

Finance and Oversight (A/AC.96/1157/Add.1)

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Ms. Linda Ryan
Controller and Director
Division of Financial and Administrative Management

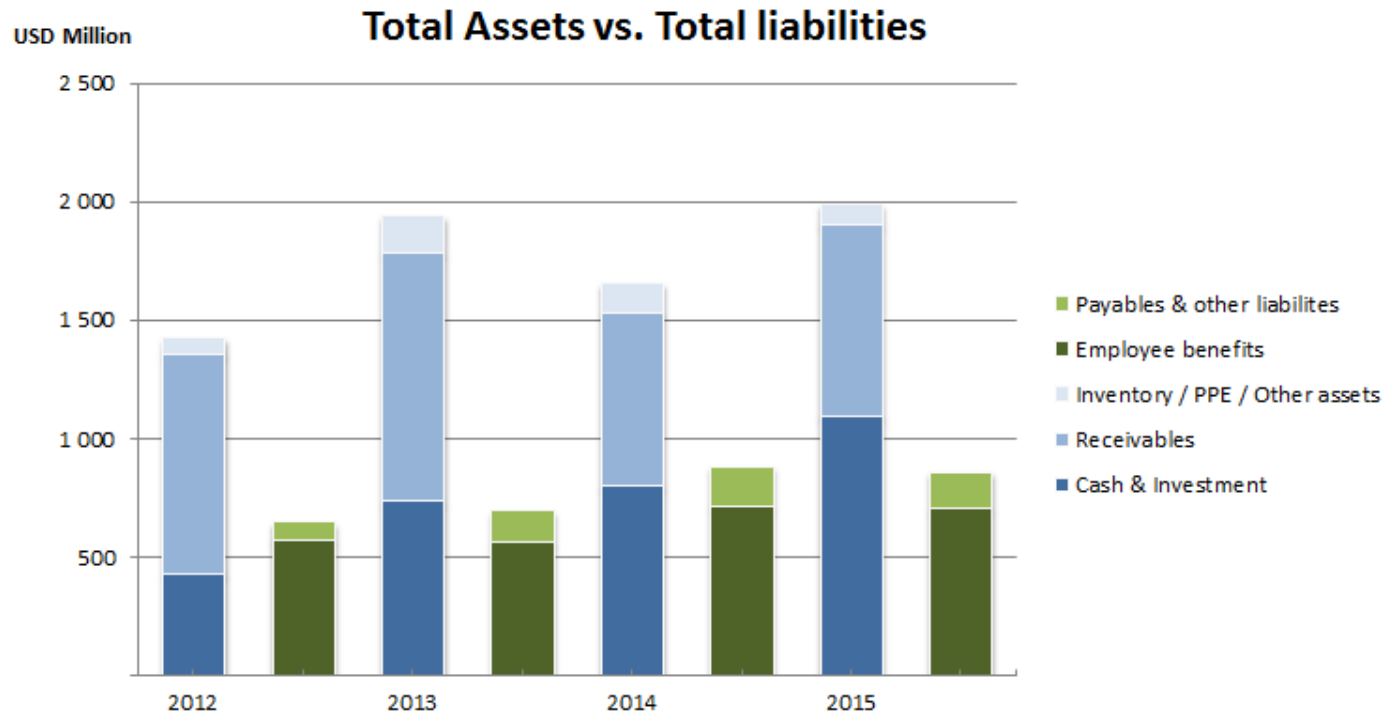
67th Standing Committee
21-22 September 2016



