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Financial statements for the year 2012 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 period ended December 2012

Report by the High Commissioner

Addendum

**Key issues and measures taken in response to the Report of
the Board of Auditors for 2012***

* Late submission due to the late release of A/68/5/Add.5, on which this document is based.

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I. Introduction

1. This report provides an overview of the key findings of the Board of Auditors in its audit of the financial statements of the voluntary funds administered by the United Nations High Commissioner for Refugees for the year ended 31 December 2012¹, as well as measures taken or proposed by the Office in response to the main recommendations.

2. For the first time, UNHCR prepared its financial statements for the period ended 31 December 2012 in accordance with the International Public Sector Accounting Standards (IPSAS). Following its examination, the Board of Auditors concluded that the financial statements were presented fairly, in all material respects and in accordance with IPSAS, for year ended 31 December 2012. As part of its 2012 examination, the Board undertook field visits to UNHCR operations in Côte d'Ivoire, Jordan, Sri Lanka and Uganda, and to the global stockpile warehouses in Copenhagen and Dubai. As part of the performance audit, the Board also reviewed UNHCR's vehicle fleet management and made preliminary findings from an examination of the delivery of health services to persons of concern, which will be completed as part of the audit of the 2013 financial statements.

3. For the audit of the 2012 financial statements, the Board reported key issues and recommendations in the following four areas: (i) implementation of International Public Sector Accounting Standards (IPSAS); (ii) financial reporting; (iii) inventory management; and (iv) vehicle fleet management. This document lists the key findings and main recommendations made by the Board of Auditors for these four areas, including an analysis of each. It also outlines how UNHCR plans to address the risks identified in regard to the 27 recommendations made by the Board.

4. In respect to the recommendations made by the Board in 2011 and previous years, the Board noted that UNHCR fully implemented 12 recommendations and is in the process of addressing some 40 outstanding recommendations. Many of these are expected to be implemented in 2013. Therefore, the Board indicated that there should be a significant increase in the number of fully implemented recommendations when it reports on the 2013 financial statements. The Board also recognized that many of its previous recommendations require structural or far-reaching action and, therefore, progress to deliver in some areas will take time. Some examples of these areas include implementation of an organization-wide approach to risk management, development of an enhanced framework for implementation with partners, and improved management of procurement. An update on the implementation status and follow-up actions for outstanding recommendations from previous years is available on UNHCR's website at www.unhcr.org/excom, under *Standing Committee documentation*.

II. Key audit issues relating to the 2012 financial statements

A. Implementation of International Public Sector Accounting Standards

5. The Board noted that the implementation of IPSAS in 2012, resulting in the production of the Office's first set of IPSAS-compliant financial statements, is a significant achievement reflecting strong management commitment to the execution of an agreed IPSAS project implementation plan. The adoption of IPSAS – which enhances financial management and reporting – and the increase in UNHCR's expenditure over recent years have led to the need for more robust financial management. The financial statements provide users with detailed information on UNHCR's resources and obligations as at

¹ A/68/5/Add.5, *Voluntary funds administered by the United Nations High Commissioner for Refugees, Financial report and audited financial statements for the year ended 31 December 2012 and Report of the Board of Auditors*, as referenced in A/AC.96/1124.

31 December 2012 and on the movements in resources during the financial period. With respect to property, plant and equipment (PPE), UNHCR has opted for the transition provision under IPSAS allowing five years to fully account for these assets. As a result of adopting IPSAS, a number of adjustments were made to the opening balances at 1 January 2012, which were audited by the Board throughout 2012, including through the examination of interim financial statements in May and September 2012.

6. As advised by the Board, UNHCR will continue to follow up and report on the realization of the benefits of adopting IPSAS, identifying key benefits arising from improved processes, more accurate recording and greater transparency of financial information. IPSAS benefits will continue to be monitored by the relevant Divisions, under the close coordination of the Office of the Controller. The enhanced information available on the use of resources and the extent of liabilities will be used to improve management of all areas, including property, plant and equipment; inventory; payroll and other employee benefits. UNHCR is continuing to work, as a priority, on the robustness of its asset registers and the accuracy of UNHCR inventory information at year-end, and is committed to address the weaknesses in inventory controls as identified by the Board in its report. In addition, UNHCR will continue to strengthen the capacity for financial management in the field and to ensure compliance with procedures that reduce fraud risks and errors in financial reporting.

