UNHCR
The UN Refugee Agency

FOLLOW-UP TO THE RECOMMENDATIONS OF THE BOARD OF AUDITORS ON THE ACCOUNTS FOR **2003** - **UPDATE March 2005**

UN Board of Auditors' recommendations (as per 2003 Report)	Estimated time for completion	Actions taken to date or to be taken as at 31 December 2004
MAIN RECOMMENDATIONS		
12 (a) Monitor accurately its commitments against future financial periods (para. 36);	Implemented	2004 year-end instructions to Field Offices and to Headquarters emphasized the issue and provided clear guidance in pages 1 to 5 of IOM/70-FOM/72 2004 "Instructions for closure of UNHCR Field Office Accounts for 2004" dated 5 November 2004, and in the memorandum signed by the Chief of Finance Section dated 16 December 2004.
12 (b) Monitor centrally the validity of its year-end unliquidated obligations (para. 57);	Implemented	In January 2005, Finance Section conducted a thorough revision of the documentary evidence supporting the commitments raised by Field Offices (above $5,000 for programme and above $1,000 for administrative commitments).
12 (c) Correct its assets database in a timely manner and improve assets reporting by field offices (para. 67);	Under implementation	UNHCR continues to pursue its efforts in this area. Asset Track (AT) focal points have been identified in 119 offices and 104 (87.3%) sent quarterly AT up-dates by the end of December 2004. Regular contact is now established with almost all offices and audit recommendations regarding Asset Management are being followed up closely. The physical verification of Headquarters assets will be completed by the end of March 2005. The historical value of assets has increased by an estimated 27% at the end of 2004 compared to the 2003 figure.
12 (d) Take further steps to obtain and verify in a timely manner all subproject monitoring reports from implementing partners (para. 74);	Under implementation	In order to further improve the timely receipt and processing of the sub-project monitoring reports (SPMRs), UNHCR has constituted a working group to examine the issue. The working group has completed its work, however, with the start of the rollout of MSRP to the field, the change in processes needs to be reflected before recommendations are implemented.
12 (e) Fully take into account, in its change-management initiatives, the lessons learned from its Africa Bureau decentralization/recentralization process (para. 96);	Implemented	In any future change management initiatives UNHCR will take full account of the lessons learned from the decentralization / recentralization process of the Africa Bureau which took place between 1999 and 2002. The recent application of the lessons learned is the improvement in managing regional global functions following the Regional Function Review carried out by ODMS/DFSM.
12 (f) Continue its efforts to improve the precision of the statistical inputs on refugees (para. 119 (a));	Under implementation	Please refer to the update provided on para. 119 of this recommendation
12 (g) Obtain as much data as possible through refugee registration (para. 119 (b));	Under implementation	Please refer to the update provided on para.119 of this recommendation
12 (h) Improve its coordination with other United Nations organizations on information and communication	Under implementation	The Division of Information Services and Telecommunications (DIST) has completed its strategy development in January 2005. A copy has been forwarded to the Board.

