

# 2 (a) Finance and Oversight

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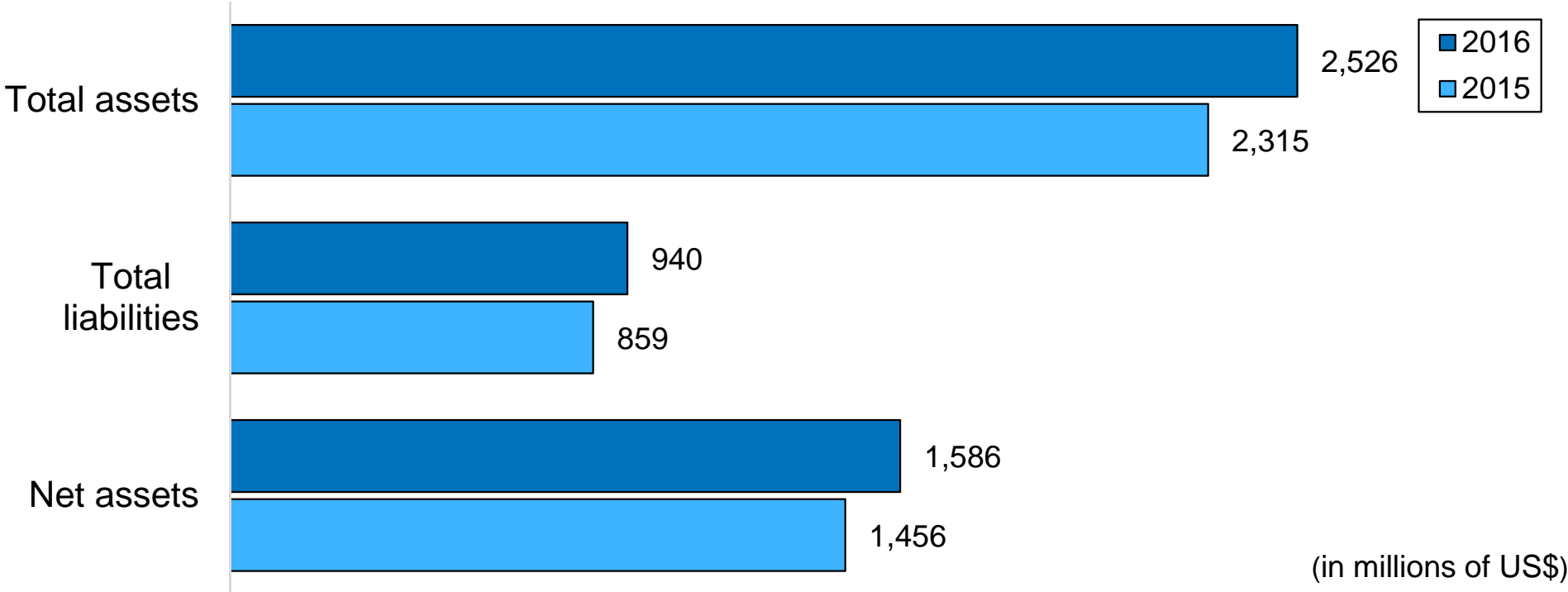
**70<sup>th</sup> Standing Committee**  
21-22 September 2017



