

**Executive Committee of the  
High Commissioner's Programme****Seventy-fifth session**

Geneva, 14–18 October 2024

Item 4 (b) of the provisional agenda

**Consideration of reports of the Standing Committee  
Programme budgets, management, financial control  
and administrative oversight****Financial statements for the year 2023 as contained in the  
report of the Board of Auditors to the General Assembly on  
the audited financial statements of the voluntary funds  
administered by the United Nations High Commissioner for  
Refugees for the year ended 31 December 2023****Report of the High Commissioner****Addendum****Key issues and measures taken in response to the report of the Board of  
Auditors for 2023\****Summary*

This report provides an overview of the key findings of the United Nations Board of Auditors from its audit of the financial statements of the voluntary funds administered by the Office of the United Nations High Commissioner for Refugees for the year ended 31 December 2023.\*\* In its 2023 report, the Board reported key findings and issued 19 new recommendations in the following areas: (a) finance; (b) the management of budget processes; and (c) the management of large camps.

This report also briefly presents the measures proposed by UNHCR to address the recommendations issued in 2023 and provides updates on the actions taken in response to the key recommendations outstanding from previous years.

\* As per the decision contained in paragraph 19 of [A/71/12/Add.1](#), this document is not subject to the standard submission pattern for official documents and is excluded from simultaneous distribution.

\*\* [A/AC.96/75/4](#).



## I. Introduction

1. This report provides an overview of the key findings of the United Nations Board of Auditors (the Board) from its audit of the financial statements of the voluntary funds administered by the Office of the United Nations High Commissioner for Refugees (UNHCR) for the year ended 31 December 2023,<sup>1</sup> as well as the measures taken or proposed by UNHCR in response to the key recommendations issued in 2023 and those outstanding from previous years.
2. UNHCR prepared the financial statements for the year ended 31 December 2023 in accordance with the International Public Sector Accounting Standards. The audit was conducted primarily to enable the Board to form an opinion on the financial statements of UNHCR and included a general review of financial systems and internal controls, as well as a test examination of the accounting records and other supporting evidence to the extent that the Board considered it necessary to form an opinion on the financial statements. During the course of the audit, the Board visited UNHCR Headquarters in Geneva and its Global Service Centre in Budapest. The Board audited seven country offices, namely those in Algeria (remotely), Bangladesh, Jordan, Mauritania, Rwanda, Uganda and the United Republic of Tanzania, and the Regional Bureau for the Middle East and North Africa.
3. Following its examination, the Board concluded that the financial statements presented fairly, in all material aspects, the financial position of the voluntary funds administered by UNHCR as at 31 December 2023 and its financial performance, and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards.
4. As per United Nations financial regulation 7.5, the Board also reviewed UNHCR operations to make observations on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the organization.
5. The Board reported key findings and issued 19 new key recommendations in the following areas: (a) finance; (b) the management of budget processes; and (c) the management of large camps.
6. The Board noted that out of the 58 outstanding recommendations issued for 2022 and previous years, 37 recommendations (64 per cent) had been assessed as implemented or overtaken by events and closed, and 21 recommendations (36 per cent) were in the process of implementation at the time of the review. Of the latter, 7 recommendations relate to 2022, 11 recommendations relate to 2021, 1 recommendation relates to 2020 and 2 recommendations relate to 2019. The Board noted continued progress in implementing pending recommendations.
7. This document outlines the Board's key findings for 2023 and the measures that UNHCR plans to take to address them. The annex provides a list of the 19 new key recommendations issued in the 2023 audit report, as well as those key recommendations outstanding from prior years, together with the actions taken to implement them.
8. A matrix containing additional information on measures taken by UNHCR and target dates estimated for the implementation of all 40 outstanding recommendations, which comprise the 19 new recommendations issued in 2023 and the 21 recommendations outstanding from previous years, will be made available on the Standing Committee secure site for its ninety-first meeting in September 2024.

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<sup>1</sup> [A/AC.96/75/4](#).

## II. Key findings relating to the 2023 audit

### A. Finance

9. The Board's main findings on finance are described below.

#### 1. Processing of the financial reports of implementing partners

10. The Board noted that information and technology limitations stemming from the UNHCR business transformation programme caused significant delays in the receipt and processing of the financial reports of implementing partners in 2023. The Board therefore recommended that UNHCR achieve a level of processing of financial reports from implementing partners that is at least as high as in the previous enterprise resource planning system and at the comparable time in the annual reporting cycle.

11. Having implemented the project reporting, oversight and monitoring system known as PROMS at the end of 2023, UNHCR is now using this platform to process project financial reports for 2024 project agreements. UNHCR has also provided training for operations on the processing of these reports in the new platform and issued guidance to facilitate the transition, thus ensuring that delays are minimized during the 2024 reporting cycle.

#### 2. Automation in Cloud ERP

12. In 2023, UNHCR implemented a new cloud-based enterprise resource planning system known as Cloud ERP to better enable integrations and automations. However, the Board noted that by April 2024, these were not yet fully finalized and that the ongoing stabilization phase led to a higher proportion of estimates and manual adjustments in the 2023 financial statements compared to the previous year. Nevertheless, the Board believed that the new system would ultimately enhance the reliability of the financial reporting by reducing the need for manual transactions.

13. The Board recommended that UNHCR monitor the implementation of scheduled automations in Cloud ERP to ensure that they are fully in place and reliable for the next reporting period. In response to this recommendation, UNHCR will continue to closely monitor the system processes that continue to be manually operated and explore ways to optimize them through scheduling and automation.

#### 3. Access management in Cloud ERP

14. The Board observed some weaknesses in the user access management in Cloud ERP due to insufficient preparation before its release, resulting in numerous incidents after its launch. The Board noted that while several reviews took place at country and headquarters levels, there remained insufficient assurance in terms of the segregation of duties six months after the launch of Cloud ERP. The Board therefore recommended that UNHCR strengthen users' rights and access for the management of Cloud ERP by performing a review of all users with privileged roles and activating automated controls to detect inappropriate role combinations.

