



Internal audit in the Office of the United Nations High Commissioner for Refugees for the period from 1 July 2018 to 30 June 2019 (A/AC.96/1192)

Report of the Office of Internal Oversight Services



UNHCR
The UN Refugee Agency



Introduction

OIOS provides internal audit services to UNHCR in accordance with the relevant GA resolutions, Financial Regulations, Financial Rules for Voluntary Funds, Secretary-General's Bulletin and a Memorandum of Understanding with UNHCR.

During the reporting period, there were:

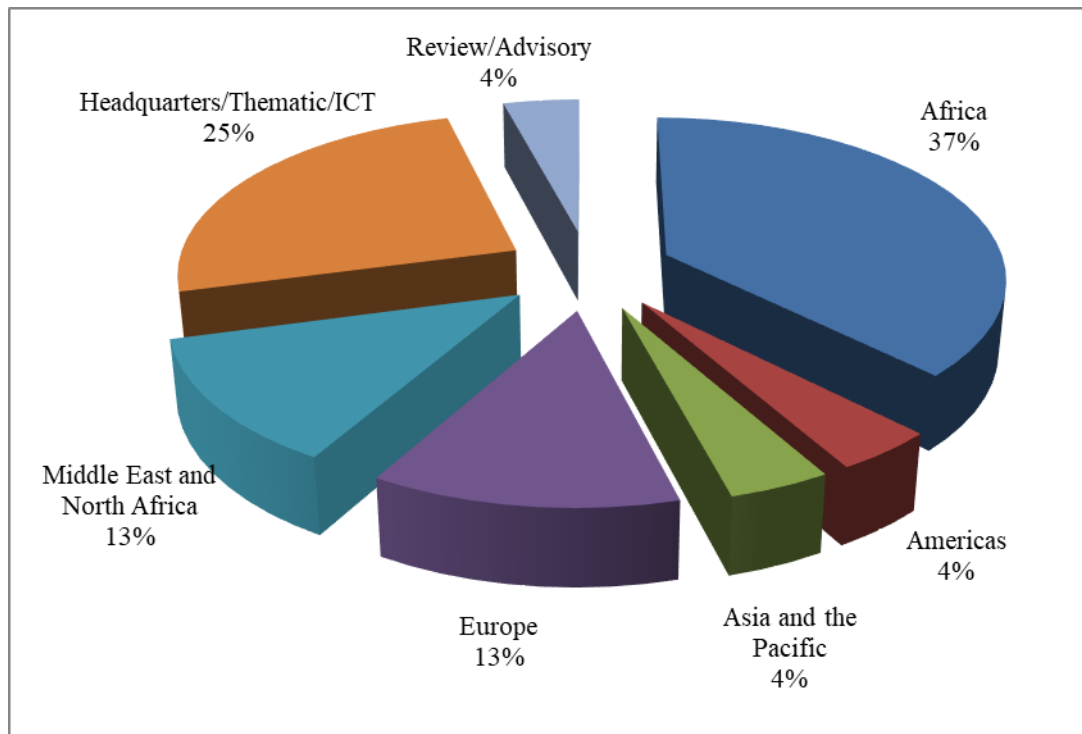
- Sufficient resources (budget and staffing) and
- No inappropriate interference in determining the scope of internal auditing in performing the work and/or in communicating results that would have impeded the independence of the OIOS internal audit function at UNHCR.

OIOS has a total of 26 posts dedicated to UNHCR activities. As at the end of June 2019, 24 of the 26 posts were filled and recruitment action was ongoing for the 2 vacant posts.



Audit reports

OIOS completed 24 audits during the reporting period. The breakdown of these audit reports by region and theme was as follows:





Audit recommendations

OIOS issued 146 recommendations in the 24 audits completed:

- 22 recommendations (15 per cent) were critical; and
- 124 recommendations (85 per cent) were important.

During the year, 133 recommendations were closed:

- 125 were fully implemented;
- 2 were closed without implementation, having been overtaken by events; and
- 6 recommendations were closed without implementation, with the management of UNHCR accepting the associated risks. These related to inability of UNHCR to: recover amounts due from implementing partners (3); reconcile core relief items to provide assurance that they all had been accounted for (2); and obtain reimbursement for uncollected refugee health insurance cards before their expiry (1).

