
**Executive Committee of the
High Commissioner's Programme**Distr.: Restricted
22 August 2024

Original: English and French

**Standing Committee
Ninety-first meeting**

**Annual report of the Independent Audit and Oversight
Committee for 2023-2024****I. Introduction**

1. The Independent Audit and Oversight Committee (hereafter “the Committee”), comprises five members, selected and appointed by the United Nations High Commissioner for Refugees with the consent of the Executive Committee. The members are: Ms. Carman Lapointe (Canada, Chairperson); Mr. Honoré Ndoko (Cameroon, Vice-Chairperson); Ms. Bushra Malik (Pakistan); Ms. Malika Aït-Mohamed Parent (France); and Dr. Suresh Raj Sharma (Nepal).

2. The Committee's work is guided by its terms of reference (EC/73/SC/CRP.16, annex I). Members serve as experts, independent of the Office of the United Nations High Commissioner for Refugees (UNHCR) and its management, in an advisory capacity to assist the High Commissioner and the Executive Committee in exercising their oversight responsibilities.

3. In the past year, the Committee met in three formal sessions, held in person in New York in December 2023, and in Geneva in April and June 2024.

4. The agenda for each session was based on an agreed workplan that included: (a) the review of the workplan and reports of external oversight bodies, namely the United Nations Board of Auditors and the Joint Inspection Unit of the United Nations; (b) the review of the workplan and reports of independent internal oversight bodies, namely the UNHCR Inspector General's Office, the Internal Audit Service (performed by the United Nations Office of Internal Oversight Services (OIOS)) and the Evaluation Office; (c) other independent entities (Ombudsperson); and (d) entities responsible for management oversight. The Committee also met with the High Commissioner or the Deputy High Commissioner during each session for discussions and briefings on ongoing developments in UNHCR.

5. The Committee's oversight and advisory activities were carried out free from interference, and there were no circumstances (real or perceived) of impairment of its independence. During regular constructive engagement in its work during the reporting period, the Committee received full support and cooperation from UNHCR management and staff.

II. Key conclusions and observations**A. General**

6. During the reporting period, UNHCR operated within a context which was affected by record numbers of forcibly displaced and stateless people, a reduction in annual revenue which impacted operations and staffing, and a challenging funding outlook. In response, UNHCR increased its focus on efficiency and effectiveness in operations to maximize the impact of the scarce resources available. To this end, UNHCR pursued innovations in

fundraising and programming, and sought multilateral partnerships to enhance sustainability in funding and operations.

7. The Committee reviewed assurance and advisory work undertaken by the independent oversight entities during the reporting period. This work included an unqualified audit opinion by the Board of Auditors on UNHCR financial statements for 2023, accompanied by matters arising and recommendations made in their long-form report, as well as reports issued by the UNHCR Internal Audit Service and the Evaluation Office. Taken together with consultations with oversight and integrity entities and management counterparts during the year, the Committee is of the view that UNHCR remains fundamentally sound in terms of oversight and accountability, and has made commendable progress on the business transformation programme, decentralization and other innovations.

8. The launch of the remaining components of the business transformation programme during the reporting period was a key driver in realizing organizational efficiency and effectiveness. The Committee acknowledged this achievement, which has involved significant effort and expense in recent years. The business transformation programme is now largely operational, and structural reform undertaken through the decentralization and regionalization is well established. The Committee encouraged UNHCR management to follow through in consolidating structures, systems and processes, as well as ensuring behavioural change as appropriate, to achieve full adoption and functionality in results-based management, accountability and internal controls.

9. The Committee also urged UNHCR management to focus on the effective and timely closure of oversight recommendations, as delays represent unaddressed issues and risks.

B. External oversight

United Nations Board of Auditors

10. The Committee met with the external auditors *Cour des Comptes* of France at each session, regularly discussing the progress of the audit and matters arising.

11. The Committee made the following observations:

(a) It was pleased to note that the Board of Auditors issued an unqualified audit opinion on the UNHCR financial statements for 2023 and acknowledges with appreciation the Board's positive engagement with UNHCR through some difficulties and delays encountered in producing the financial statements, primarily due to the roll-out of new systems, including the Cloud Enterprise Resource Planning system and Project Reporting, Oversight and Monitoring Solution, also known as PROMS, during 2023.

(b) It noted the additional information and key findings in the Board's report, including the thematic reviews on budgetary management and management of large camps, and encourages UNHCR to proceed with the prioritization and implementation of open recommendations.

(c) It welcomed the proposed inclusion of a performance audit of the Cloud Enterprise Resource Planning system in the Board's workplan for the 2024 audit cycle.