15. In response to this recommendation, UNHCR will perform more frequent reviews of the roles and privileges of users of the system and ensure that reports are available to provide evidence of those reviews. In 2024, UNHCR will also start the implementation of the advanced access controls to highlight conflicting privileges and the advanced transaction controls to detect suspicious transactions.

16. The Board also reviewed the management of incidents in the Cloud ERP system since its launch in September 2023 and observed a particularly high number of incidents. These were most frequently related to travel processes, the management of user access and, to a lesser extent, concerned finance processes. The Board recommended that UNHCR improve the management of incidents in Cloud ERP.

17. In response to this recommendation, UNHCR is working with the product vendor and the maintenance provider to review and prioritize incidents, and has resolved key issues

related to travel processes. In 2024, additional resources were also provided to analyse and address the backlog for processing travel.

18. The Board also noted that the vendor now handled risks and business continuity plans related to information and technology security management, which appear appropriate. However, regarding overall internal security based on the new policy approved in February 2023, some weaknesses that the UNHCR Chief Information Security Officer identified through self-assessment questionnaires need to be addressed. The Board recommended that UNHCR strengthen the management of the security of information technology by implementing the self-assessment questionnaire initiative on a yearly basis and adapting the relevant UNHCR security training for staff accordingly.

19. In response to these recommendations, UNHCR will continue to implement an annual self-assessment and will update its related training material to reflect changes in the environment as part of the plan for the period 2024-2025.

## **B. The management of budget processes**

### **1. Budget preparation, planning and appropriation**

20. The Board observed that the resources of UNHCR are almost exclusively voluntary contributions and that the programme budget adopted annually by the UNHCR Executive Committee is based on a needs assessment, not on estimated revenue. In the Board's view, the programme budget has several limitations. In particular, the actual funding of UNHCR currently amounts to only around half of its expected level as set in the programme budget, which raises the question of the relevance of the needs assessment and of the approval granted.

21. The Board recommended that UNHCR design a strategy to bring its budgeting methodology in line with the Global Compact on Refugees, with a programme of work that better describes the organization's role and comparative advantage in relation to what is being done by other stakeholders. These efforts should also align with a sustainable programming approach that reinforces the principles of the Global Compact on Refugees by working with stakeholders to empower forcibly displaced persons, maximizing self-reliance and minimizing dependency on humanitarian aid. The Board further recommended that UNHCR improve its needs assessment methodology in order to better inform the budget process.

22. UNHCR is committed to the application of a sustainable programming approach across all operations, highlighting the organization's catalytic role and focusing on people-centred, inclusive and multi-stakeholder strategies. In the coming years, UNHCR will further engage with development actors. This approach aligns with the current needs-driven budgeting methodology that was introduced with the UNHCR results-based management system known as COMPASS and that also supports the implementation of the Global Compact for Refugees. Increased support will be provided to country operations to define a clear roadmap for sustainable programming, with context-specific guidance that is refined in consultation with regional bureaux. This will help ensure that budgets and plans align with the Global Compact for Refugees. Consultations with Member States are ongoing, including at meetings of the Standing Committee, and information shared as part of the UNHCR Global Report and the underfunded report. In 2024, significant progress has been made in reporting on budget allocations and prioritization.

### **2. Resource mobilization**

23. The Board noted that funds raised by UNHCR are far from meeting the assessed needs and that the funding gap varies from region to region. In addition, only one third of voluntary contributions are flexible, and multi-year funding has not reached sufficient levels. The Board further noted that the risk associated with UNHCR being dependent on a very limited number of public donors is critical. The Board further noted a positive trend in funding from private sources, but this would require further development. In addition, the progressive introduction of new financing models could also be explored.

24. The Board recommended that UNHCR leverage its resource mobilization strategy, including the new UNHCR private sector engagement strategy, to increase both the volume and quality of voluntary contributions in terms of flexibility, visibility of multi-year contributions and diversification.

25. In response to these recommendations, UNHCR is finalizing its new private sector engagement framework, which will be issued in the second half of 2024. This organization-wide approach seeks to attain results encompassing solutions, income and influence, harnessing the full potential of the private sector. In addition, UNHCR is in the process of assessing the feasibility of introducing new financing models progressively.

### **3. Budget implementation**

26. The Board observed that to implement the budget, UNHCR sets an annual target at the beginning of the year called the operating level, which is constantly updated by the High Commissioner. The Board further observed that an automated internal budget control is designed to ensure that at the level of each operation and within each budget category, no commitments can be incurred in excess of the available operating-level amounts. However, the Board noted that this system does not integrate the resource limits set by UNHCR financial rule 501.3, which must be reviewed periodically and separately to check for compliance. The Board further noted that staff costs have doubled between 2018 and 2023 and that in line with the Global Compact for Refugees, a realignment exercise was undertaken, the impact of which is becoming apparent in 2024.

27. The Board therefore recommended that UNHCR define and implement a comprehensive strategy to increase its efficiency. It should identify desirable business process re-engineering and opportunities to consolidate back-office functions at the global and regional levels, while also taking advantage of the digital transformation resulting from the business transformation programme.

28. In response to these recommendations, UNHCR will develop a comprehensive efficiency agenda for the organization, enhance various dashboard and key cost indicators, and further rationalize back-office support functions, including by leveraging the automation introduced by the business transformation programme.

### **4. Accountability on budget management and reporting on performance**

29. The Board noted that the system of reporting to donors, although built after the actual spending, reflects their requirements and that the funding allocation to expenditure is still manually undertaken by UNHCR.

30. The Board also observed that budgetary reporting to the Executive Committee is aligned with the governance requirement but could be further strengthened. In particular, the Board stated that more substantial information should notably be provided on the prioritization process carried out at the operating level and on the implementation of prioritized allocation.