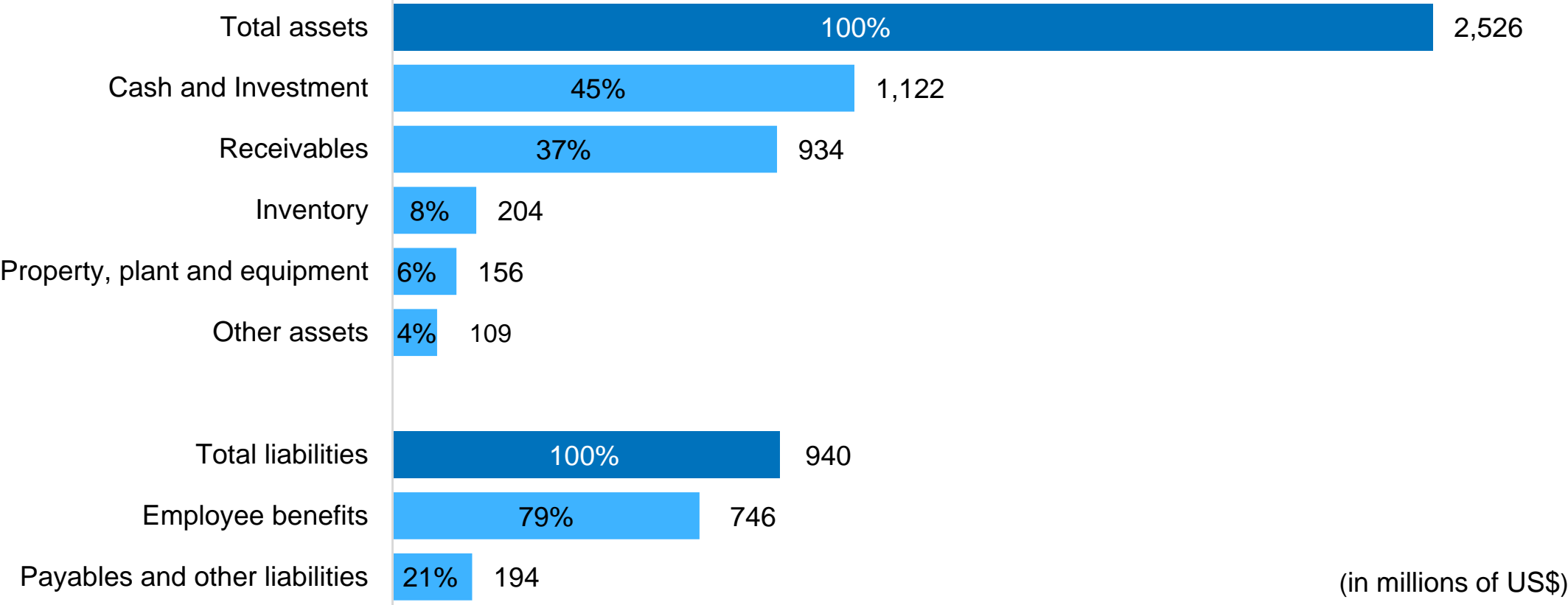
# External Audit

- UN Board of Auditors (BoA) carries out an annual audit of UNHCR's financial statements
- German Supreme Audit Institution appointed as auditor of UNHCR, effective 1 July 2016 replacing the UK NAO
- General Assembly receives independent audit opinion on UNHCR's financial statements from the BoA
- BoA reviews implementation of the recommendations

