHCR rules.

#### Asset management

32. OIOS noted that the Right of Use agreements and physical inventory of some partners had not been done for 2003. *The Representation is aware of this and is in the process of rectifying this.*

33. The UNHCR vehicle used by Edelweiss which was in an accident in 2001 had not been officially reported to either the LAMB or the HAMB. OIOS recommended that this be reported as required. *The Representation replied that an e-mail was sent to the Secretary of the HAMB seeking clarification on further actions required from the office and actions will be taken as recommended by the Secretary by end August 2004.*

34. *In its response, the Representation further noted that since the establishment of UNHCR in Ukraine, not a single staff member has been trained in asset management. The Representation requested HQs to organise a training on AssetTrak system for the region because it believes that many offices would be interested to join this initiative.*

#### **Recommendation:**

- The UNHCR Bureau for Europe, with the assistance of the Asset Management Unit, SMS/DFSM, should organize a regionwide AssetTrak training as appropriate. (Rec. # 01)

#### D. Administration

##### Financial Management

35. The Representation uses a bank but operates in cash on a significant basis. In 2003, cash withdrawals totalled US\$ 736,000 and around US\$ 60,000 in local currency equivalent. The Representation stated that it must pay part of its rent in cash and staff salaries are also made in cash because staff do not have bank accounts due to taxes imposed on deposits. OIOS told the Representation it should try to minimize using cash in accordance with UNHCR policy and in terms of security. The Representation reasoned that since it is located in a monastery, the chances for theft are slim. Nonetheless, the cash has to be brought to the premises, thereby exposing the staff who withdraw it from the bank and deliver it to the Representation. OIOS said to reduce risk the bank should bring the funds to UNHCR on the day of distribution if the Representation still needed to operate on a cash basis.

36. One of the reasons for paying cash to suppliers and partners is to avoid paying taxes to the government. For example, the landlord required partial payment in cash; partners' staff were paid in cash, in part, in order to avoid reporting the amount received to the government. OIOS understands that funding these tax payments would likely

increase the cost of doing business for UNHCR. This issue is not unique to UNHCR operations in Ukraine. UNHCR should review this situation and develop a practical policy regarding tax avoidance and evasion by UNHCR field operations.

**Recommendation:**

- The UNHCR Representation in Kyiv and the UNHCR Legal Affairs Section should consider the implications of enabling suppliers and partners to avoid paying taxes or otherwise circumvent local laws. (Rec. # 02)

37. The Representation uses its bank's online client-banking system which is a good approach. However, OIOS recommended that the Representation inform the UNHCR Treasury Section on this use. *The Representation replied that it had informed the Chief of Treasury.*

38. The client-banking is done in Ukrainian; thus, in effect, only two of the approved signatories, both National Officers, have control over these transactions. This defeats the purpose of having several bank signatories and impairs control.

39. OIOS recommends that UNHCR Treasury Section develop a policy and guidelines on electronic banking (e-banking) for the field offices, which identifies the rights and responsibilities of each party involved and establishes thresholds similar to more conventional practices etc. Online banking encompasses different situations ranging from simply using the bank's software for accessing an account to using web-enabled systems.

**Recommendation:**

- The UNHCR Treasury Section, DFSM should develop a policy and guidelines on electronic banking for field offices. (Rec. # 03)

40. Cash advances for financial assistance payments to refugees given to a staff member to distribute were charged directly to the project. Technically, UNHCR requires that they be charged to a VF account. Only upon liquidation of the advance should the project be charged. *The Representation agreed that this should be done and said it would do so if recommended, however it takes a lot of work and the Representation is short-staffed. The Representation also noted that in a previous OIOS audit, the auditors said that advances made in the name of the staff should stop due to the risks associated with this practice to UNHCR and the staff to whom the advances were made and, instead open a bank account. However, in the instant case, the staff withdraws the money from the bank thus the issue is not one of security or exposure but of following UNHCR rules. OIOS appreciates the work involved but recommends that advances be handled according to UNHCR rules.*

**Recommendation:**

- The UNHCR Representation in Kyiv should charge cash advances to the appropriate VF account and charge the project upon liquidation of the advance. (Rec. # 04)

41. For medical insurance reimbursements, a list of hospitals and doctors had not been maintained as required. *The Representation responded that a list of hospitals and doctors would be established by the end of 2004.*

E. Other Operational Issues

42. The Representation has two contracts with the European Commission (EC), one for the Cross Border Co-operation Process (CBCP) and the other for building or renovating temporary accommodation centres and providing domestic and legal assistance. Typically, contracts are multi-year and do not match UNHCR reporting requirements. Tracking the expenditure accurately can be difficult: funds are allocated among various budget lines, to various partners and under direct implementation. OIOS recommended that HQs should review those operations which receive or are expected to receive this specific funding, that is, funding from or through the EC, which may revise the operation's initial objectives and mandate, in order to develop a consistent tracking methodology for reporting expenditure instead of each field office creating its own. This should make each operation more efficient.

43. In discussions OIOS had with the Bureau for Europe and the Division of Operational Support (DOS), it was acknowledged that in 2003 this kind of project had been a learning experience but that standards and procedures generally have now been developed which could address future concerns. It should be noted that 2004 differs from 2003 in that the Swedish Migration Board is funding UNHCR with EC funds instead of the EC directly funding UNHCR. Although some issues may have been addressed, OIOS still recommends that the Bureau for Europe assist those country operations adopt a consistent expenditure tracking methodology, where appropriate.

**Recommendation:**

- UNHCR Bureau for Europe should review those operations which receive funding under multi-year projects with the European Commission or other donors in order to develop a consistent tracking methodology for reporting expenditure where appropriate instead of each field office creating its own. (Rec. # 05)

44. For the CBCP project the Representation engaged local staff who were administered through UNDP. Some administrative problems existed with UNDP such as delayed salary payments, lack of social security benefits and leave entitlements different from UNHCR staff. In addition, UNDP did not really want to be part of this arrangement. The Representation also wanted to change this arrangement and have some flexibility in hiring staff, but believed that UNHCR policy would not allow recruiting

UNHCR staff under projects. The Representation thinks this affects UNHCR's ability to implement EC funded projects, particularly since other agencies do have project staff. In this particular case, in 2004 the EC funds the Swedish Migration Board which in turn funds UNHCR

45. OIOS discussed with DOS and the Bureau for Europe the possibility that staff for this project be charged to temporary assistance, similar to other EC projects, for example, Albania. *DOS and the Bureau explained that situation in Albania was not the same. They said they consulted with LAS about the staffing issue and were informed that because the project deals with migration issues and not solely refugees, it is not a core UNHCR activity; also it is a "shared" result in that it does not only belong to UNHCR. Consequently, it was not appropriate to hire project staff under temporary assistance. DOS and the Bureau are exploring other options besides staying with the status quo: using consultants or providing special services agreements.*

**Recommendation:**

- The UNHCR Division of Operational Support and the Bureau for Europe should seek a suitable solution for the staffing of EC funded projects in Eastern Europe. (Rec. # 06)

F. Security and Safety

46. The Representation informed us that it did not have sufficient funds for certain items required for compliance with Minimum Operating Security Standards (MOSS). OIOS noted that the current premises have only one exit.

**Recommendation:**

- The UNHCR Representation in Kyiv should consult with the UNHCR Field Safety Section about achieving full MOSS compliance. (Rec. # 07)

**IV. ACKNOWLEDGEMENT**

47. I wish to express my appreciation for the assistance and co-operation extended to the auditors by the staff of UNHCR and its implementing partners in Ukraine.

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