	technology (ICT) strategy and development (para. 138);	1st quarter of 2005	A strategic goal and corresponding initiative detailed below and extracted from the strategy document address ICT coordination with other UN agencies and in particular the ICT network. UNHCR is active in the ICT network and will be present at the forthcoming March 2005 meeting in Vienna. Goal: Work with Senior Management to realize the benefits available from strategic investments in ICT. Initiative: Coordinate UNHCR ICT Strategy with UN system-wide ICT objectives through full participation in the ICT Network. In the March 2005 ICT Network meeting there will be discussion on the overall UN ICT strategies completed recently. UNHCR will evaluate the UN ICT strategies and will implement those which are beneficial to UNHCR.
12 (i)	Review the coordination with software users for its information and communication technology developments and validate the calendar for field office deployment of its new information system after the shortcomings the Board identified have been solved (para. 175).	Implemented	A formal system to register and follow up users' requests and complaints has been established. In addition, since the beginning of May 2004, an MSRP User Support Unit has been operating in UNHCR's main office. The MSRP Field roll-out plan in four stages has been presented to the Governance Board. Stage One began at the end of 2004.
OTHER RECOMMENDATIONS			
21	The Board reiterates the recommendation that UNHCR, in conjunction with the United Nations Secretariat, review the funding mechanism for end-of-service and post-retirement benefits liabilities.	Under implementation	The United Nations Secretariat has indicated that the report on the after-service health insurance should be released to the General Assembly shortly (according to our latest inquiry on 17 February 2005).
33	The Board recommends that UNHCR consider disclosing items in the financial report in terms of best governance principles relating to oversight, performance reporting, social accounting issues, risk management, continuity and internal control issues. In this regard, UNHCR should revert to paragraph 6 of resolution 57/278, by which the General Assembly requested the Secretary-General and the executive heads of the funds and programmes of the United Nations to examine governance structures, principles and accountability throughout the United Nations system, since better disclosure would be a step towards taking a proactive approach to the review requested by the Assembly.	Under implementation	UNHCR will include in future financial statements for such items that the United Nations system would deem it relevant to promote consistency among the different bodies of the United Nations common system. In December 2005, the issue was discussed between the Panel of External Auditors of the UN and the UN System. UNHCR is closely following up.
40	UNHCR agreed with the Board's recommendation to charge exchange gains and losses on contributions to the appropriate funds, and planned to implement a consistent practice in 2004.	Implemented	UNHCR proceeded with the application of consistent practice in the treatment of realized and unrealized gains and losses on contributions to the appropriate funds. From 1 January 2005, sub-accounts for exchange gains and losses need to be opened within each Fund to record detailed losses and gains (separately). These accounts would be closed off to the Working Capital Guarantee Fund on a monthly basis according to the Financial Rules for Voluntary Funds (A/AC.96/503/Rev.7). Finance Technical Note No. 7 refers.

46	The Board reiterates its recommendation that UNHCR continue to monitor the adequacy of the level of its non-programme expenditures.	Implemented	UNHCR has reviewed the expenditure classification by Programme, Programme Support and Management & Administration. The preliminary result is that, for the Unified Budget as a whole (Annual Programme Budget plus Supplementary Budgets), the respective shares of Programme Support (PS) and Management and Administration (MA) have remained stable at 26% to 28% during the last four years, the balance being for Programmes (72% to 74%) as indicated in the following table. UNHCR will continue closely monitoring the level of non-programme expenditures. Part of the increase in the 2004 estimated figure for MA is attributable to the weaker US dollar.

Category	2000	2001	2002	2003	2004 (estimate)
Management & Administration	5%	4%	4%	5%	8%
Programme Support	23%	24%	22%	23%	24%
Programme	72%	72%	74%	72%	68%
TOTAL	100%	100%	100%	100%	100%

48	The Board recommends that UNHCR continue efforts to recover the amount of $1,219,002 deposited in a bank based in Liberia.	Implemented	Funds have been recovered.
60	UNHCR agreed with the Board's recommendation to align its accounting procedures for payables with the United Nations system accounting standards (UNSAS).	Implemented	UNHCR has already modified its procedures for UN payables with immediate effect and is showing them as gross amounts as per UNSAS.
62	The Board recommends that UNHCR review and reconcile long-outstanding payables to ensure that only valid payables are recorded in the accounts.	Under implementation	UNHCR is actively working on the reconciliation on long-outstanding payables.
76	The Board reiterates its recommendation that UNHCR continue to assess the qualifications of those implementing partners whose accounting systems and internal controls are not adequate.	Under implementation	Following the work of the Ad-Hoc Working Group established by the Oversight Committee in 2002 to compile a list of underperforming NGOs, the issue of an accreditation scheme was raised with senior managers in May 2004. Though discussions were not conclusive, it was generally considered that the idea merited further reflection. On 30 November 2004, the NGO Liaison Unit presented the concept of an NGO accreditation process to the Oversight Committee to consider the merits of establishing an NGO accreditaton scheme as a means to improve UNHCR's monitoring and control of its largest group of implementing partners. The Committee asked the NGO Liaison Unit to develop options that would result in a 'positive list' of NGOs and to present these options to the SMC in the second quarter of 2005. In order to obtain an understanding of an NGO's policies and procedures in the areas of accounting, procurement and human resources, the UNHCR Internal Audit Service (OIOS) has conducted and will continue to conduct several reviews at the headquarters of international NGOs.