# Financial statements 2016: UNHCR finances remain sound

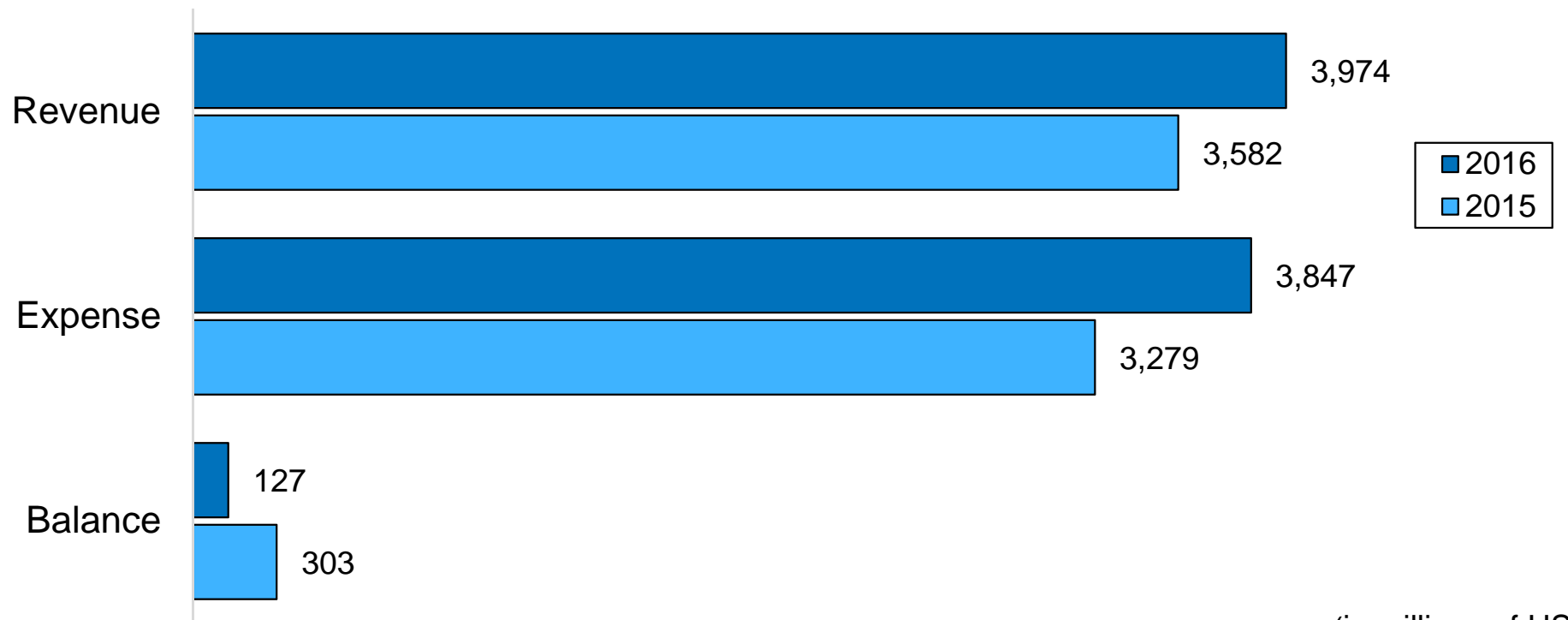


# UNHCR assets & liabilities 2016



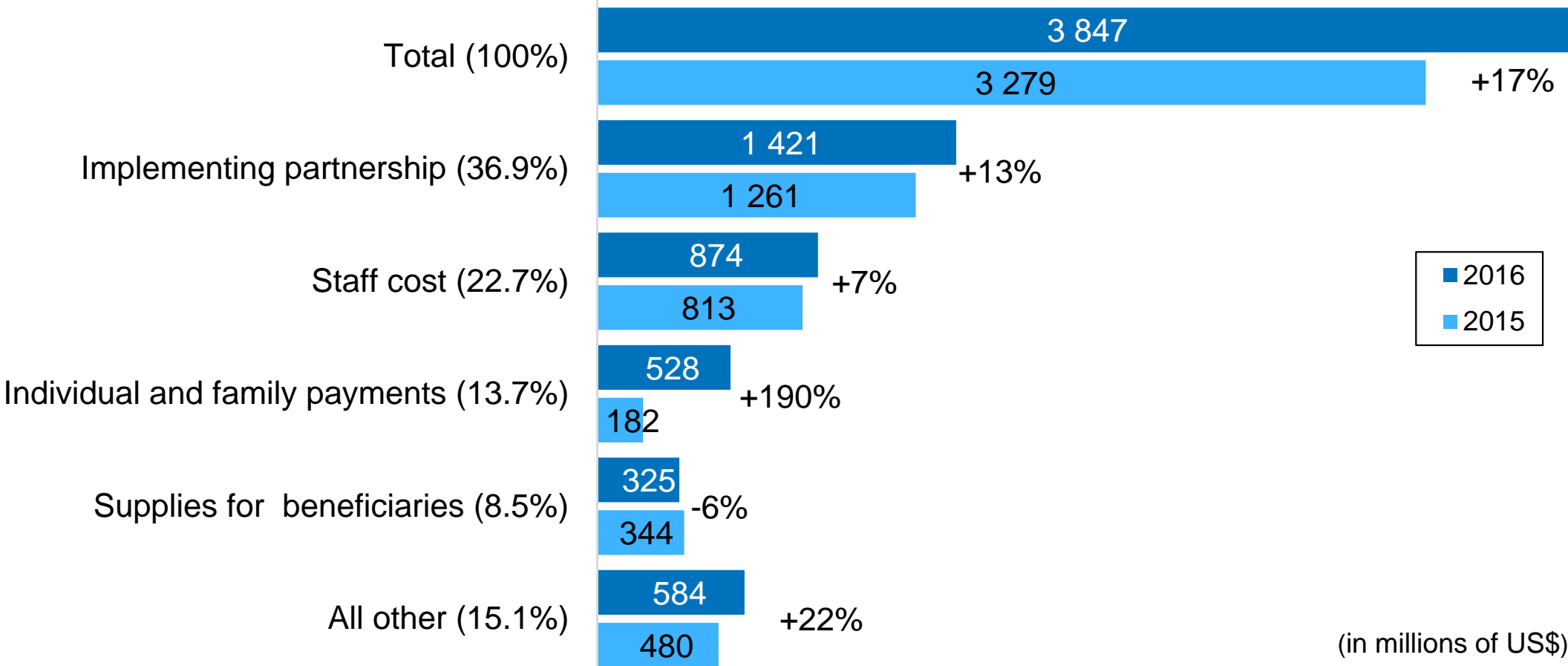
(in millions of US\$)