31. The Board recommended that UNHCR strengthen the quality of its reporting on the budget and results to both the Executive Committee and donors, and better use the performance framework as a managerial tool for the organization.

32. In response to these recommendations, in 2025, UNHCR will further strengthen reporting as part of its Global Report with information on results achieved globally at the outputs level, using core output indicators, and in enabling areas.

## **C. The management of large camps by the Office of the United Nations High Commissioner for Refugees**

33. The Board reviewed the management of large camps by UNHCR and made several observations, of which the main highlights are captured below.

## **1. Management strategy and knowledge of large camps**

34. The Board noted that although country strategies exist, there are no tailored strategies for the management of camps. The Board further observed a great diversity among these large camps in terms of the situations faced by displaced persons, such as the conditions in the host countries with regards to freedom of movement and access to work.

35. The Board recommended that UNHCR strengthen its strategy and knowledge of the large camps, in particular by defining priority actions; by regularly collecting and updating quantitative and qualitative operational data on the populations concerned, including by means of statistical estimates; and by providing structured communication on the situation in these camps and the results of their management.

36. In response to these recommendations, UNHCR will develop a methodology on statistical estimates for camps and will establish a site management system, which will be combined with enterprise data from UNHCR in order to become the only source on operational data. The site management system will be accessible through a revamped data portal managed by UNHCR, thus providing information on camp situations that is better structured.

## **2. Alternatives to large camps and exit solutions**

37. The Board noted that the existence of camps on the long term and protracted situations raised the issue of exit solutions. In this regard, the costs related to large camps for both UNHCR and host governments are an incentive for moving towards alternatives. The Board also observed that UNHCR has made significant efforts to promote solutions as well as inclusion within host communities or the transformation of camps into settlements, which have led to some successes. However, a more proactive, collaborative and operational approach is still needed. Therefore, the Board recommended that UNHCR expand the initiatives to promote, where possible, alternatives to large camps and exit solutions.

38. In response, UNHCR will issue a new urban policy which will articulate the importance of interventions that avoid encampment and prioritize urban responses whenever possible. UNHCR will also develop a guidance note on transforming camps into integrated settlements. UNHCR policy directions will specifically refer to “inclusion from the start”, while also promoting sustainable programming.

## **3. Registration processes, needs assessments and expenditure**

39. The Board noted some weaknesses in the registration processes in large camps and that the registration procedures remain fragile and vulnerable to fraud, resulting in inconsistent effectiveness. In the Board’s view, improving the inter-operability of data in operations where information is exchanged between UNHCR and other entities, such as the World Food Programme (WFP), appears to be key.

40. The Board also noted that the needs of large camps are neither specifically isolated in the budget development process, nor in related expenditure in the implementation phase, even if some of the goods and services identified are specifically requested for camps.

41. The Board recommended that UNHCR improve registration processes in large camps, including by: reviewing the guidelines on registration and identity management in order to foster a continuous registration approach, or to conduct verification exercises or a census in case this approach is not feasible; reinforcing capacity-building and support on anti-fraud procedures; and implementing an interoperable data gateway in all operations where information is exchanged between UNHCR and WFP. The Board further recommended that the UNHCR budget process be better informed by the needs and expenditure associated with the management of large camps.

42. In response to these recommendations, UNHCR will review and update the guidelines to promote a shift more towards continuous registration, leveraging the UNHCR digital gateway platform as the most cost-efficient option to verify presence in a situation where a traditional verification cannot be efficiently conducted. Anti-fraud focal points will be nominated in operations with large camps. In addition, a revision and re-launch of the digital

learning course on integrity, in line with the new policy and procedures, is expected to be completed in 2025.

#### **4. Governance of large camps, coordination and service delivery**

43. The Board observed that UNHCR places particular emphasis on its role in coordinating activities in camps and that the organization's mandate includes leadership responsibilities in refugee emergency responses as well as a coordination role in inter-agency refugee responses, in cooperation with host governments.

44. The Board also noted that the number of sectors of assistance is determined by the context, refugee needs and operational priorities, while the coordination of those sectors is based on the presence and expertise of partners in the field, as well as on global agreements. In refugee responses, UNHCR is the provider of last resort and therefore, in case of critical gaps, UNHCR may need to fill these by undertaking life-saving activities.

45. The Board therefore recommended that UNHCR strengthen its relations with the United Nations resident coordinator system to better integrate refugee issues into the system-wide United Nations strategy in the host country in order to develop synergies and avoid the duplication of efforts; better identify and mitigate the risks related to the protection of forcibly displaced persons in large camps; and examine ways of improving coordination in the management of the large camps by clearly defining, through an update of the refugee coordination model, the key tasks entrusted to UNHCR and those for which partners are responsible.

46. In response to these recommendations, UNHCR will continue to strengthen relations with the United Nations Development Coordination Office and Resident Coordinators at both global and local levels. At the global level, a policy dialogue between UNHCR and the Development Coordination Office has been proposed to focus on areas of common interest. At the country level, UNHCR has developed a guidance note on engagement with the United Nations Sustainable Development Cooperation Framework. UNHCR will also expand the use of the appraisal tool on the inclusion of forcibly displaced and stateless persons in national frameworks for the achievement of the sustainable development goals<sup>2</sup> to additional countries in collaboration with the United Nations Development Programme (UNDP) and in accordance with the UNHCR global collaboration framework for inclusion and solutions 2023-2025. UNHCR will continue monitoring the implementation of the commitments at country level related to the United Nations Common Pledge 2.0, which are led by the Resident Coordinators.

47. Regarding the identification of and response to protection risks for persons living in large camps, UNHCR will pursue and strengthen multi-year protection and solutions strategies at the country level, and will support operations in their efforts to implement and monitor risk mitigation activities related to the prevention of gender-based violence, across the UNHCR sectoral response.

48. Moreover, UNHCR is at the final stage of consultations to update the guidance on the refugee coordination model of 2019, capitalizing on over 10 years of lessons learned from its implementation.