At the end of the reporting period, 145 recommendations remained open, of which 126 were important (87 per cent) and 19 were critical (13 per cent).

A total of 32 open recommendations (of which two critical) were over 2 years old as at 30 June 2019.



Interaction with management

OIOS:

- Continued the positive and ongoing collaboration with UNHCR and to support the Organization as it implemented transformational changes in a challenging environment;
- Attended all three IAOC meetings held during the reporting period;
- Met regularly with the High Commissioner, Deputy High Commissioner and the two Assistant High Commissioners and the Chef de Cabinet;
- Met with Directors of regional bureaux and divisions and Representatives; and
- Held periodic meetings with the Controller, the Chief Risk Officer, the Head of the Ethics Office, the Principal Policy Adviser in the Executive Office, and the Director of Change Management on matters of mutual interest.



Interaction with the Inspector General

- Continuous cooperation on matters related to:
 - Effective collaboration and communication with UNHCR management;
 - Strengthening of OIOS capacity to audit protection matters;
 - Improving UNHCR personnel's understanding of the internal audit process.
- Regular coordination on audit referrals for investigation follow-up



Professional initiatives

- OIOS issued further guidance on using data analytics in its work, developed audit techniques to better identify indicators of fraud and is embedding an assessment of risk culture into its audits.
- As part of the programme designed in 2017 to strengthen the capacity of internal audit staff to audit protection systems and procedures, a protection training workshop for auditors was organized in December 2018 in collaboration with the IGO.
- OIOS benefitted greatly from the involvement of UNHCR staff as subject matter experts in protection and other areas for audits of field operations and thematic audits.



Reviews and advisories

OIOS completed one review engagement on recurrent issues in programme monitoring raised in past audits of field operations.

The results of the review showed:

- A critical need for UNHCR to ensure impact monitoring plans and project level performance plans are in place and assessed against established targets; and
- A need for UNHCR to: assign overall accountabilities, responsibilities and authorities for programme monitoring; strengthen the accountability of the multi-functional team in country operations; and introduce controls to ensure alignment between operation plans and planned performance through direct implementation and implementing partners.



Audit engagements (1)

The following 6 headquarters, thematic and ICT audits were completed:

- Warehouse management in field operations
- Arrangements for reporting on the use of donor funds
- Arrangements for cash-based interventions in the Syrian emergency
- Emergency preparedness
- Upgraded MSRP Human Resources Module
- Upgraded MSRP Finance and Supply Chain Module

35 recommendations , one of which was critical, were raised in these reports to address entity wide control weaknesses. Two of the 35 recommendations were fully implemented by 30 June 2019.



Audit engagements (2)

OIOS completed 17 audits of UNHCR field operations during the reporting period. These audits covered expenditure totalling \$1.1 billion and included 106 recommendations, of which 20 were rated as critical and 86 as important.

Systemic issues highlighted in these audits included:

- **Procurement and vendor management** such as inadequate planning of procurement needs and reduced capacity to conduct a competitive and transparent procurement process
- **Partnership management** including a flawed selection process, weak project monitoring, and insufficient capacity of partners to carry out delegated procurement
- **Supply logistics** such as absence of efficient and economical logistical arrangements, overpayments and lax controls over receipt and distribution of core relief items



Audit engagements (3)

- **Strategic planning and monitoring** including insufficient strategic planning and operational decision-making that was not supported by performance reports, lack of a multi-functional team approach in monitoring project implementation and lack of comprehensive assessment of the needs of persons of concern
- **Fair protection process and documentation** such as poor quality of registration data, need to improve conditions at reception centers and the need to facilitate status determination and local integration.

OIOS increased its coverage of protection systems and procedures in its field audits. In the previous reporting period, 69 per cent of field audit reports included at least one stand-alone protection area, with this figure rising to 94 per cent in the current reporting period. Areas focused on included assessment of the fair protection process and documentation and security from violence and exploitation.



Savings and recoveries

As a result of the implementation of OIOS recommendations, some significant savings/cost recoveries have been made by UNHCR:

- Reduced insurance premiums resulted in savings in excess of \$2.5 million, representing reduced employer contribution over a three-year period;
- Recovery of fraudulent education grant payments from two staff members totalling \$278,118.



Thank you!