# Financial statements 2016: Maximising the use of revenue received



(in millions of US\$)

# UNHCR expenses in 2016



(in millions of US\$)

## 2(a)-(ii) **Key issues and measures taken by UNHCR** in response to the Report of the Board of Auditors

# Key findings 2016

- Unqualified audit opinion
- Board confirmed that UNHCR financial position remained strong and there are sufficient assets to meet liabilities
- Key financial indicators remained robust and the level of demand for UNHCR interventions further increased with the on-going emergencies
- 17 new recommendations issued in 2016



# 17 recommendations issued in 2016

## 1. Financial statements preparation



## 2. Administration and management of operations

*Individual and family payments to beneficiaries*



*Risk-based monitoring of the implementing partnership expenses*



*Global fleet management*



*Investment strategy for after-service health insurance (ASHI)*



*Managing systems, resources and people upgrade project (MSRP)*



*Procurement in country operations*



# Key issues and measures taken

## Financial statements preparation

### Board's recommendation

- harmonize procedures used for shipping documents
- actively monitor status of assets under construction
- better identify when intangible assets are no longer “under development” and amortization starts

### UNHCR Actions

- ✓ begun establishing a process to addresses weakness identified
- ✓ reviewing the process for recording of assets under construction
- ✓ will improve internal information flow

# Key issues and measures taken

## Individual and family payments to beneficiaries

### Board's recommendation

- review and clarify country standard operating procedures for cash-based interventions with regard to the disbursement term of seasonal support

### UNHCR Actions

- ✓ regional bureaux will work with those country operations to update the country standard operating procedures developed in order to clearly reflect various aspects of managing the seasonal support

# Key issues and measures taken

## Risk-based monitoring of the implementing partnership

### Board's recommendation

- Improve quality of risk-based monitoring plans for projects implemented with partners

### UNHCR Actions

- ✓ country operations will:
  - take steps to improve the quality of risk-based monitoring through use of templates
  - periodically review a sample of the monitoring reports to further guide and improve the process

# Key issues and measures taken

## Global fleet management

### Board's recommendation

- country operations determine numbers and types of vehicles needed
- document assumptions and how country operations arrived at their estimates

### UNHCR Actions

- ✓ already issued a guidance note on fleet planning, currently developing a fleet-sizing tool and checklist on fleet planning

# Key issues and measures taken

## Investment strategy for after-service health insurance (ASHI)

### Board's recommendation

- consider possibility of long-term investments to cover risk-adequate financing of after-service health insurance liabilities

### UNHCR Actions

- ✓ review and assess the investment risk measurement for ASHI reserves

# Key issues and measures taken

## Managing systems, resources and people upgrade project (MSRP)

### Board's recommendation

- document good practices and lessons learned from MSRP Upgrade Project; use them for other information technology projects

### UNHCR Actions

- ✓ project closure report documenting project highlights and best practices finalised; will implement the findings in other information technology projects

# Key issues and measures taken

## Procurement in country operations

### Board's recommendation

- country operations monitor non-purchase order procurement

### UNHCR Actions

- ✓ additional processes to closer monitor the level of non-purchase order expenditures



# 47 recommendations from 2015 and previous years – status update

implemented (9)	✓	✓	✓	✓	✓	✓	✓	✓	✓	
overtaken by events (10)	X	X	X	X	X	X	X	X	X	X
under implementation (28)										

# Conclusion

- Addressing the BoA's recommendations is a management priority and notable progress was made
- BoA's findings and recommendations allowed UNHCR to focus its resources on 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**