

**68th meeting of the Standing Committee
14-16 March 2017**

**Agenda item 4 (c)
Oral update on the work of the Inspector General's Office (IGO)**

Summary

I. Update on the consultant's recommendations

- Ms. Karen Madeleine Farkas assumed the role of the Inspector General on 1 January 2017, and was tasked with leading a transition process with respect to oversight functions in UNHCR. This process is being guided by the recommendations made by an external consultant in his report entitled "Review of the oversight functions in UNHCR" of 18 June 2016, as well as by the High Commissioner's subsequent "Recommendations for oversight functions in UNHCR" of 3 August 2016.¹ The High Commissioner decided that UNHCR will suspend the practice of standard inspections, but will maintain capacity to carry out ad hoc inspections and inquiries that respond to specific management problems or needs. The consultant further recommended that the internal audit services provided to UNHCR by the Office of Internal Oversight Services (OIOS) should be "embedded" more closely within UNHCR and that standard inspections should possibly be merged into the internal audit function.
- The following activities have been undertaken in the IGO following the consultant's recommendations.
 - The outgoing Inspector General ad interim undertook preparatory work, beginning initial restructuring and positioning the IGO to implement the consultant's substantive recommendations under the leadership of the new Inspector General.
 - Since January 2017, the Inspector General has met with the UNHCR Audit Service,² the Ethics Office, the Evaluation Service, the Chief Risk Officer, the Division of Financial and Administrative Management (DFAM), other divisions and regional bureaux, as well as external actors. The focus of the discussions was on oversight best practices, how to ensure coherence and complementarity between the different oversight functions in UNHCR, the scope and methodology of internal audit services in UNHCR in view of the suspension of standard inspections, the risk-based approach of internal audit functions, and the competency profiles of internal audit staff.
 - In January and February 2017, the Inspector General held meetings with her counterparts in the United Nations and related entities, including with senior management of OIOS, to better understand how other organizations have shaped their oversight functions, discuss good practices and accepted industry standards, and explore avenues for collaboration.
 - An IGO retreat took place on 25 January 2017, involving participants from the IGO, the Ethics Office, Enterprise Risk Management and the UNHCR Audit Service. An action plan was adopted to implement the consultant's recommendations.
 - Discussions are ongoing with respect to the closer integration of internal audit functions within UNHCR. The consultant's recommendation to transfer the existing internal audit coordination and support role from DFAM to the IGO provides an opportunity to streamline and simplify procedures, and to redefine responsibilities between the IGO, UNHCR management and the UNHCR Audit Service.
 - A comprehensive implementation plan for the restructuring of the IGO, setting out roles and responsibilities, methodology, initial budgets for 2018 and 2019, and clear timelines to track progress, will be issued in April 2017. In order to make use of the resources that become available following the discontinuation of standard inspections, the IGO will propose to strengthen the Investigation Service, boost internal audit capacity, and ensure the ability to carry out the following functions: ad hoc inspections and inquiries; data management, analysis and reporting; Joint Inspection Unit (JIU)

¹ A background note summarizing the consultant's report was circulated to Executive Committee Members and Standing Committee Observers on 31 October 2016, in advance of a briefing on reforms to UNHCR's oversight functions which took place on 10 November 2016.

² Internal audit services in UNHCR are provided by the UNHCR Audit Service of the Office of Internal Oversight Services (OIOS).

coordination; and coordination of secretariat services for the Independent Audit and Oversight Committee (IAOC). New terms of reference for the IGO are expected to be issued in the second half of 2017. A revised memorandum of understanding with OIOS for the provision of internal audit services is scheduled to be issued prior to the end of the year. It is anticipated that significant progress will have been achieved in reference to many of the consultant's recommendations by the end of 2017.

II. Inspection

- The Inspection Service has been impacted by the review of the oversight functions, with the suspension of standard inspections in August 2016. Consequently, the Inspection Service has focused on closing outstanding inspection cycles and finalizing inspection reports.
- In 2016, the Inspection Service conducted five inspections involving multi-functional teams. Three missions involved standard inspections in Ecuador, northern Iraq and Senegal. The inspection in Senegal was undertaken with respect to UNHCR's Regional Representation and was carried out in collaboration with the Internal Audit Service. Additionally, an ad hoc inspection was carried out in Morocco and an inspection was undertaken of UNHCR's "Policies and procedures on recruitment and postings in the international professional category".
- Seven inspection reports were issued in 2016 relating to Ecuador, Ethiopia, northern Iraq, South Sudan, the Syrian Arab Republic and Ukraine, as well as private sector fundraising.
- Through regular feedback and exchanges with concerned operations, bureaux, and divisions, the Inspection Service closed all open compliance cycles initiated prior to 2015. A total of 21 inspection cycles were closed in 2016. At the end of 2016, compliance cycles for eight inspections conducted during 2015 and 2016 remained open. Of 781 recommendations pending at the beginning of 2016, 559 were implemented, 165 were ongoing and 57 were found to be no longer applicable.
- In December 2016, the Inspection Service published its fourth "Report on recurrent findings" covering 2013-2016, based on analysis of the results of 20 inspection missions. Recommendations included strengthening communications and engagement within and between offices, with partners, as well as with persons of concern to UNHCR, in the areas of registration, case management, preventing and responding to sexual and gender-based violence community participation, and self-reliance. In addition, the inspection of the Regional Representation for West Africa highlighted limitations in the current application of UNHCR's regionalization policy.
- In 2016, the Inspection Service continued to coordinate UNHCR's inputs to the JIU, and collaborated with the JIU secretariat on five system-wide reviews, submitting formal consolidated comments on relevant draft reports. After consultations with focal points, the Inspection Service updated the acceptance and implementation status of open JIU recommendations issued between 2010 and 2016, and succeeded in decreasing the number of open recommendations from 80 to 53.
- The development of a common data management platform was temporarily suspended at the end of 2016 due to the planned restructuring of the oversight functions.