#### **5. Performance and accountability**

49. The Board observed that there is insufficient information about the costs and performance in terms of the management of large camps. Donors, host countries and beneficiaries are not informed of the costs of camps compared to other solutions, due in part to the presentation of the UNHCR budget and reporting without distinction between refugees in camps and those in urban areas. According to the Board, in a context of financial constraints, UNHCR would benefit from a reflection on how to improve accountability, efficiency and effectiveness of camp management. The Board therefore recommended that UNHCR improve reporting on the management of large camps, including costs and results

<sup>2</sup> See the UNDP-UNHCR appraisal tool on the inclusion of forcibly displaced and stateless persons available on UNDP global website.

achieved, and develop scenarios for making savings and increasing efficiency and effectiveness.

50. UNHCR introduced its new results-based management system in 2021 with a completely new framework to demonstrate impact and outcomes from its work. In 2025, the Global Report will be further strengthened with results at the output level, using core output indicators. This will also improve understanding of the costs relating to large camps and results achieved in such settings. Furthermore, from 2024 onwards, the new business transformation programme systems that are in place will enable UNHCR to consolidate financial, operational and results-related data in a more efficient way for management and reporting purposes, including in relation to those places where UNHCR has large camps.

### **III. Conclusion**

51. UNHCR reiterates its commitment to addressing the recommendations made by the Board and to further improving processes, systems and controls in order to mitigate the identified risks. The Board's findings and recommendations will help the organization prioritize its resources in those areas where it is most exposed to risk.



## Annex

### Key recommendations issued in 2023 or outstanding from prior years and the measures taken to address them

<i>Recommendations (audit report year/paragraph number)</i>	<i>Measures to address the recommendations</i>
<b>I. Key recommendations issued in the 2023 audit report (A/79/5/Add.6)</b>	
<b>A. Finance</b>	
<p>2023/29 – The Board recommends that UNHCR achieve a level of processing of financial reports from implementing partners at the date of certification of financial statements at least as high as was the case in the previous ERP system at the comparable time.</p> <p>(paragraph 29 of the 2023 audit report)</p>	<p>For 2024 partnership project agreements, UNHCR is using the newly implemented reporting, oversight and monitoring system, known as PROMS, which will facilitate the processing of the corresponding project financial reports. UNHCR has also provided training to operations on the project financial reports processing functionality of PROMS and issued guidance materials to support the utilization of this new tool by field offices. This will ensure that the challenges faced in 2023 with partners’ reporting during the transition period will be substantively addressed.</p>
<p>2023/36 – The Board recommends that UNHCR, for the next financial year, implement an automated report within Cloud ERP that enables control at entity level of all un-invoiced receipts that are accrued at the end of the reporting period.</p> <p>(paragraph 36 of the 2023 audit report)</p>	<p>UNHCR will develop a new report or repurpose existing standard reports that will provide the un-invoiced receipts that are, or should be, accrued by the end of reporting period. UNHCR will also work with the software vendor to resolve technical constraints in the reporting platform that impeded the generation of reports in 2023.</p>
<p>2023/46 - The Board recommends that UNHCR monitor the implementation of scheduled automations in Cloud ERP to ensure that they are fully in place and reliable for the next reporting period.</p> <p>(paragraph 46 of the 2023 audit report)</p>	<p>UNHCR will continue to monitor manually operated processes that can eventually be scheduled and automated. This could include processes such as accounts payable invoice validations, invoice approval initiation, invoice accounting, auto-reconciliations of bank statements and other processes related to activities for opening and closing the accounting periods.</p>
<p>2023/66 – The Board recommends that UNHCR strengthen users’ rights and access management for Cloud ERP by: (i) performing a review of all users with privileged roles; (ii) activating automated controls to detect inappropriate role combinations; (iii) implementing advanced transaction controls and developing procedures to clear inappropriate transactions; and (iv) using advanced audit controls to track atypical use of the ERP.</p> <p>(paragraph 66 of the 2023 audit report)</p>	<p>UNHCR will have its assigned focal points in country operations perform frequent reviews of the roles and privileges in Cloud ERP as well as maintain reports to evidence those reviews. UNHCR will also implement both the advanced access controls to highlight conflicting privileges and the advanced transaction controls to detect suspicious transactions. This will include a review of the privileges assigned to roles within UNHCR.</p>
<p>2023/82 – The Board recommends that UNHCR improve the management of incidents</p>	<p>UNHCR is working with both the product vendor and the maintenance provider to review and</p>