C. Independent internal oversight

1. Inspector General's Office

12. The Committee met with the Inspector General at each session.

13. Regarding investigations, the Committee noted a continued upward trend in the number of complaints received, and it acknowledged with approval the efforts of the Inspector General's Office to explore further efficiencies regarding the in-take procedures, including considering the use of artificial intelligence to perform an initial triage of complaints received.

14. With respect to oversight coordination, the Committee noted with appreciation the coordination by the Inspector General's Office among internal and external independent oversight entities in order to deliver assurance and learning efficiently and effectively. This included the mapping of assurance plans against the enterprise risk framework to identify gaps and overlaps.

15. The Committee expressed its continued interest in the proactive fraud risk assessment work of the Inspector General's Office and requested updates in due course.

16. The Committee requested clarification on how the allocation of resources by the Inspector General's Office towards the development and delivery of formal investigations training for other entities has impacted its operations, given that system-wide capacity development is not strictly within its mandate.

2. Internal audit

17. The Committee met with the UNHCR Internal Audit Service (performed by OIOS) at each session.

18. The Committee made the following observations:

(a) It noted the incorporation of the UNHCR risk framework in developing the internal audit workplan for 2024, and the Committee encouraged continued efforts towards expressing risk coverage in relation to assurance planning.

(b) It noted its disappointment with the lack of progress in the scheduled review of internal audit arrangements at UNHCR, considering the launch in January 2024 of the new Global Internal Audit Standards, and best practices including key performance indicators, which aim to improve the effectiveness and efficiency of the audit function.

(c) It took note of the recently completed external quality assessment of the Internal Audit Division of OIOS, including the Internal Audit Service, which performs the internal audit function at UNHCR, with an overall rating of "general conformance".

(d) It noted with concern delays in the implementation of internal oversight recommendations, and the Committee encouraged more effective classification of audit recommendations in order to enable management to direct its focus on the most significant recommendations.

3. Evaluation

19. The Committee was briefed on the Evaluation Office's priorities and plans, including an evaluation strategy for the period 2024-2027, which focuses on the themes of coverage, capacity and culture.

20. The Committee also discussed the report of the Multilateral Organisation Performance Assessment Network, noting stakeholder engagement and value-for-money aspects as particularly relevant for evaluation.

21. The Committee made the following observations:

(a) It noted with interest the current evaluation of decentralization and regionalization, and looks forward to receiving the report in due course.

(b) It also looks forward to reviewing the draft rolling workplan of the Evaluation Office for the period 2025-2026, prior to its formal submission to the High Commissioner.

4. Office of the Ombudsperson and Mediator

22. The Ombudsperson briefed the Committee on its current activities, priorities and plans, also clarifying that the Office of the Ombudsperson and Mediator is not an oversight or integrity entity per se, but that it is rather an informal conflict resolution resource.

23. The Committee welcomed the availability of capable mediation resources, and looks forward to further updates on progress towards enhanced coverage and access by staff in the regional and country offices.

D. Management oversight

1. Financial management and administration

24. The Committee was briefed regularly by the Controller, including on the changeover of the financial systems' software to the Cloud Enterprise Resource Planning system in September 2023 and its impact on the preparation of the annual financial statements.

25. The Committee made the following observations:

(a) It expressed its appreciation of the significant effort involved in producing the financial statements despite numerous systems-related difficulties and delays. It encouraged UNHCR to prioritize the consolidation of the systems and processes underpinning the financial statements, including the business transformation programme systems, the framework of internal controls and related fraud prevention mechanisms.

(b) It noted with concern the negative impact of reduced revenues in 2023 on reserves and liquidity and, most importantly, the effect on operations.

(c) It expressed its support for UNHCR taking full advantage of the business transformation programme's functionalities to drive further efficiencies in processes and for value-for-money, including the use of benchmarking and key performance indicators.

2. Enterprise risk management

26. The Committee received an update from the Chief Risk Officer, which included positive developments on a risk appetite statement and the use of key risk indicators.

27. The Committee discussed the importance of risk-mitigating actions at all levels as the practical output of the risk management process, requesting that the status and impact of these actions be monitored and analyzed as part of performance reviews.

28. Noting the organization's commitment to risk management and its leadership in this area, the Committee expressed appreciation for the progress made and looked forward to further updates, emphasizing that demonstrated risk maturity is a key factor in stakeholder trust among donors, including Member States.

3. Change management, including the business transformation programme

29. Recognizing that the roll-out of the remaining modules of the business transformation programme during the period represented both a risk and an opportunity for UNHCR, the Committee paid close attention to this matter throughout the year, including during a dedicated virtual briefing session with management shortly after the roll-out of the Cloud Enterprise Resource Planning system in September 2023.