External Audit

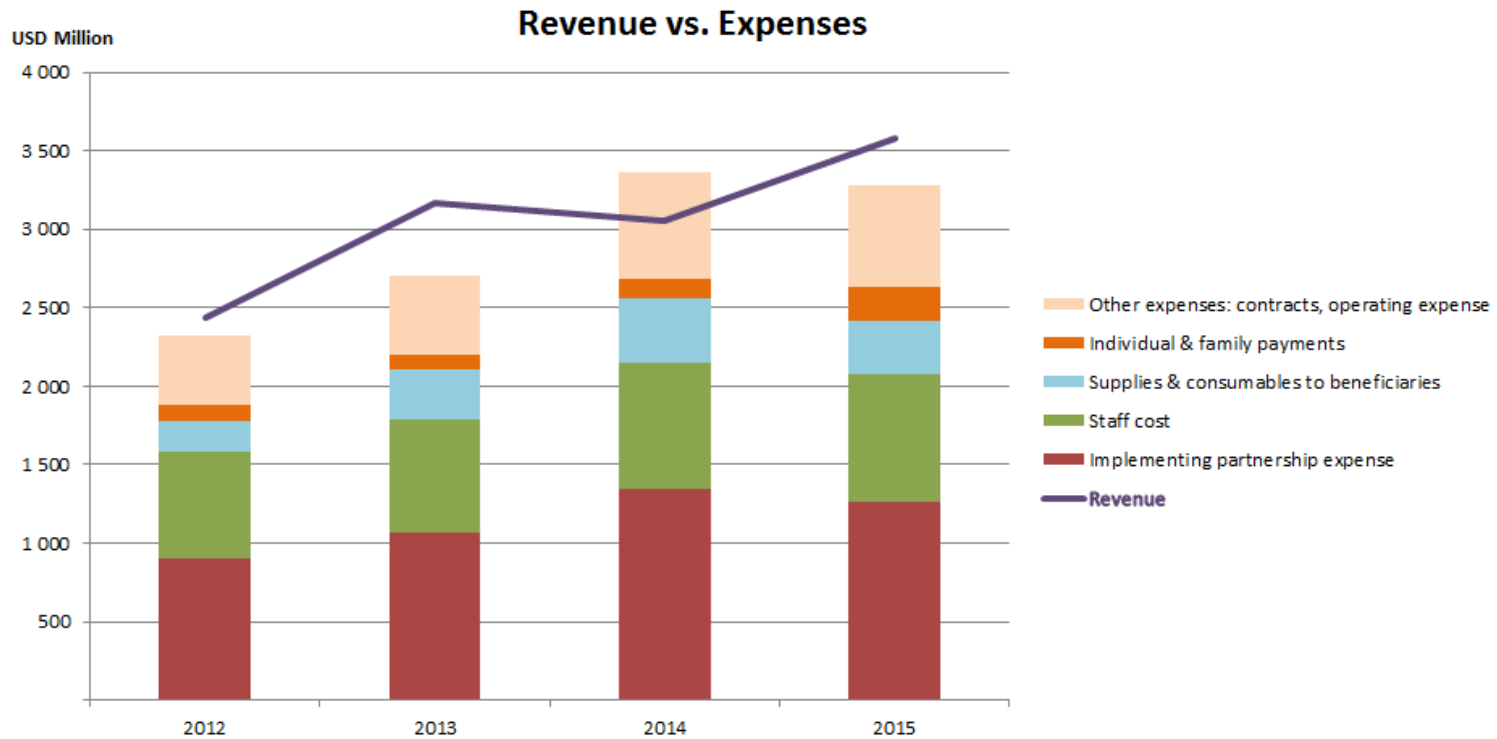
- The UN Board of Auditors (BoA) is mandated by the General Assembly (GA) to conduct audits of the UN organizations and its funds and programmes.
- The 2015 financial statements were audited by the National Audit Office (United Kingdom). Effective 1 July 2016, the German Supreme Audit Institution has been appointed as auditor of UNHCR, succeeding to the National Audit Office (United Kingdom).
- The Board provides the GA with an independent audit opinion on UNHCR's financial statements.
- The Board conducts its audit in conformity with the International Standards of Auditing (ISA).
- The Board reviews implementation of the previous recommendations.

Financial position (2012 – 2015)



Key issues and measures taken in response to BoA report for 2015
September 2016 / 67th SC / DFAM / Controller

Financial performance (2012 – 2015)