B. Financial reporting

7. The Board highlighted that regular financial monitoring, which is essential to strong management and budgetary control, requires timely information with appropriate detail and a supporting narrative to focus management's attention on areas of concern, unusual activities or risks. The Board encouraged UNHCR to consider comprehensively what its key information needs are and advised that management reports and dashboards should be readily available and regularly reviewed to identify the need for corrective action.

8. As recognized by the Board of Auditors, UNHCR has made increased and concerted efforts to enhance internal financial reporting. It has developed quarterly senior management financial reports and analysis for the directors of its regional bureau and divisions, as well as a monthly summary report (dashboard) of indicators for country representatives, which are planned to be introduced during 2013. These reports, which will contain a dashboard of key indicators covering cash, accounts payable and receivable, inventory, PPE, implementing partners, and expenditure level versus budget, will assist the representatives with their management responsibilities. In this context, UNHCR has initiated a large-scale project to upgrade its finance and supply chain module of the PeopleSoft Enterprise Resource Planning system (MSRP). It is expected that this project will also address several concerns of the Board and bring a number of benefits, which include an enhanced system of security and controls; new functionalities for enhanced statutory and management reporting; donor reporting; resource management; and automation of some IPSAS functionalities that currently require manual processing.

Key risk identified: Resource management, financial monitoring and reporting.

C. Inventory management

9. With regard to inventory management and procurement, the Board of Auditors noted limited global coordination and integrated planning. It also found some deficiencies in accounting for inventory during the year, as the field did not adequately comply with requirements to update and reconcile inventory records at year-end. This is particularly important as inventories were accounted for, according to IPSAS, on the face of financial statements for the first time.

10. UNHCR is prioritizing improvements in the robustness and accuracy of inventory information. Current procedures for inventory and warehouse management and the gaps in compliance are under review. Revised standard operating procedures (SOPs) on inventory management will be issued, strengthening and clarifying procedures and responsibilities to ensure that physical inventory and accounting records remain up-to-date and reliable throughout the year. Furthermore, training will be arranged for UNHCR inventory focal points and partners with responsibility for inventory management. Missions to field operations with significant weaknesses in inventory management will support offices to correct the situation and provide training to supply staff. In addition, UNHCR has introduced monthly inventory reconciliations in the field. At the end of 2013, progress will be evaluated to determine the future course of action. Starting in the third quarter of 2013, all offices will be required to conduct and report centrally a physical count of inventories on a quarterly basis. UNHCR also plans to enhance its inventory management system to support more informed replenishment decisions (in particular for the management and procurement of core relief items).

Key risk identified: Accurate and reliable inventory information and efficient inventory management.

D. Vehicle fleet management

11. The Board of Auditors selected vehicle fleet management for detailed examination during its 2012 audit. The Board noted the lack of structured data and insufficient information to manage the vehicle fleet; the need to improve the level of professionalism and specialist guidance for fleet management; and the need to improve the management of vehicle deployment and use between countries and UNHCR field operations.

12. UNHCR has initiated a Global Fleet Management (GFM) project, which is expected to start in January 2014. The GFM project will address many of the deficiencies identified by the Board and UNHCR. As part of the GFM project, UNHCR will compile a comprehensive fleet management manual, with the first version expected by the end of 2014. Information on vehicle utilization levels will be improved and maintained across operations, including in the long-term through the installation of a vehicle tracking facility to allow for a comprehensive and systematic review of utilization levels. Meanwhile, support will be provided to country operations on a case-by-case basis to identify vehicles available for redeployment between country operations. The chart of accounts for vehicle costs will be revised to provide more specific and reliable information on operating costs. UNHCR is also in the process of rationalizing vehicle fleets, including reducing the number of models in the fleets and compiling a vehicle catalogue, to be finalized by the end of 2013.

Key risk identified: Cost effective and efficient management of vehicle fleet in UNHCR.

III. Main recommendations

A. Recommendation (paragraph 40)

13. The Board recommends that UNHCR establish the required number of suitably qualified personnel within its finance and project control posts in the field.