119	The Board recommends, and UNHCR agrees with the Board's recommendation, that UNHCR continue its efforts (a) to improve the precision of the statistical inputs, (b) to obtain as much data as possible through refugee registration and (c) to have refugees registered and photographed promptly.	Under implementation	a) UNHCR Headquarters continues to work on the quality of statistics reported, in particular by verifying and providing feedback to field offices. In 2005 and 2006, UNHCR will devote additional resources to improving the quality of operational data and indicators at the field level. The Division of Operational Support (DOS) has secured funding from the Canadian Trust Fund to develop training in this area. Project Profile will also have a positive impact on the quality of refugee statistics.

b) The Project Profile team continues to focus on field training and implementation of the new registration standards and tools. In 2004, 19 operations had received training and been migrated to the new database application. In 2005, the Profile teams will visit 30 new operations plus follow-up in 10 existing operations. Registration capacity-building workshops took place in 2004 and will continue in 2005, as well as an advanced IT training workshop for the new version of the software. Publication of the Handbook has been delayed, but it should be available for distribution in March/April 2005. The 2003 Camp Indicator Report has also allowed for the establishment of detailed profiling of beneficiaries in camps. Four reports, including detailed gap analysis and score-cards, were prepared in 2004.

c) Additional photographic equipment is being provided to all operations to facilitate the capture of individual photographs of refugees and persons of concern. In addition, ID card printing equipment is provided to all operations which are ready and have a need to provide individual photo IDs to refugees and asylum-seekers. |
| 122 | The Board recommends that UNHCR (a) identify the expenditures related to its registration activities, with a view to setting related objectives and to monitoring their implementation, and (b) review the adequacy of the staffing in regard to the strategy to be implemented on statistics. | Implemented | a) The total cost related to registration activities are calculated for every operation with technical inputs from PGDS and Project Profile. The technical input ensures that the procurement plan matches the objective of the registration exercise and the proposed methodology. Each country operation then assesses what are the existing resources and what needs to be newly procured. Hence, there are different per person expenditures from one operation to another.

b) The P-3 Statistician post, abolished in 2003, has been reinstated in 2005 for an initial period of 6 months and likely to be extended to the end of the year. At least 50% of this time will be devoted to work on statistics and indicators, including the Statistical Yearbook. The 5 registration support officers (Nairobi, Accra, Cairo, Lusaka and Geneva) are in place or have been appointed to commence in 2005. |
| 125 | The Board recommends that UNHCR devote the necessary efforts and resources to implement its project "Profile" within the planned time frame. | Under implementation | In line with the availability of resources and the general prioritization of UNHCR's activities, the Profile implementation schedule and activities may have to be revised as the year progresses. PGDS is due to take over and continue the activities of Project Profile in 2006, and is already working closely to ensure a smooth transition. |
| 131 | The Board recommends that UNHCR closely monitor the management of its premises in the field and endeavour to | Implemented | Management of field premises has two dimensions: efficient use of premises and provision of adequate security to staff and visitors. UNHCR seeks to comply whenever possible with the Secretary-General's |