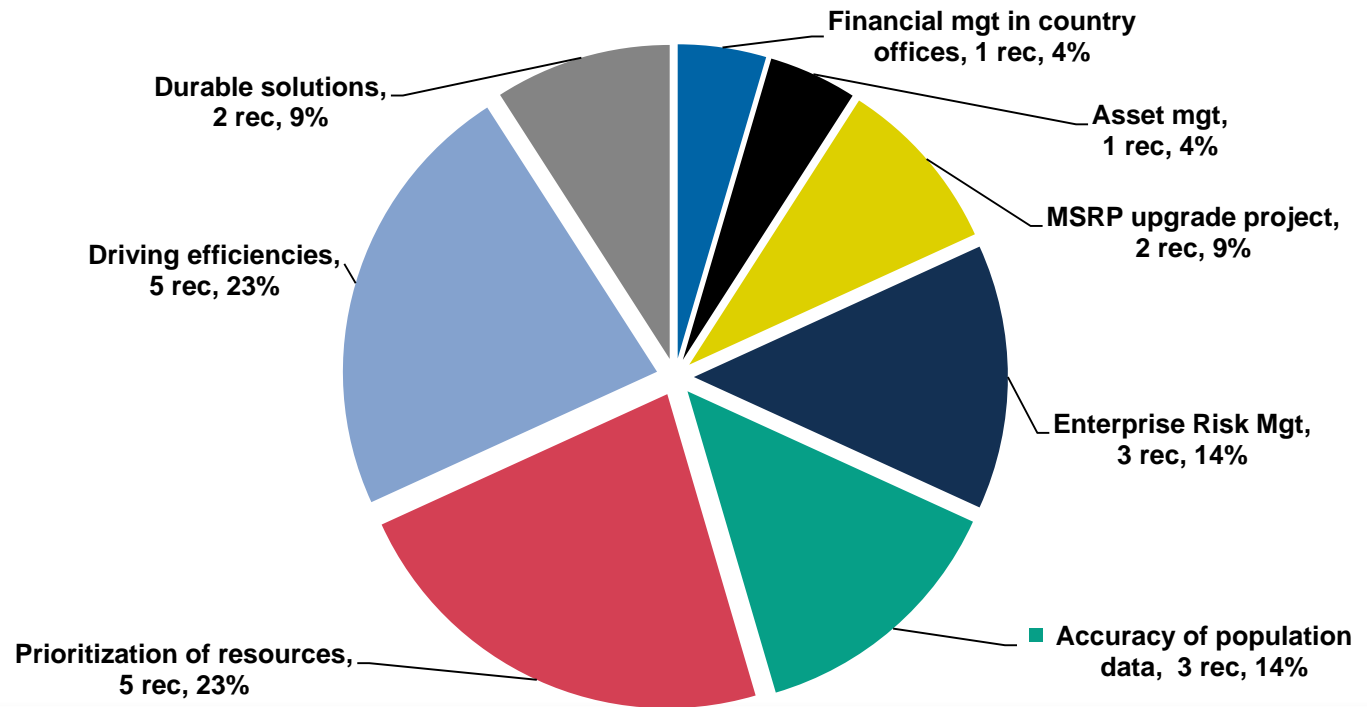
Key issues and measures taken in response to BoA report for 2015
September 2016 / 67th SC / DFAM / Controller

Key issues and measures taken by UNHCR in response to the Report of the Board

- Board confirmed that UNHCR financial position remains strong and there are sufficient assets to meet liabilities
- Unqualified audit opinion
- 22 new recommendations issued in 2015
- 25 recommendations remain in progress from previous years

Key issues and measures taken

Findings and recommendations in 2015



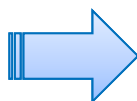
Key issues and measures taken in response to BoA report for 2015
September 2016 / 67th SC / DFAM / Controller

Key issues and measures taken

A. Financial Management in country offices

Board recommendation:

- Enhancing financial management of programme budgets and expenditure in country offices
- Develop processes, tools and reports to enhance financial management



UNHCR Actions:

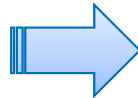
- ✓ UNHCR will review and revise the current guidance to strengthen the mechanism to systematically include finance staff in multi-functional teams at field level and during key stages of programme cycle
- ✓ Improve support to both finance and programme staff through the use of guidance material (e.g. Chapter 4: Programme Manual) and toolkit for Project Control

Key issues and measures taken

B. Asset Management

Board recommendation:

- Communication of Global Fleet Management strategy



UNHCR Actions:

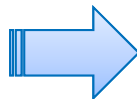
- ✓ Continue to conduct annual evaluations of GFM through external service provider
- ✓ Communicate to key stakeholders how value for money objective can be best captured
- ✓ Briefing sessions for eight of the largest operations to emphasize the benefits derived by the organization and the specific operation from the application of GFM strategy is scheduled in the last quarter of 2016.

Key issues and measures taken

C. MSRP Project upgrade

Board recommendation:

- Enhance arrangements to ensure that significant changes to project budget or risk profiles be formally documented and approved by the relevant committee
- Development of benefits realization plan and regular reporting to Snr Mgt of the progress



UNHCR Actions:

- ✓ A formal review process is conducted at key stages of the project cycle by multiple stakeholders and governing bodies before submission of change proposals to the annual programme review or to the Budget Committee
- ✓ Benefits realization plan for MSRP upgrade project has been prepared - it provides summary of key benefits and strategic priorities identified by the business stakeholders, and endorsed by the Steering Committee and the Project Sponsor.