<i>Recommendations (audit report year/paragraph number)</i>	<i>Measures to address the recommendations</i>
<p>for Cloud ERP by: (i) enforcing maintenance clauses in the service level agreement with the provider; (ii) reducing the number of travel process incidents, starting with the most critical ones; and (iii) using the “regular incident classification” to assign more appropriately the incidents.</p> <p>(paragraph 82 of the 2023 audit report)</p>	<p>prioritize incidents, and it has already resolved many key travel-related issues. In 2024, additional resources were also utilized to analyse and address the backlog in processing travel issues. This improves the response time to resolve technical and functional issues.</p> <p>UNHCR has also agreed with the provider to use category and subcategory incident fields to further identify and analyse root causes of incidents for resolution. Additionally, ServiceNow resolution groups are periodically reviewed to ensure appropriate incident classifications.</p>
<p>2023/95 – The Board recommends that UNHCR strengthen the management of IT security by: (i) implementing on a yearly basis the self-assessment questionnaire initiative and adapting the staff security training accordingly; (ii) developing specific training sessions for the information security focal points; (iii) pursuing anti-phishing campaigns and adapting training and communication on this threat accordingly.</p> <p>(paragraph 95 of the 2023 audit report)</p>	<p>Having initiated the self-assessment questionnaire on security standards and requirements in 2023, UNHCR will continue to implement it annually and update the training material to reflect environment changes as part of the 2024-2025 plan. UNHCR will also prepare an action plan to include all relevant stakeholders in mandatory cybersecurity training, including partner staff who have access to UNHCR information systems. Anti-phishing campaigns will continue, with the results being used to tailor and improve training.</p>
<p><b>B. Management of budget processes</b></p>	
<p>2023/131 – The Board recommends that UNHCR: (i) define a strategy to bring its budgeting methodology in line with the Global Compact on Refugees, with a programme of work that better describes the organization’s role and comparative advantage in relation to what is being done by other stakeholders, and in line with sustainable programming; (ii) consult and agree with Member States on the most suitable ways to expand and improve information on allocations, priorities, trade-offs and urgent gaps based on funds available against the approved programme of work, so that they have greater visibility and understanding of UNHCR activities on the ground, including, but not limited to, the provision of improved information in the budget and funding updates provided three times a year.</p> <p>(paragraph 131 of the 2023 audit report)</p>	<p>In relation to the part (i) of the recommendation, increased support will be provided to country operations through the regional bureaux, for defining a clear roadmap for the implementation of sustainable programming in specific contexts. Guidance on sustainable programming will be refined and will include a description of the role and comparative advantage of UNHCR in relation to the efforts of other stakeholders to guide country operations in planning and budgeting, as well as in the results phases. Therefore, through intensified attention on sustainable programming, UNHCR budgets and plans will reflect further strategic alignment with the Global Compact on Refugees.</p> <p>Regarding the part (ii) of the recommendation, consultations continue to take place with Member States on the most suitable way to provide them with information, including in the context of the meeting of the Standing Committee of the Executive Committee. In 2024, UNHCR has made significant progress in the provision of information on allocations, priorities and trade-offs, including through Standing Committee presentations, the Global Report and the underfunded report.</p>

<i>Recommendations (audit report year/paragraph number)</i>	<i>Measures to address the recommendations</i>
<p>2023/132 – The Board recommends that UNHCR improve its needs assessment methodology in order to better inform the budget process.</p> <p>(paragraph 132 of the 2023 audit report)</p>	<p>UNHCR is planning to update its needs assessment handbook and further strengthen the recently established assessment and monitoring resource centre, which provides practical tools for various types of operational planning assessments. In addition, an assessment module will be included in the e-learning course accompanying the programme handbook that will be issued in early 2025. Consultations will be undertaken within divisions at UNHCR Headquarters and with regional bureaux and operations to enhance guidance and ensure that assessment data better informs the budget preparation.</p>
<p>2023/171 – The Board recommends that UNHCR leverage its resource mobilization strategy, including the new private sector engagement strategy to: (i) increase both the volume and quality of its voluntary contributions, in terms of flexibility, multi-year visibility and diversification, including by demonstrating to donors the impact of its operations; and (ii) assess the pros and cons and feasibility of progressively introducing new financing models.</p> <p>(paragraph 171 of the 2023 audit report)</p>	<p>UNHCR is finalizing its new private sector engagement framework in 2024. This organization-wide approach aims to attain results encompassing solutions and income and harness the full potential of the private sector. Sustained and increased, investment into the acquisition and retention of new supporters will continue to be essential in its delivery.</p> <p>Additionally, UNHCR is assessing the feasibility of introducing new financing models and will complete this assessment by the end of 2024. UNHCR also plans to address any further action points, including consulting Member States as appropriate, in 2025 and 2026.</p>
<p>2023/218 – The Board recommends that UNHCR define and implement a comprehensive strategy to increase its efficiency, identifying desirable business process re-engineering, opportunities to consolidate back-office functions at a global or regional level, taking advantage of the digital transformation resulting from the business transformation plan, and ensuring that the Organization develops measures to monitor and report on this strategy.</p> <p>(paragraph 218 of the 2023 audit report)</p>	<p>UNHCR will develop a comprehensive efficiency agenda for the organization, including measures to monitor and report on this corporate agenda, and will further refine and enhance various dashboards and key cost indicators, which will be made available to operations and regional bureaux to better support efficiency monitoring. Bureaux will be asked to organize regional sessions on aspects of cost efficiency and measurement to raise staff-awareness. Back-office support functions will be further rationalized to leverage the automation provided by the new system adopted as part of the business transformation programme. Building on the Finance Hub experience established in 2022 in response to the Ukraine emergency, UNHCR will explore further centralizing invoice processing, payments, bank reconciliations and travel claims globally. This will increase efficiencies by reducing the administrative burden on the field operations, while also strengthening internal controls and fraud prevention.</p> <p>An enhanced organization design entity, the Design and Development Service, will be created to support implementing the management vision of UNHCR and advise on optimizing effectiveness and efficiency and streamlining the “fit-for-purpose” UNHCR architecture, processes and systems to</p>