Measures taken by the Administration

14. UNHCR agrees with this recommendation but is constrained by resource availability. Effective 2013, the High Commissioner approved the creation of 50 finance, administrative/finance and project control positions to strengthen financial capacity in field

operations, to be filled through a phased approach, taking into consideration the biennial cycle as well as resource availability. Of 50 positions, 24 have been established to date. Due to resource constraints, the remaining 26 positions could not be filled; however, regional bureaux and operations have been asked to prioritize and budget for the remaining posts in 2014, taking into account changed circumstances and priorities.

B. Recommendation (paragraph 43)

15. The Board recommends that UNHCR review its current scheme of delegations to establish a consistent framework for authorizing the writing off or disposal of assets.

Measures taken by the Administration

16. UNHCR considers this recommendation implemented. In July 2013, UNHCR issued revised rules and procedures for Asset Management Boards, including harmonized and consistent thresholds for authorizing the disposal of different types of assets. The delegation of authority for writing off monetary assets has also been revised and streamlined through new policy instructions and procedures, which were issued in July 2013.

C. Recommendation (paragraph 51)

17. The Board recommends that UNHCR: (a) review its procedures for the management of inventory throughout the organization to ensure they remain appropriate for the operating environments; (b) identify and address the reasons for the widespread non-compliance with current inventory procedures; and (c) develop and implement revised inventory procedures to ensure that physical inventory and the accounting records remain up-to-date and reliable.

Measures taken by the Administration

18. In view of weaknesses in inventory management in a number of operations, and as noted above in paragraph 10, UNHCR has begun reviewing the current procedures related to inventory and warehouse management and identifying reasons for gaps in compliance. Based on this, revised SOPs on inventory management will be issued, strengthening and clarifying procedures and responsibilities to ensure that physical inventory and accounting records remain up-to-date and reliable throughout the year. The SOPs will also become an element of the agreements between UNHCR and its implementing partners. Furthermore, training will be arranged for UNHCR inventory focal points and partners with responsibility for inventory management. Missions to field operations with fundamental weaknesses in inventory management will support offices to correct the situation and provide training to supply staff.

D. Recommendation (paragraph 57)

19. The Board recommends that UNHCR enhance its inventory management systems to support more informed replenishment decisions, including alerting supply officers when inventory levels are below a designated minimum level and directing supply officers to the most efficient replenishment option.

Measures taken by the Administration

20. In order to comprehensively address this recommendation, UNHCR is developing new SOPs for planning supply needs of core relief items, including annual purchasing needs and replenishment procedures. These new SOPs will be a clear and simple tool to guide operations in assessing core relief items needs for the next period, establishing safety stock levels with a designated minimum level in each warehouse worldwide as well as

a replenishment model for each warehouse. Replenishment can be done through either local procurement, global procurement at headquarters, stock transfers between local warehouses, or stock transfers from the network of global stock piles to the field offices. The SOPs will identify the best and most efficient replenishment methods, staggering deliveries as needed and minimizing total delivery costs.

E. Recommendation (paragraph 68)

21. The Board recommends that UNHCR: (a) designate a Senior Risk Officer (SRO) with a clear mandate to implement the updated anti-fraud strategic framework; (b) perform a comprehensive fraud risk assessment to identify UNHCR's main areas of risk exposure; and (c) define its tolerance to the different types of fraud risk identified.

Measures taken by the Administration

22. The implementation of a fraud risk assessment will be undertaken as part of the global process of enterprise risk management, which is being developed under the leadership of the Senior Risk Officer. This should enable the organization to identify and group the areas of risk exposure by fraud type. The tolerance to each fraud risk will be determined by the senior management committee (or by a senior-level committee responsible for overseeing enterprise risk management).

F. Recommendation (paragraph 93)

23. The Board recommends that UNHCR: (a) compile a fleet management manual by the end of 2014, consolidating extant office memoranda and addressing key gaps in coverage (including the fleet management practices to be discharged at country level); and (b) establish a policy that country fleets exceeding 30 vehicles should be managed by staff with appropriate qualifications in logistics and fleet management.

Measures taken by the Administration

24. As part of the GFM project, and as noted above in paragraph 12, UNHCR plans to compile a comprehensive fleet management manual addressing gaps in coverage, which will include the requirement that vehicle fleets exceeding a determined size are managed by staff with appropriate qualifications. The first version of the manual is expected to be available by the end of 2014, and annual updates are foreseen.

G. Recommendation (paragraph 103)

25. The Board recommends that UNHCR maintain information on vehicle utilization levels across the country network to provide a basis for consideration of redeployment between country operations.