III. Investigation

- In 2016, the Investigation Service received 1996 complaints, of which 399 related to staff misconduct. No major change was identified compared to the figures from 2015. The majority of complaints (71 per cent) did not involve misconduct, but rather concerned protection and assistance activities. They were consequently referred to relevant regional bureaux and divisions within UNHCR, for their follow-up.
- In 2016, the Investigation Service opened 98 investigations relating to staff misconduct and closed 95 investigation cases. The allegations were substantiated in 40 per cent of cases.
- Thirty-seven investigation missions into allegations of staff misconduct, including that of non-staff personnel, were conducted. An ad hoc inquiry was also undertaken by the IGO's field unit in Nairobi in a country in Africa to examine an incident representing a reputational risk for the organization.
- Several of the above-mentioned investigations into alleged staff misconduct in 2016 related to a complex investigation in Africa that began in the last quarter of 2016 and which carried over to 2017. The Investigation Service allocated significant resources to conduct this investigation, with five

investigators and one administrative assistant spending approximately 70 per cent of their time on the cases during the last three months of 2016. In 2017, five investigators continued to work on the investigation, which has had a negative impact on the completion of other pending cases and also on 2016 and 2017 performance indicators.

- The IGO received 37 allegations in regard to sexual exploitation and abuse (SEA) in 2016, of which 26 involved UNHCR staff and non-staff personnel. This was considerably higher than 2015, when the IGO received 17 such allegations, all of which involved UNHCR staff and non-staff personnel. In 2016, 18 investigations were opened and 10 were closed as unsubstantiated, while eight investigations were ongoing. The bulk of the allegations concerned exchanges of money, employment, goods or services for sex, as well as rape and sexual assault. Twenty allegations originated from Africa, 11 from the Middle East and North Africa region, four from Asia, one from Europe and one from the Americas. The reasons for the increase in the number of SEA allegations were not known, but it was noted that in April and October 2016 emails were sent out to all staff providing information on UNHCR's zero-tolerance policy on SEA, as well as how to report SEA and misconduct. UNHCR continued to take SEA extremely seriously and was involved in the work of the high-level steering group and task force on improving the United Nations response to SEA. Further, UNHCR has incorporated preventing and responding to SEA in its annual programming and is committed to raising awareness around SEA in its operations.
- The Investigation Service continued to prioritize efforts to prevent and respond to fraud (particularly with respect to financial issues, resettlement, refugee status determination, and implementing partners), corruption and SEA. "Proactive" investigations continued in order to better identify potential cases of misconduct, with a focus on significant financial losses to UNHCR.
- In 2016, the Investigation Service participated in the Syria Working Group, led by the United States Agency for International Development (USAID), and initiated discussions on information-sharing agreements with the Global Fund to Fight AIDS, Tuberculosis and Malaria, the Department for International Development (DFID) of the United Kingdom of Great Britain and Northern Ireland, and the European Anti-Fraud Office (OLAF). The Investigation Service is exploring the adoption of information-sharing agreements with additional partners in 2017.
- The IGO held three regional investigation workshops as part of its project aimed at strengthening the capacity of UNHCR's partners to investigate allegations of misconduct of their staff. Three more workshops are planned for 2017, with the first to be held in Ankara in May 2017, followed by workshops in Beirut and Dakar later in the year.
- The IGO continued to work on an individual basis with country offices, the regional bureaux and divisions at headquarters in order to advise on anti-fraud measures.
- In order to heighten fraud awareness throughout the organization, a series of presentations about the work of the IGO and policies relating to fraud, harassment and SEA were delivered to some 618 staff and non-staff personnel in 15 field locations where the IGO undertook investigations.

IV. Internal Audit

- The UNHCR Audit Service in OIOS provides internal audit services to UNHCR and completed 34 audit engagements during 2016.
- These 34 audits led to 166 recommendations, 151 of which were rated as important and 15 as critical. There was a reduction in the number of audit recommendations made, from 218 in 2015 to 166 in 2016, while the average number of recommendations per report decreased to five (down from six in 2015).
- The UNHCR Audit Service also made improvements in its key performance indicators during the year. For example, the average duration of audit engagements was 7.4 months in 2016, down from 8.7 months in 2015, against a target of 8 months.
- The UNHCR Audit Service currently has one vacancy. Out of 26 posts, one P-3 post in Geneva is vacant but recruitment is ongoing and the post is expected to be filled by the second quarter of 2017.

- In addition to its standard audit engagements, i.e. assurance services, the UNHCR Audit Service provided various informal advisory services to UNHCR management. These have included advice on enterprise risk management, implementing partnership management, programme management, policy management, and information technology.
- In order to assist UNHCR management to strengthen systemic risk management and to address control weaknesses identified during multiple audits, as well as the root causes of such weaknesses, the UNHCR Audit Service recently prepared a summary entitled “2016 internal audit reports at UNHCR: key issues, root causes and weaknesses”, which will be discussed with management.
- The 2017 internal audit workplan for UNHCR is risk-based, and was developed in close consultation with UNHCR management and other UNHCR oversight bodies. The workplan was endorsed by the High Commissioner.

UNHCR, 8 March 2017