	further comply with the Secretary-General's "United Nations House" initiative.		"United Nations House" initiative as well as with the Minimum Operating Security Standards (MOSS) with regard to staff security. In respect of field security, following the recommendations issued by the Task Force established by the Assistant High Commissioner, a Steering Committee has been established and has started its work. One challenge is how to secure funds needed to comply with MOSS. As for premises in the field, taking into account the lifting of the 5-year mandate of the Office, UNHCR will monitor the management of premises in the field, including, within the resources available, centralization of information on all UNHCR premises in the field. The Headquarters Contracts Committee now pays more attention to lease agreements for UNHCR field offices, including security aspects.
142	The Board recommends that UNHCR: (a) review and develop the completeness of its information and communications technology strategic documents; and (b) benchmark them with other organizations of the United Nations system, in order to ascertain that its strategy properly delineates key alignment issues and objectives, the contribution of each project to these objectives, expected costs and benefits, as well as the main risks and technical challenges involved.	Under implementation 1st semester of 2005	The Division of Information Services and Telecommunications (DIST) has completed it strategic plan for 2005–2007. This was developed over a three-month period with involvement from senior DIST managers and facilitated by an external consultant. The document includes many of the subjects suggested in paragraph 139 of the Audited Financial Statement for UNHCR in 2003 (A/59/5/Add.5). UNHCR will share this document with other UN agencies to assist with strategic alignment across agencies.
149	The Board recommends, and UNHCR agreed with the Board's recommendations, that UNHCR review its cooperation with UNDP, with a view to achieving savings through greater synergy between the two similarly sourced major software developments.	Implemented	The MSRP HR/Payroll team is now in place and the project has commenced. Design workshops include intensive review of UNDP documentation.
151	UNHCR agreed with the Board's recommendation that it optimize more proactively the use of resources by cooperating further with other United Nations agencies towards such steps as (a) reducing in the long term the diversity of solutions for systems that are, by nature, not specific to its core mission, and (b) benefiting from lessons learned in such fields as data and communication security policies.	Under implementation 1st semester of 2005	UNHCR will follow up at the next ICT Network meeting if the applications inventory can be set up as a reference for all UN agencies. With regard to the PeopleSoft system, UNHCR is working closely with UNDP in sharing resources.
154	The Board recommends that UNHCR (a) adopt with the other organizations of the United Nations system a common methodology for determining the total cost of ownership of ICT, in order (b) to determine the variations in cost in different parts of the organization, (c) to assess whether or not outsourcing of ICT activities may be a viable option, and to evaluate ICT projects, their benefits, costs and risks, based on best practices.	Under implementation 1st semester of 2005	(a) and (b) UNHCR is waiting on the ICT Network to provide guidelines on Total Cost of Ownership (TCO). UNHCR believes that it is necessary to have a standard costing formula without which measurement and or comparison will not be possible and would thus be meaningless. (c) A draft policy for project evaluation (business case) covering benefits, risk and cost has been prepared. This need to be further discussed and agreed to by senior management.