<i>Recommendations (audit report year/paragraph number)</i>	<i>Measures to address the recommendations</i>
<p>2023/241 – The Board recommends that UNHCR strengthen the quality of its reporting on budget and results to both the Executive Committee and donors, and better use the performance framework as a managerial tool for the Organization.</p> <p>(paragraph 241 of the 2023 audit report)</p>	<p>achieve its strategic priorities, including those of the Global Compact on Refugees.</p> <p>UNHCR introduced a new results-based management system in 2021 with a new framework to demonstrate impact and outcomes from its work. The first Global Report using this new framework was published in June 2023 and the second report in July 2024. The 2023 Global Report was recognized by Member States for its quality, including analytics, summaries and conclusions, and navigability. In 2025, the report will be further strengthened with results at the output level, using core output indicators, and in enabling areas. These improvements, which were welcomed by Member States, will be useful for management purposes as the enhanced information on outputs and enabling indicators will better inform managerial needs. Furthermore, in 2024 and 2025, the new business transformation programme systems will be fully functional, enabling UNHCR to integrate financial, operational and results data more effectively in management processes and reporting.</p>
<p><b>C. Management of large camps by UNHCR</b></p>	
<p>2023/262 – The Board recommends that UNHCR strengthen its strategy and knowledge of the large camps, in particular by: (i) defining priority actions; (ii) regularly collecting and updating quantitative and qualitative operational data on the populations concerned, including by means of statistical estimates; and (iii) providing structured communication on the situation in these camps and the results of their management.</p> <p>(paragraph 262 of the 2023 audit report)</p>	<p>UNHCR will develop a methodology on statistical estimates for camps and will establish a site management system, which will be combined with the enterprise data from UNHCR in order to become the only source for operational data. The site management system will be accessible through a revamped data portal managed by UNHCR, thus providing information on camp situations that is better structured.</p>
<p>2023/278 – The Board recommends that UNHCR expand the initiatives to promote, where possible, a variety of alternatives and exit solutions to large camps.</p> <p>(paragraph 278 of the 2023 audit report)</p>	<p>UNHCR plans to issue a new urban policy in 2024 that highlights the importance of interventions by UNHCR that avoid encampment and promotes urban responses whenever possible. UNHCR will also develop guidance on sustainable programming to ensure inclusion and self-reliance of forcibly displaced and stateless people, and will provide field support to implement this approach in contexts hosting large camps. In addition, UNHCR will develop guidance on transforming camps into integrated settlements based on promising examples, including in Ethiopia and Kenya.</p>
<p>2023/301 – The Board recommends that UNHCR improve registration processes in large camps, including by: (i) reviewing the Guidelines on Registration and Identity Management in order to foster a continuous registration approach in a one-year cycle and to set verification schedules in case this approach</p>	<p>UNHCR will review and update the guidelines to promote continuous registration using the digital gateway as the most cost-efficient option for verifying presence in a non-verification setting. The guidance will be developed in 2025, with a digital gateway feature expected to be implemented in 2026. Anti-fraud focal points will be appointed in</p>

<i>Recommendations (audit report year/paragraph number)</i>	<i>Measures to address the recommendations</i>
<p>is not feasible; (ii) reinforcing capacity-building and support on anti-fraud procedures and ensuring a full application of the new policy and procedures on Addressing Fraud Committed by Forcibly Displaced and Stateless Persons, including the nomination of fraud local points where required; and (iii) implementing inter-operability gateway in all operations where data is exchanged between UNHCR and the World Food Programme.</p> <p>(paragraph 301 of the 2023 audit report)</p>	<p>operations with large camps. These efforts will be complemented by a 2025 revision of the integrity e-learning course to address new policies and procedures.</p> <p>Regarding data exchange, UNHCR has successfully implemented data exchanges with WFP, using an inter-operable data gateway in two operations. UNHCR will coordinate with WFP at headquarters level to design and implement a global roll-out plan to cover all operations where data is exchanged.</p>
<p>2023/316 – The Board recommends that UNHCR better inform the budget process with the needs and expenditure associated with the management of large camps.</p> <p>(paragraph 316 of the 2023 audit report)</p>	<p>UNHCR planning and budgeting occur at the country level, based on a bottom-up approach. Needs assessment, budgeting, planning and implementation for large camps follows the same process as for other planning and budgeting, with no separate process for large camps. Feasibility and technical assessments will be undertaken to find suitable ways to better identify needs and expenditures for camp management, enhancing knowledge and providing better information for budget preparation and management.</p>
<p>2023/335 – The Board recommends that UNHCR strengthen its relations with the United Nations resident coordinator to better integrate refugee issues into the system-wide United Nations strategy in the host country in order to develop synergies and avoid duplications.</p> <p>(paragraph 335 of the 2023 audit report)</p>	<p>UNHCR will continue to strengthen relations with the Development Coordination Office and Resident Coordinators at both global and local levels. At the global level, there is a proposed policy dialogue between UNHCR and the Development Coordination Office that will focus on: (i) how to improve and clarify coordination and leadership structures and accountabilities for countries with a significant refugee response in a development context; and (ii) how the United Nations Sustainable Development Cooperation Framework and refugee response plans can be better linked.</p> <p>At the country level, UNHCR has developed a guidance note on engagement with the United Nations Sustainable Development Cooperation Framework. In the context of the proposed dialogue between UNHCR and the Development Coordination Office, an interim guidance note will be updated and finalized based on the dialogue's outcome. UNHCR will also expand the use of the appraisal tool on the inclusion of forcibly displaced and stateless persons in national frameworks for the achievement of the Sustainable Development Goals to additional countries, according to the UNDP-UNHCR Global Collaboration Framework for Inclusion and Solutions. The appraisal tool aids in identifying and analysing critical factors for delivering sustainable solutions to forcibly displaced and stateless populations, supporting Resident Coordinators in including the issue of forced displacement in the United Nations Sustainable Development Cooperation Framework.</p>

<i>Recommendations (audit report year/paragraph number)</i>	<i>Measures to address the recommendations</i>
2023/352 – The Board recommends that UNHCR better identify and mitigate the risks related to the protection of persons of concern in large camps, including those concerning gender-based violence, and reinforce capacity-building in this field.  (paragraph 352 of the 2023 audit report)	UNHCR will pursue and strengthen the multi-year protection and solutions strategies at country level and will support operations in implementing and monitoring risk mitigation activities related to the prevention of gender-based violence across UNHCR sectoral responses within available resources. Regional bureaux will also advise operations to assess whether substantial residual risks exist in protection or other sectoral programming, and reflect it in their risk register to ensure proper management.
2023/364 – The Board recommends that UNHCR study ways of improving coordination in the management of the large camps, by clearly defining, through an update of the refugee coordination model, the priority tasks entrusted to UNHCR and those for which the other partners are responsible.  (paragraph 364 of the 2023 audit report)	UNHCR is in the final stage of consultations to update the guidance on the 2019 refugee coordination model. The 2024 update will capitalize on over 10 years of lessons learned from the model's implementation. Through the refugee coordination model, UNHCR is committed to establishing predictable, inclusive, collaborative, efficient and effective coordination with partners that complement expertise and capacity. UNHCR advocates adequate and safe living conditions for refugees and discourages the establishment of camps where possible. The new guidance will provide direction on coordination arrangements for different sectors, including situations where refugee camps or settlements are to be established.
2023/378 – The Board recommends that UNHCR improve reporting on the management of large camps, including costs and results achieved, and develop scenarios for making savings and increasing efficiency and effectiveness.  (paragraph 378 of the 2023 audit report)	UNHCR introduced a new results-based management system in 2021 with a completely new framework to demonstrate impact and outcomes from its work. In 2025, the Global Report will be further strengthened with results at the outputs level, using core output indicators, which will be useful to better understand costs and results achieved in large camps. Furthermore, in 2024 and 2025, the new business transformation programme's systems will enable UNHCR to integrate financial, operational and results data in management processes and reporting, including with respect to large camps sites.