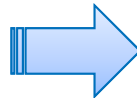
UNHCR considers these recommendations as implemented

Key issues and measures taken

D. Enterprise Risk Management (ERM)

Board recommendation:

- Review risk registers periodically at Snr Mgt meetings and embed risk culture in the local business processes
- Improve status and quality of mitigating actions in country office risk registers
- Work towards further integration of the corporate and strategic risk processes



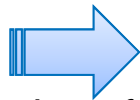
UNHCR Actions:

- ✓ Guidance on the regular risk management activities is provided as part of the planning and implementation requirements
- ✓ Review of the ERM policy and implementation procedures is to take place in the first half of 2017 to incorporate lesson learned
- ✓ ERM will conduct trend analysis on the corporate risk register to ensure thematic alignment between the two registers

Key issues and measures taken

E. Population data

Board recommendations:



- Assess the impact of the results of verification exercise on resourcing
- Develop formal reporting mechanism on the frequency and comprehensiveness of verification exercises
- Implement a benefits realization process for the Biometric Identity Management System (BIMS)

UNHCR Actions:

- ✓ A working group by bureaux and divisions will be established to review the results of population verifications at each stage of planning cycle
- ✓ Registration reporting mechanism will be developed with templates to be used in planning, implementation, analysis and reporting (Q1/2017)
- ✓ BIMS benefit realization process will be developed in consultations with stakeholders (Q4/2016)

Key issues and measures taken

F. Prioritization of resources

Board recommendations:

- Better monitoring of budgets to ensure that they reflect the assessed needs and remain credible throughout implementation period
- Assess the adequacy of the level of scrutiny applied during the annual budget process
- Assess the merits of a multi-year planning approach to resource allocation decisions



UNHCR Actions:

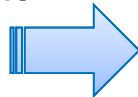
- ✓ A review of assessed needs is a key element of the annual programme review (APR). This will be strengthened with additional guidance to the field and completed by verification exercise.
- ✓ The revision of the Resource Allocation Framework (RAF) will include modification in the review and approval process to improve quality of submissions and increased efficiency
- ✓ Institutionalization of multi-year approach to be considered as part of the RAF revision. Targeted “deep dives” analysis will continue on major operations.

Key issues and measures taken

F. Prioritization of resources (cont.)

Board recommendations:

- Simplify country operations plans by focusing on outcomes and achievements against targets and by reporting only changes to previous years.
- Systematically allocate sufficient resources to expand evaluation coverage of field programmes as basis for resource allocation



UNHCR Actions:

- ✓ A comprehensive review of results-based management (RBM) framework to simplify and streamline the planning and budgeting processes is underway (target Q2/2017)
- ✓ Transitional requirements for preparing the operation plans for the 2018-2019 biennium is also considered.
- ✓ Revised evaluation policy that envisages greater resources being devoted to evaluation (intended issuance Q4/2016)

Key issues and measures taken

G. Driving efficiencies

Board recommendation:

- More systematic approach to identify efficiencies in programmes support and implementing partners costs
- Scrutinize the cost drivers and value for money for significant expenditures to assess opportunities for efficiencies



UNHCR Actions:

- ✓ Annual planning instructions for 2017 will be updated to include requirement to report on activities where efficiencies have resulted in savings or to explain why this has not been possible.
- ✓ Support costs are regularly scrutinised as part of country plans review. Revised RAF will contain planning parameters which will be applied in annual planning and scrutinised in the review process
- ✓ UNHCR will develop guidance for identification and analysis of cost drivers and their impact on the value for money aspects.

Key issues and measures taken

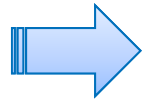
H. Durable solutions

Board recommendation:

- Develop performance measures to assess the added-value impact of “Seeds for Solutions” to deliver durable solutions
- Rethink approach for oversight of durable solutions, to be embedded in delivery, using its multi-year strategies. Develop a matrix to capture likelihood of success, considering political and structural barriers to delivery

UNHCR Actions:

- ✓ Strategy for working effectively with development partners are in place and has yielded results (i.e. collaboration World Bank, the OECD, host governments and the Solutions Alliance)
- ✓ “Seeds for Solutions” initiative supports the multi-year multi-partner Protection and Solutions Strategy approach that piloted in 6 countries and planned for expansion.



UNHCR considers these recommendations as implemented

Follow-up on previous years recommendations

- Out of 34 recommendations from 2014 and previous years, 25 (73%) remain in progress and 9 (27%) have been closed or superseded.
- Board noted positive progress in implementing the recommendations, in particular those in respect of fraud prevention measures and development of strategic risk register
- Some of the older recommendations related to projects and initiatives that are still being rolled out, such as global fleet management

Conclusion

- Addressing the Board's recommendations is a management priority and there has been notable progress
- Board's findings and recommendations have allowed UNHCR to focus its resources on the most relevant risk areas
- UNHCR will continue to take action to address them and reiterates its commitment to improving procedures, systems and controls in order to mitigate the identified risks



Thank you

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