

UNHCR Standing Committee
58th Meeting – September 17-18, 2013

Independent Audit and Oversight Committee
(IAOC)

Annual Report 2012/2013

Introduction

- IAOC was established in 2012.
- All five members of the Committee appointed competitively and are all external and independent from UNHCR and its Management.
- Committee met four times since its establishment.
- Committee received good support and cooperation from all concerned parties.
- This is IAOC's first Annual Report and covers its activities from June 2012 to June 2013.

Areas Reviewed

- Internal Oversight Activities;
- Internal Control Framework and Accountability;
- Enterprise Risk Management;
- Financial Statements and Reporting;
- External Audit; and
- Ethics Function.
- At the end of each session, the Committee summarized and discussed its observations and recommendations with the High Commissioner and/or the Deputy High Commissioner.

Internal Oversight Activities

- Assessed the effectiveness and efficiency of the internal oversight functions.
- The Committee recommended the following:
 - UNHCR should establish a unified internal oversight service consisting of: (a) an internal audit unit, incorporating or embracing the current inspection function; and (b) an investigation unit.
 - A restructured internal oversight service be led by a qualified and experienced oversight professional.
 - Adopt the International Professional Practices Framework as a basis for managing the internal audit function.

Internal Control Framework and Accountability

- Elements of the internal control framework are in place, however, they appear to act independently and are neither comprehensive nor sufficiently integrated within a single framework in one central repository.
- The Committee recommended that UNHCR adopts internationally recognized internal control standards, i.e. COSO.
- Work is still in progress in enhancing internal control and improving performance and accountability of implementing partners.
- The Committee advised UNHCR to ensure that sufficient resources are allocated to monitor the implementation of new policies and procedures.
- The Committee recommended that UNHCR integrate accountability within enterprise risk management and the internal control framework.

Enterprise Risk Management (ERM)

- ERM is under the leadership of the Deputy High Commissioner.
- The ERM project team benefited from experience gained and lessons learnt by other UN organizations.
- The Committee recommended that the Task Force leverage and capitalize on the work of internal auditors and the external auditor and that UNHCR should maintain the momentum in 2013 with support of senior management.

Financial Statements and Reporting

- First year of implementation of the International Public Sector Accounting Standards (IPSAS).
- Unqualified (clean) opinion from the UN Board of Auditors.
- Efforts made by the Controller and her team in responding to issues in a timely manner.
- UNHCR should ensure that policies and procedures should be properly embedded in operations to ensure continued compliance with IPSAS.

External Auditor

- UK National Audit Office.
- The Committee complimented the External Auditor for timely reviews and provision of recommendations at every stage of the implementation of IPSAS.

Ethics Function

- High turnover of the Head of the Office.
- Currently, a Head and an Assistant are carrying out this function.
- The Committee recommended the following:
 - UNHCR should ensure the continuity in the function; and
 - UNHCR develop a system of networking as well as closer coordination with the Ombudsman and the staff welfare function to maximize and strengthen the impact of the Ethics function.

Internal Compliance and Accountability Committee (ICAC)

- Chaired by the Deputy High Commissioner.
- The core responsibility of ICAC is to ensure the effectiveness of the organizational accountability by reviewing, prioritizing and monitoring outstanding critical recommendations identified by internal and external oversight bodies.
- ICAC has considered and is addressing important recommendations of oversight bodies that have agency-wide impact, including policies and procedures.
- IAOC fully supports this effort in addressing oversight recommendations more effectively. This is likely to have a positive impact on UNHCR operations.

Thank you