## **II. Key recommendations issued in the 2022 audit report (A/78/5/Add.6)**

### **A. Finance and budget**

2022/63 – The Board recommends UNHCR take the opportunity of the new Cloud ERP to improve the quality of the freight costs calculation.  (paragraph 63 of the 2022 audit report)	UNHCR will implement a new approach for calculating freight costs using the standard functionalities of Cloud ERP, where freight costs are identified, associated with and added to the purchase value of the goods each time that they are received. The standard uplifts will be modified regularly based on recent actual experience. The new functionality is being prepared and tested.
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### **B. Risk management**

2022/212 – The Board recommends that UNHCR adopt, as a complement to the issuance of its corporate risk appetite statement, a	UNHCR is in the advanced stages of drafting a global risk appetite statement. Four pilot country operations have identified key risk indicators and
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<i>Recommendations (audit report year/paragraph number)</i>	<i>Measures to address the recommendations</i>
<p>consistent methodology for defining internally its tolerance for operational risks at field level.  (paragraph 212 of the 2022 audit report)</p>	<p>started collecting corresponding data. Based on the findings, UNHCR will then develop a methodology defining tolerance for operational risks to be rolled out more broadly.</p>
<b>C. Procurement</b>	
<p>2022/267 – The Board recommends that the Administration revise the 2021 procurement framework by: (a) lowering the threshold of formal solicitation to ensure effective monitoring and oversight over procurement actions; and (b) addressing key loopholes, particularly in terms of planning, training and staff qualifications.  (paragraph 267 of the 2022 audit report)</p>	<p>UNHCR is finalizing the revision of its administrative instruction on procurement, introducing lower financial thresholds for formal solicitation methods at the level of country operations. The new administrative instruction is aligned with the supply strategy and operating model, defining procurement responsibilities and oversight and addressing part (a) of the recommendation. It provides a comprehensive description of roles, accountabilities and authorities across country operations, regional bureaux and headquarters, which is essential for effective implementation of the supply operating model. Regarding the part (b) of the recommendation on procurement planning and staff qualifications, UNHCR conduct an annual review based on the consolidated procurement plans from country operations and is developing a workforce development plan aligned with the new supply strategy for the period 2024-2030. This plan will offer new training and toolkits for supply staff at different levels.</p>
<p>2022/297 – The Board recommends that UNHCR enhance strategic leadership on procurement at the highest level and allocate as efficiently and effectively as possible the procurement activities to be carried out at the level of country operation, regional bureau and headquarters.  (paragraph 297 of the 2022 audit report)</p>	<p>The new UNHCR supply strategy, issued in May 2024, introduced a new supply operating model, which recalibrates the roles and responsibilities between UNHCR global, regional and local supply teams, ensuring alignment of day-to-day operations with strategic objectives. The model enhances collaboration, accountability and oversight across regions and functional areas by aligning resources, supply processes and expertise. Although the full roll-out is ongoing, UNHCR considers this recommendation substantially addressed at this stage.</p>
<p>2022/315 – The Board recommends that UNHCR define and implement a prioritized demand and supply planning for each entity, and define tools and additional mechanisms to monitor the procurement throughout the year.  (paragraph 315 of the 2022 audit report)</p>	<p>The new supply operating model as implemented by UNHCR envisions a stronger role for the supply teams of the regional bureaux in coordinating annual procurement planning and consolidation at the regional level. UNHCR will also review which part of the aggregated procurement plan should be sourced internationally (through the Supply Management Service at Headquarters) versus locally (through local or regional supply teams). Furthermore, UNHCR will explore solutions using the demand and supply plan based on a categorization triggered by the area of business cost code in the Cloud ERP.</p>

<i>Recommendations (audit report year/paragraph number)</i>	<i>Measures to address the recommendations</i>
2022/369 – The Board recommends that UNHCR strengthen the role of the second “line of defence” on key internal controls on procurement processes, including at the regional level.  (paragraph 369 of the 2022 audit report)	The new supply operating model strengthens the role of regional bureaux within the second line model, giving them responsibility for complex local purchases previously handled by country teams. Regional bureaux will have enhanced responsibilities for reviewing and monitoring contract award recommendations and procurement case submissions to the headquarters committee on contracts (previously managed directly by the supply function at Headquarters). Additionally, the upcoming revision of the procurement policy and administrative instruction will introduce provisions to further strengthen the role of regional bureaux in validating, overseeing and consolidating country procurement plans for all requirements exceeding the threshold for requests for quotation.
2022/410 – The Board recommends that UNHCR regularly undertake a review of the most frequent cases of non-compliance in procurement identified by the relevant procurement review authority, and put in place appropriate measures to tackle the root causes of these weaknesses, in order to improve the oversight on procurement processes at all levels.  (paragraph 410 of the 2022 audit report)	With the full implementation of the Cloud EPR, procurement processes are standardized, allowing better identification of non-compliant transactions using exception reports in Cloud ERP. Moreover, the revised administrative instruction on procurement, along with the updated instruction on committees on contracts, aims to provide enhanced guidance to tackle the causes of non-compliance identified and reinforce mechanisms for more effective oversight of procurement actions.