Measures taken by the Administration

26. As referenced above in paragraph 12, UNHCR will improve its recording of vehicle utilization levels across operations, through the installation of a vehicle tracking facility to allow for a comprehensive and systematic review of utilization levels. While the vehicle tracking facility has already been installed in some countries, this facility will be installed on all vehicles by 2018. Meanwhile, support will be provided to country operations on a case-by-case basis to identify vehicles available and appropriate for redeployment between country operations.

IV. Other recommendations

A. Recommendation (paragraph 26)

27. The Board recommends that UNHCR review the level of assets currently held to ensure that they are not excessive in relation to foreseeable requirements.

Measures taken by the Administration

28. With the implementation of IPSAS, 2012 was the first year UNHCR had comprehensive information about its assets and liabilities. UNHCR will continuously monitor the level of assets to ensure appropriate levels are maintained. The review will take into account the patterns of emergencies in the past as well as predicted needs, so that assets will remain at suitable stock levels to meet future emergency needs. Additionally, UNHCR will monitor the contributions receivable and follow-up on outstanding cases and cash balance for operational needs.

B. Recommendation (paragraph 32)

29. The Board recommends that UNHCR: (a) review and challenge the business need for bank accounts with low levels of transactions; and (b) consider the rationale for maintaining local United States dollar bank accounts particularly where such transactions could be processed from headquarters.

Measures taken by the Administration

30. With regard to part (a) of the recommendation, UNHCR will conduct a further review, in conjunction with the field and the regional bureaux, to determine the bank account requirements for the organization. The review will provide detailed analysis of the nature of payments executed at the field level, including the selected payment method to execute payments derived from: i) local supply chain, ii) value added tax (VAT) reimbursements, iii) implementing partner agreements, iv) human resources policy, and v) travel policy. With regard to part (b) of the recommendation, although UNHCR has implemented full and centralized payment capabilities with routing payments from field locations through headquarters bank accounts, United States dollar and Euro bank accounts have still been maintained to accommodate numerous types of payments derived from various policies. Such needs are inherent to the decentralized model adopted in UNHCR. However, UNHCR will conduct an in-depth assessment with a consulting firm specialized in treasury solutions. The findings will be taken into account to reengineer the process and adapt it in the upgraded MSRP.

C. Recommendation (paragraph 38)

31. The Board reiterates its previous recommendation that UNHCR: (a) implement appropriate high-level financial controls for monitoring activities in the field, including standardizing control frameworks for similar types of transactions, and review its existing accountability structures to identify and ensure that an appropriate internal controls framework exists and is in operation; and (b) benchmark its accountability structure against similar devolved organizations, working towards a framework that meets operational needs while enhancing accountability and control.

Measures taken by the Administration

32. UNHCR agrees with the recommendation and acknowledges the importance of financial controls. A consultant has been engaged to assist in the review of UNHCR's

financial internal control framework and its application, and to benchmark UNHCR's existing practices against similar devolved organizations. UNHCR plans to address possible gaps in internal controls, particularly at field level, by reviewing its delegation of authority system. OIOS is undertaking a review of the delegation of authority plan to support the analysis, in particular with respect to operational efficiency and accountability.

D. Recommendation (paragraph 53)

33. The Board recommends, to maintain accurate inventory accounting records throughout the year, that UNHCR implement a monthly or at least quarterly stocktake regime, including a full reconciliation of its inventory to the accounting system.

Measures taken by the Administration

34. UNHCR has introduced monthly reconciliations of inventory effective June 2013, requiring all representatives to ensure that a monthly reconciliation between stock cards and accounting records is performed for all warehouses. By the end of 2013, the progress made in ensuring accurate inventory accounting records will be evaluated to determine the future course of action. As of 30 September 2013, all offices will also be required to conduct physical counts of inventories at all warehouses on a quarterly basis, the results of which will be reported to headquarters.

E. Recommendation (paragraph 55)

35. The Board recommends that UNHCR perform a review of low value inventory holdings to ascertain whether there is a genuine business need to maintain these warehouses.

Measures taken by the Administration

36. UNHCR has analyzed the inventory movements and stock levels for all warehouses for the last three years and, as a result, has identified 47 warehouses which could potentially be closed. The relevant operations are being consulted, in coordination with the relevant bureaux and the Division of Emergency, Security and Supply, to decide on closure. Once this process is completed, UNHCR will continue and refine the review of its warehouse network with the objective to further reduce the number of warehouses, in line with operational requirements.