157	UNHCR agreed with the Board's recommendation that it subject all significant ICT projects to a post-implementation audit.	Under implementation	This recommendation is incorporated in the policy for project evaluation (business case) covering benefits, risk and cost (please refer to UNHCR's response on paragraph #154 above).
160	UNHCR agreed with the Board's recommendation to improve the consistency of its data standards and policies, in conjunction with other United Nations entities.	Under implementation	UNHCR recognizes that common data architecture within the UN system will greatly improve inter-agency data transfer and thereby reduce costs. UNHCR raised this item at the April 2004 UN ICT networking meeting and had follow-up discussions with the UN Pension Fund. UNHCR and the Fund evaluated the possibility of electronic data sharing and transfer, using standard interfaces already developed for other agencies. A data interface/sharing project has been completed with the UN Pension Fund.
165	The Board recommends that UNHCR research, in conjunction with other United Nations entities, opportunities for cooperation and rationalization in ICT procurement.	Under implementation	UNHCR raised this point at the ICT networking meeting in April. The UN Secretariat has recently completed a frame agreement with Microsoft which allows all UN organizations to benefit from licensing discounts. In addition, UNHCR has a frame agreement with Microsoft Switzerland which also allows for bulk discounts. This frame agreement is also available for other UN organisations to take advantage of. Whilst the two agreements are similar there are also specific differences. UN organizations including UNHCR have the opportunity to select which agreement they wish to use depending on which product they need to purchase. UNHCR will consider the use of any UN system-wide procurement agreement if any exists.
167	The Board recommends that UNHCR join other organizations of the United Nations system project peer reviews, towards limiting in the long term the cost of the multiplicity of solutions answering similar strategies and needs.	Under implementation	While no formal peer review process currently exists in the UN system, there are a multitude of sharing opportunities (meetings, teleconferences, etc.) where information is being informally shared. There are extensive opportunities throughout the UN IT-community via task forces and committees where status reports and future planning are also shared more formally. UNHCR will actively participate in these fora.
169	The Board recommends, and UNHCR agreed with the Board's recommendations, that UNHCR assess actual staff skills in ICT strategy and organize appropriate training sessions.	Implemented	While no specific training was organized in 2004, UNHCR hired an external company which had extensive experience in ICT strategy development to assist, guide and help develop the ICT strategy.
177	The Board recommends, and UNHCR agreed with the Board's recommendation, that UNHCR test any future data conversion in a dedicated environment.	Implemented	UNHCR has complied with best practice for conversion activities during 2003 and these activities were conducted in a separate environment. Due to the closure of the year in the legacy system, final conversion data was only available after go-live. Here, reconciliation activities could only be performed in the production environment. Further conversion activities will be conducted in a separate environment.
179	UNHCR agreed with the Board's recommendation to document (a) the data conversion process, including all tasks and controls implemented, and (b) all the conversion discrepancies.	Implemented	All aspects of data conversion have either been or will be fully documented.
181	The Board recommends, and UNHCR agrees with the Board's recommendation, that UNHCR improve its monitoring of Management Systems Renewal Project availability and batch processing.	Implemented	The production systems were migrated to Unisys/Corio in July 2004. Extensive monitoring continues.

FOLLOW-UP TO THE RECOMMENDATIONS OF THE BOARD OF AUDITORS ON THE ACCOUNTS FOR **2003** - **UPDATE March 2005**

183	The Board recommends, and UNHCR agrees with the Board's recommendation, that UNHCR extensively review its Management Systems Renewal Project security policy on such items as access rights management and fraud prevention.	Implemented	This recommendation accords with UNHCR's views. Appropriate action is being taken to manage the issues in question and will be reviewed periodically.
185	UNHCR agreed with the Board's recommendation to formally join, as appropriate, outside contracts, when using a common outsourcer with a third party.	Implemented	UNHCR now participates, via an MOU with UNDP, in a contract for managing hosting services on an outsourced basis.
192	The Board recommends that UNHCR develop, document and implement a plan against the risk of internal corruption and fraud, including fraud-awareness initiatives, in coordination with the Administration of the United Nations and other funds and programmes to obtain the benefit of best practices, where available.	Under implementation	UNHCR has already undertaken the following initiatives in this respect: a) The Inspector General's Office (IGO) in 2004 produced 12 management implications reports to better disseminate lessons learnt from investigations conducted during the same reporting period. b) The IGO has cooperated with the Dept of International Protection (DIP) in developing a specific anti-fraud policy related to resettlement activities. The implementation of the plan will take place in the course of 2005. c) The IGO has developed a comprehensive learning programme for middle managers to conduct investigations and to be more aware of fraud indicators in all types of UNHCR activities. The objective is to train 100 managers between April and September 2005 and to build a roster of 60/70 persons who will be able to assist the IGO in undertaking investigations. d) UNHCR has requested the OIOS Internal Audit Service for UNHCR to conduct a review of risk assessment and management in two of its divisions.
196	The Board recommends that UNHCR review its policy on the referral of fraud cases to penal courts, with a view to developing a more dissuasive stance on fraud sanction.	Under implementation	UNHCR is finalizing an internal note on the issue (by the end of March 2005) stating that it will recommend to the Secretary-General that fraud cases be referred to national legal mechanisms if and when the elements mentioned in paragraph 194 of document A/59/5/Add.5 have been reviewed and considered appropriate to such proceedings.