### **III. Key recommendations issued in the 2021 audit report (A/77/5/Add.6)**

#### **A. Reform initiatives**

2021/27 – The Board recommends that UNHCR follow-up on the impact and costs of the decentralization and regionalization reform through completing a comprehensive evaluation to establish if the intended results foreseen in the 2019 framework decisions on decentralization and regionalization have been achieved.  (paragraph 27 of the 2021 audit report)	A comprehensive evaluation of the decentralization and regionalization reform is included in the 2023-2024 work programme of the UNHCR Evaluation Office and is expected to be completed in the fourth quarter of 2024.
2021/37 – The Board recommends that UNHCR summarize existing documents into one formal accountability framework that defines roles, authorities and accountabilities in the organization in a compulsory manner and that it include reporting lines and authorities.  (paragraph 37 of the 2021 audit report)	In 2022, UNHCR revised and issued an updated version of the roles, accountabilities and authorities for country offices, regional bureaux and headquarters divisions based on the lessons learned over the first three years of decentralization and regionalization. The roles, accountabilities and authorities, together with policies and administrative instructions, form the foundation block of the UNHCR accountability framework, and are a guide to empowering teams and supporting decision-making at every level of the organization. UNHCR will issue a formal accountability framework by the end 2024. The framework will complement these efforts by



<i>Recommendations (audit report year/paragraph number)</i>	<i>Measures to address the recommendations</i>
	clarifying the overall accountability objectives of UNHCR and providing an overview of its organization-wide accountability systems and principles.
<b>B. Budget and finance</b>	
<p>2021/294 – The Board recommends that UNHCR design additional automated key performance indicators that can be objectively calculated on the basis of data recorded in the new enterprise resource planning system and that complement the information used in generating the statement of internal control.</p> <p>(paragraph 294 of the 2021 audit report)</p>	<p>As part of the project on the Cloud ERP, UNHCR will identify relevant key performance indicators that can be extracted from this system for assessing the functioning of various controls. These indicators will complement the information collected through the self-certified internal control questionnaire and will be used to prepare the statement of internal control.</p> <p>The first version of a dashboard called the country financial report that contains data supporting the calculation of key performance indicators has been launched in June 2024 using the new technology, Fusion Analytics. The development of additional country financial reports and metrics is ongoing and will be tested during the preparation of the internal control questionnaire for 2024.</p>
<b>C. Human resources management</b>	
<p>2021/395 – The Board reiterates its recommendation that UNHCR establish an overarching strategy for workforce planning purposes (A/76/5/Add.6, chap. II, para. 288) and emphasizes that the strategy framework should outline how trends could be assessed.</p> <p>(paragraph 395 of the 2021 audit report)</p>	<p>UNHCR has drafted an overarching strategy for workforce planning with a results framework, which will be finalized in 2024. To further develop its workforce planning approach and by leveraging the new capabilities of the human resources system, known as Workday, UNHCR has initiated the design of a workforce planning module. This solution aims to enhance strategic workforce planning in UNHCR, align the workforce with multi-year plans and strategies, reduce misalignment risks, optimize workforce and structures, and improve the efficiency and effectiveness of operations and divisions.</p>

<i>Recommendations (audit report year/paragraph number)</i>	<i>Measures to address the recommendations</i>
<b>IV. Key recommendations outstanding from the 2020 audit report (A/76/5/Add.6)</b>	
<p>2020/89 – The Board recommends that UNHCR continue to review the impact of the changes to its budgetary structure on management efficiencies, analyse the benefits of the changes proposed, communicate the result of the analysis and provide assurance that the proposed budgetary structure meets the requirements of transparency and quality.</p> <p>(paragraph 89 of the 2020 audit report)</p>	<p>UNHCR will continue to examine its amended budget structure over the next budget cycles, with a view to report to its Executive Committee as required by the relevant decision in the report of the seventy-first session of the Executive Committee of the High Commissioner’s Programme (A/AC.96/1209).</p> <p>In October 2021 the Executive Committee approved the annual programme budget for 2022 of the Office of the United Nations High Commissioner for Refugees, presented in document <a href="#">A/AC.96/1213/Rev.1</a>, the first report to reflect the new global results framework of UNHCR. The UNHCR annual programme budget for 2023, presented in <a href="#">A/AC.96/1224</a>, was also reviewed and approved by the Executive Committee. This provided a new opportunity to assess whether Member States have any concerns relating to the new budgetary structure, as well as its transparency and quality.</p> <p>Further improvements in the budget presentation were made to the 2024 programme budget, approved by the Executive Committee in October 2023, through the introduction of a new budget line for countrywide operational technical support cost at country and regional programmes level.</p>
<b>V. Key recommendations outstanding from the 2019 audit report (A/75/5/Add.6)</b>	
<b>Deployment of a new registration case management system and data protection</b>	
<p>2019/343 – The Board recommends that the representatives of country operations confirm to the regional bureaux and to headquarters with their signatures the decommissioning of proGres v3.</p> <p>(paragraph 343 of the 2019 audit report)</p>	<p>UNHCR confirms that its registration and case management system called proGres version 3 generation is obsolete and no longer utilized, and it has been successfully decommissioned in 96 per cent of the instances as at 1 August 2024, with the remaining 4 per cent representing a few exceptions due to operational and regional complexities. The majority of UNHCR country operations have transitioned to a centralized version of proGres, with Headquarters collecting proGres v3 database backups post-migration to the newer proGres v4, storing data in a central repository. In February 2024, the Global Data Service communicated the standard operating procedures for the final stage of the decommissioning process to the regional bureaux. For those operations using proGres v4, UNHCR confirms full compliance with the standard operating procedures. UNHCR thus considers this recommendation substantially addressed.</p>