F. Recommendation (paragraph 59)

37. The Board recommends that UNHCR, to achieve more efficient use of resources, develop and regularly update an organizational inventory procurement plan which (a) considers both local and centrally managed requirements for standard inventory items; and (b) is based on past experience of demand and most likely scenarios while also maintaining the required level of 'buffer' inventory.

Measures taken by the Administration

38. As described above in paragraph 20, UNHCR is developing new SOPs to determine the annual purchase needs and the replenishment decision process for core relief items. The annual procurement plan will include both centrally and locally procured core relief items and consider past experience as well as forecasts based on different scenarios and determined inventory buffers.

G. Recommendation (paragraph 64)

39. The Board recommends that UNHCR develop an inventory performance report dashboard with measurable key performance indicators for management review on a monthly basis.

Measures taken by the Administration

40. UNHCR is developing key performance indicators for field operations against which field offices will report on a monthly basis.

H. Recommendation (paragraph 74)

41. The Board recommends that UNHCR seek an appropriate comprehensive independent review of the Inspector General's Office (IGO) investigations function to include a follow-up of the previous peer review recommendations and to benchmark its current practice against appropriate standards.

Measures taken by the Administration

42. UNHCR will identify a suitable agency to carry out a comprehensive review of the IGO investigation function as per the Board's recommendation.

I. Recommendation (paragraph 76)

43. The Board recommends that UNHCR require country representatives conduct fraud risks assessments in relation to all implementing partners as part of its overall risk-based approach.

Measures taken by the Administration

44. As part of its risk-based approach to management of implementing partners, which is under development, UNHCR will introduce policy and guidelines on project risk management. This will include methodologies for the assessment of fraud risks that can be brought upon by various factors (partner, UNHCR and operating environment), appropriate internal controls for prevention of fraud, and enhanced requirements of ethical conduct by partner personnel. Furthermore, UNHCR is in the process of developing and implementing a strategy for capacity development of UNHCR staff and partners, particularly those carrying out functions related to project control and programme management, on fraud prevention and detection and on enhanced verification of reports submitted by partners.

J. Recommendation (paragraph 82)

45. The Board recommends that UNHCR: (a) analyze bi-annual activity reports in conjunction with financial reports to monitor how costs relate to activities performed and to better assess whether the IP is on track to meet its targets or whether UNHCR needs to intervene; and (b) more closely align instalment payments to IP's planned activities and service delivery to minimize inefficiencies or delays in programme delivery due to fluctuations in funding.

Measures taken by the Administration

46. UNHCR will develop procedures and implement enhanced control mechanisms for instalment payments to implementing partners in correlation with performance. Tools for analyzing the implementation rate will also be put in place.

K. Recommendation (paragraph 88)

47. The Board recommends that UNHCR revise its chart of accounts to separate vehicle costs from other inputs and to clearly communicate this change through guidance and training of staff.

Measures taken by the Administration

48. The GFM project, led by the Division of Emergency, Security and Supply in coordination with the Division of Financial and Administrative Management, is in the process of determining the required accounts related to vehicle costs.

L. Recommendation (paragraph 89)

49. The Board recommends that UNHCR expedite its planned completion of IPSAS transition arrangements to bring all vehicles onto the asset registers to better capture residual values and impairment.

Measures taken by the Administration

50. UNHCR will review to what extent the IPSAS transition arrangements relating to PPE, and specifically vehicles, can be expedited.

M. Recommendation (paragraph 94)

51. The Board recommends that UNHCR deploy a standard vehicle fuel consumption and maintenance cost analysis tool to all country offices by the end of 2013, either in the form of a Global Fleet Management project input template or an offline spread sheet.

Measures taken by the Administration

52. The fleet management software selected by UNHCR will provide the functionality to track and analyze fuel consumption and maintenance costs.

N. Recommendation (paragraph 98)

53. The Board recommends that UNHCR establish sufficient capacity to manage the accumulated backlog of disposals, prioritizing disposal markets and country fleets with the highest likely resale values.

Measures taken by the Administration

54. UNHCR is identifying potential vehicles to sell and will deploy teams to selected country operations to support and expedite the process, taking into account the Board's recommendation. Progress has already been made, and this activity will be on-going.