30. UNHCR is now transitioning from a "hyper-care" period, marked by heightened support following the systems roll-out, to a phase of stabilization. As part of this shift, the Division of Information Systems and Telecommunications has taken on the role of coordination with the service delivery entities and respective divisions to manage residual technical and operational issues.

31. The Committee made the following observations:

(a) It acknowledged the significant management effort involved, and noted with appreciation that the new systems are functional in processing transactions and accounting for expenses, albeit with some aspects requiring further work.

(b) It observed that UNHCR is now in the post-roll-out phase, and emphasized the importance of addressing outstanding issues within and across systems, as well as fully optimizing business transformation programme functionality. This includes a focus on internal control, fraud prevention and management information aspects. The Committee also noted that this phase will require continued attention from senior-level management and resources to ensure that the new processes and functionalities are fully embedded, including with respect to culture and behaviour.

(c) It noted plans to assess the impact gains of the business transformation programme, in the form of a lessons learned exercise and also through an impact gains assessment, which includes the identification of key performance indicators. The Committee also advised a rigorous quantitative and qualitative triangulation of data in the assessment of lessons learned.

(d) It took account of independent oversight of the business transformation programme, noting with interest the OIOS audit report on the business transformation programme¹ as an inventory of issues and risks to be addressed in the coming period; the current audit of COMPASS (the results-based management system); and planned future audits of other components of the business transformation programme.

32. The Committee also received briefings on other aspects of the transformation agenda, including a comprehensive survey on organizational culture evaluating the organization's performance against nine characteristics aligned with the United Nations system leadership framework, using data to drive behavioural change. The Committee noted this initiative with interest and looked forward to reviewing its final outcomes in due course.

33. Regarding the approach of positioning clusters of functional expertise in selected locations, the Committee appreciated the advantages in terms of efficiency and effectiveness, and strongly encouraged further exploration of the feasibility of this option, including a cost-benefit analysis of a diverse sample of locations.

4. Decentralization and regionalization

34. The Committee met with the Regional Bureau for East and Horn of Africa and the Great Lakes, thereby completing its first cycle of meetings with each of the seven regional bureaux that were established in 2020.

35. The Committee welcomed the comprehensive overview, noting that despite the challenges presented by large-scale crises and strained resources, the regional bureau reported encouraging progress made in the implementation of the Global Compact for Refugees, including broad, active partnership engagements with host countries, aid agencies, as well as regional and multilateral development organizations.

36. Considering the organization-wide structural and systemic changes of the transformation, the Committee recognized several beneficial aspects of these processes, while noting some potential to further clarify second-line roles among entities at UNHCR Headquarters vis-à-vis the regional bureaux. In this context, the Committee looked forward to reviewing in due course the organizational accountability framework and policy on official guidance, which are currently being developed.

5. External relations, including fundraising

37. The Committee received an update from the Division of External Relations, indicating that funding figures for 2024 are on par with 2023, while also noting that the medium-term funding environment remains risky, the trend for the provision of earmarked funding continues to increase, and while progress is evident in diversification of funding sources, UNHCR remains heavily dependent on a limited number of donors.

38. The Committee acknowledged the collaborative work to improve inter-agency cooperation through joint programming, funding proposals and appeals. The Committee also appreciated developments at the 2023 Global Refugee Forum on integrating development actors and others in funding and programming, including through multi-year funding models and the sustainable programming approach.

39. Regarding earmarked funding, the Committee appreciated the increasing impact of private sector engagement, and noted with approval that this engagement is not restricted to fundraising but also includes advocacy on refugee issues. The Committee urged continued efforts to diversify private sector and government funding sources.

¹ OIOS report 2024/011, "Audit of the progress in implementing the Business Transformation Programme for UNHCR", is available on the OIOS website.

6. Strategic planning, including workforce planning

40. The Division of Strategic Planning and Resources updated the Committee, including on new policies for planning and resource allocation.

41. The Committee welcomed the establishment of the UNHCR Assessment and Monitoring Resource Centre. It noted that data quality at all stages of the programme cycle is an area of critical importance and urged continued management attention in this area (see data section below).

42. The Committee expressed concern about the impact of funding constraints, both on internal capacity and on forcibly displaced and stateless people. In discussions with the Division of Strategic Planning and Resources and with the Director of the Division of Human Resources, the Committee urged a structured and fair approach to further the rationalization of internal resources.

43. Regarding the human resources module of the business transformation programme, Workday, the Committee looks forward to reviewing further progress on systems integration, as well as planned enhancements on workforce planning, reporting and analytics.

44. The Committee took note of Evolve, the workforce performance evaluation platform, and the scheduled review of the policy on performance management. The Committee looks forward to receiving further updates, including on the potential to induce cultural and behavioural changes.

45. The Committee was also briefed by the Legal Affairs Service on statistics for disciplinary measures, which have been steady over the past five years, and looks forward to reviewing a trend analysis of cases appealed to the United Nations Disciplinary Tribunal.

7. Information and communications technology

46. In addition to a comprehensive update on the business transformation programme, the Committee received a briefing on cybersecurity, noting that the Division of Information Systems and Telecommunications is conscious of the risks (“not if but when” mindset) and are proactively managing both prevention and response. The Committee expressed concern about the compliance rates for training updates, stressing the need for all UNHCR colleagues to complete mandatory training.

47. The Committee also discussed artificial intelligence, a fast-evolving technology trend. As such, the use of artificial intelligence poses challenges to the proactive management of both opportunities and risks, and the Committee advised due attention in this area.

8. Data

48. Noting that reliable data is a critical component of results-based management and for the ability of UNHCR to demonstrate operational impact and accountability to stakeholders, the Committee appreciated the comprehensive briefing provided by the Head of the Global Data Service. The briefing clearly identified data-related issues, risks and opportunities, as well as a coherent management approach, which includes the development and initiation of a plan to effectively implement the data transformation strategy.

49. In response to the Committee’s inquiry on the UNHCR approach to data retention, the Global Data Service confirmed that a task force has been established to update guidance. The potential for the digitalization of archives was discussed. The Committee noted the importance of data collection protocols to avoid gathering unnecessary data and looks forward to a further update on data-related policy developments.

9. Protection from sexual exploitation and abuse and sexual harassment

50. The Committee was briefed by the Principal Adviser on Protection from Sexual Exploitation and Abuse and Sexual Harassment, and welcomed the new UNHCR policy on addressing sexual misconduct. The Committee also welcomed the introduction of a three-year mandatory training cycle for the course on the prevention of sexual exploitation and abuse, which is linked to career development.

51. Noting the commitment to the United Nations screening database “ClearCheck” and the misconduct disclosure scheme, the Committee applauded the proactive role of UNHCR at the inter-agency level, and encouraged the ongoing sharing of good practices for protection against sexual exploitation and abuse and sexual harassment.

10. Workplace concerns

52. Following up on previous years’ work in this area and noting the disruptive effect of a rationalization due to funding constraints, which resulted in the discontinuation of approximately 1,000 positions, the Committee discussed trends in workplace concerns with the Division of Human Resources, the Inspector General’s Office, the Ombudsperson and the Legal Affairs Service. Issues discussed included complaints intake, the SpeakUp Helpline, protection against retaliation, and administrative sanctions.

53. The Committee also discussed the importance of a holistic environment across the relevant third-line and management entities dealing with workplace concerns to ensure coordinated and timely processing as appropriate. This includes complaints intake and triage, as well as feedback if applicable. The Committee also emphasized how crucial coordination is among the entities on the basis of mutual respect for their respective roles.

11. Assistant High Commissioner (Protection)

54. The Committee appreciated the comprehensive overview provided by the Assistant High Commissioner (Protection) on protection matters, noting challenges such as protracted refugee situations, an increasingly constrained protection environment and data protection concerns. The briefing also included updates on the 2023 Global Refugee Forum and inclusion-oriented approaches by UNHCR, such as the route-based approach and sustainable programming.

III. Other matters

55. The Committee held their annual meeting with the Executive Committee Bureau in June 2024. Matters of mutual interest, including the funding outlook, transparency in reporting at various levels, the importance of inter-agency coordination and efficient programming in the context of scarce resources, were discussed in the meeting. The Committee expressed sincere appreciation to the Executive Committee Bureau for a constructive exchange, and looked forward to meeting again in the next year.

56. The Committee conducted its annual self-assessment exercise, reflecting generally satisfactory results, with some points for further consideration and clarification.

57. The Chairperson and Vice-Chairperson also participated in the eighth annual meeting of the United Nations system oversight committees in New York in December 2023.

58. As stipulated in its terms of reference, the Committee reviewed its own terms of reference, assessing that no amendment is required at this stage.

59. The Committee extends its appreciation and compliments to the High Commissioner, the Deputy High Commissioner, UNHCR management and staff, as well as the Committee’s Secretariat for their support and assistance during the reporting period. The Committee appreciated the recognition extended by the High Commissioner to three Committee members, Ms. Malika Aït-Mohamed Parent, Dr. Suresh R. Sharma and Mr. Honoré Ndoko, on the completion of their six-year tenure with the Committee for the period 2018-2024.