O. Recommendation (paragraph 100)

55. The Board recommends, that in taking over the lead responsibility for vehicle acquisition and choices, UNHCR's Division of Emergency, Security and Supply (a) use data on UNHCR's utilization by vehicle type to identify and withdraw under-used models; and (b) set an objective to reduce the number of models in the fleet, selecting standard models taking into account cost in use data, availability criteria and the views of country teams, particularly lead drivers.

Measures taken by the Administration

56. As noted in paragraph 12, UNHCR is in the process of compiling a vehicle catalogue with the aim of reducing and standardizing the vehicle types and models to be used. UNHCR plans to finalize the necessary actions to address this recommendation by the end of 2013.

P. Recommendation (paragraph 105)

57. The Board recommends that UNHCR include in the new fleet management manual, guidance on how to assess alternatives to the use of distant garages when remote servicing can result in excessive mileages, extended vehicle downtime and high transit costs. Guidance should include a requirement for: (a) periodic testing of local markets for the availability of closer commercial maintenance facilities of the requisite standard; (b) periodic review of the scope for UN agencies, NGOs and implementing partners to procure maintenance collectively, to leverage greater bargaining power or attract reliable operators to open facilities nearby; c) consideration of maintaining a stock of oil and filters at field office level, to enable the most basic, Category A, servicing to take place in the field.

Measures taken by the Administration

58. UNHCR concurs with the Board's recommendation and plans to launch a project, in follow-up to the current GFM project, on the monitoring and optimization of maintenance costs. Once completed, guidance on maintenance will be included in the updates to the fleet management manual.

Q. Recommendation (paragraph 107)

59. The Board recommends that if the Global Fleet Management project does not proceed to timetable, UNHCR must evaluate its insurable risks and provide either a proper self-insurance fund or commercial insurance to meet them.

Measures taken by the Administration

60. UNHCR is pursuing a comprehensive approach and has established an action plan. The GFM project is proceeding as per the timetable, and insurance options for vehicles are being explored and analyzed.

R. Recommendation (paragraph 109)

61. The Board recommends that as part of the Global Fleet Management project UNHCR develop a vehicle safety section within the Fleet Management manual (a) emphasizing the need for proactive management of vehicle safety in the country offices; and (b) requiring quarterly analysis of driver performance from satellite tracking data, such as excessive maximum and average speeds, excessive driving hours and vehicle use outside working hours.

Measures taken by the Administration

62. In respect of part (a) of the recommendation, UNHCR will include in the fleet management manual a section on vehicle safety. With regard to part (b) of the recommendation, the vehicle tracking facility will allow monitoring of driver performance. UNHCR has begun equipping some of its vehicles with the tracking facility. In addition, new vehicles with the tracking facility are purchased each year, thus allowing a gradual increase in analysis of driver performance.

S. Recommendation (paragraph 113)

63. The Board recommends that UNHCR consider the case for central guidance to country teams on cost effectiveness criteria in health services. The Board is willing to work with UNHCR to inform its consideration of how it might do this before committing to any particular measurement framework or approach.

Measures taken by the Administration

64. UNHCR takes note of this recommendation and will work with the Board to explore possible ways of providing central guidance to country teams based on existing and universally agreed upon cost-effective health care interventions. Based on this, UNHCR will assess whether such a measurement framework or approach could be applied internally.

T. Recommendation (paragraph 117)

65. The Board recommends that UNHCR consider the wider application of its health scorecard system across the country network.

Measures taken by the Administration

66. UNHCR has so far conducted 20 Balance Score Card assessments in UNHCR health clinics in eight countries. A further roll-out will be conducted in the second half of 2013 for additional countries and UNHCR supported health clinics.

III. Conclusion

67. UNHCR appreciates the valuable guidance provided by the Board of Auditors throughout 2012, particularly in relation to the preparation of IPSAS-compliant financial statements for the year ended 31 December 2012, through the examination of the opening balances and the review of pro-forma interim financial statements. The production of IPSAS-compliant financial statements has been a major achievement for UNHCR. Furthermore, the Board's findings and recommendations allow the Office to focus its resources on areas in which it is exposed to risk. UNHCR reiterates its commitment to address the recommendations made by the Board and to continue to improve procedures, systems and controls in order to mitigate the identified risks.
