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**Programme budgets, management, financial control
  and administrative oversight**

Financial statements for the year 2019 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 December 2019
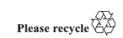
Report by the High Commissioner

Addendum

Key issues and measures taken in response to the Report of the Board of Auditors for 2019[*]

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[*] 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.

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Content

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 United Nations High Commissioner for Refugees (UNHCR) for the year ended 31 December 2019,[1] as well as the measures taken or proposed by the Office in response to the key recommendations issued in 2019 and those outstanding from previous years.

2.   UNHCR prepared the financial statements for the year ended 31 December 2019 in accordance with the International Public Sector Accounting Standards (IPSAS). The audit was conducted primarily to enable the Board to form an opinion on UNHCR's financial statements 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 necessary to form an opinion on the financial statements. During the course of the audit, the Board visited UNHCR Headquarters in Geneva and the Global Service Centres in Budapest and Copenhagen. It also examined field operations in Bangladesh, Belize, Ecuador and Panama, and visited the Regional Bureau for West and Central Africa based in Senegal, the Regional Bureau for Southern Africa based in South Africa and the Regional Bureau for Asia and the Pacific based in Thailand. Since 16 March 2020, the Board conducted the necessary audit procedures remotely due to the coronavirus pandemic.

3.   Following its examination, the Board concluded that the financial statements fairly presented, in all material aspects, UNHCR's financial position, financial performance and cash flows for the year ended 31 December 2019, in accordance with IPSAS. The Board placed particular emphasis on the exceptional circumstances influenced by the coronavirus pandemic in relation to the receipt of independent third-party audit certificates for partners and regarding the uncertainties of funding constraints.

4.   As per United Nations financial regulation 7.5, the Board also reviewed UNHCR's operations in order 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 55 new recommendations, 14 of which were finance-related findings and 41 were generally related to the administration and management of operations and internal controls, covering the following areas: reform initiatives; implementing partners; fleet management; United Nations Office for Project Services (UNOPS) assignment and expenditures procedures; and the new registration and case management system and data protection.

6.   As at 15 May 2020, of the 96 outstanding recommendations issued for 2018 and previous years, 48 recommendations (50 per cent) had been assessed as implemented and closed; 2 recommendations (2 per cent) were assessed as not implemented; and 3 recommendations (3 per cent) were assessed as overtaken by events and closed.   The remaining 43 recommendations (45 per cent) were in the process of implementation at the time of the review.   The Board noted continuing progress in implementing the outstanding recommendations and welcomed the overall progress made in closing many older recommendations issued between 2014 and 2017. The Board acknowledged that some recommendations still under implementation related to projects and initiatives which were still being rolled out or developed, such as UNHCR's engagement in the Sustainable Development Goals and the development of a revised results-based management (RBM) system.

7.   This document outlines the Board's key findings for 2019 and the measures that UNHCR plans to take to address these findings. The annex to this paper provides the list of 18 new key recommendations issued in the 2019 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 and target dates estimated for the implementation of all 55 recommendations issued in 2019, as well as of the 43 outstanding recommendations from previous years, will be made available at

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[1] See A/75/5/Add.6.

https://www.unhcr.org/standing-committee-meetings.html under documentation for the seventy-ninth meeting.

II. Key findings relating to the 2019 audit

A. Finance-related findings

9.   The Board confirmed that UNHCR remained in a strong financial position, with sufficient assets to meet its liabilities. It observed that the overall key financial indicators remained robust and that the level of demand for UNHCR interventions had further increased due to ongoing emergencies and an increased number of persons of concern. The Board also took note that for 2019, there was a slight decrease of $166.9 million in voluntary contributions and a deficit of $75.1 million, while the funding gap between the global assessed needs and the available funds stood at $3.81 billion.

10.   The Board noted the high level of earmarked donations for specific situations, which created challenges for management to deploy resources flexibly to meet demand across all areas of activity. It also noted that donor commitments slightly decreased by 4 per cent in 2019 compared with 2018, while governments and intergovernmental organizations continued to be major donors of the organization.

11.   UNHCR recalculated and increased the after-service health insurance liabilities by $21.1 million in 2019. The reason for the need to recalculate these liabilities was that UNHCR did not have comprehensive information about the service and health-care plan participation history of some of its staff members. For the 2019 calculation, UNHCR used an alternative source of data and obtained additional data from the United Nations Joint Staff Pension Fund to cross-check the estimate. In the Board's opinion, the current elements of the census data were still not well suited for this purpose. UNHCR stated that the recalculation of liabilities performed with the alternative data source provided the requisite assurances that the 2019 liabilities and expenses were materially correct and added that further data cleansing and verification was planned in 2020 to improve the basis for after-service health insurance liability calculations in future years.

12.   The Board noted room for improvement in the inventory process; it found that the whereabouts of inventories "in transit" in the amount of $16.6 million were not clear, and several inventory items had been processed outside the inventory module of the enterprise resource planning system. The Board held that additional steps needed to be taken to ensure that control mechanisms worked effectively. UNHCR stated that end-to-end process documentation and audit proof functionalities were available in MSRP,[2] while "goods received" notes, material stock requests and inventory adjustments were generally recorded on a timely basis. However, errors and inaccuracies noted by the Board would be addressed through improved monitoring, such as regular review of the inventory pipeline. UNHCR acknowledged that system enhancements and appropriate process simplifications would need to be considered in the design of the new enterprise resource planning system.

13.   The Board noted that the update process for roles in the procure-to-pay process and the review of conflicting roles was manual and bore the risk of errors. The Board held that an electronic, systemized tool would be helpful to make the process more efficient and to improve oversight. In response, UNHCR commented that a new delegation framework and the system supporting it would be an integral part of the overall enterprise resource planning and process review project.

B. Reform initiatives

14.   In 2019, the decentralization and regionalization process focused on the restructuring of the regional bureaux. In August 2019, UNHCR issued new resource allocation procedures for resource planning and management in a regionalized organizational design. In

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[2] MSRP refers to UNHCR's integrated suite of applications covering budgeting, finance, supply chain management, treasury management, partnership management, and travel and expenses, among others.

October 2019, UNHCR released three documents outlining the roles, accountabilities and authorities for country offices, regional bureaux and divisions. From January 2020, the seven regional bureaux became operational under their restructured profiles. The Board reviewed the new structure in light of the three lines of defence model and found potential for clarification in certain areas, where they recommended that UNHCR revise accordingly the roles, accountabilities and authorities to eliminate overlaps.

15.   To address these observations, UNHCR confirmed its plans to distinguish more clearly the oversight responsibilities at each level and to further harmonize the roles, accountabilities and authorities framework. It would also carry out a realignment of the roles and responsibilities at headquarters in order to eliminate overlaps with the regional bureaux and those of the divisions as the second line of defence.

16.   The Board found that while UNHCR had monitored the progress of the decentralization and regionalization project, it had not started with the overall evaluation to measure progress and change, costs and benefits.

17.   UNHCR concurred with the recommendations and stated that it intended to revamp the staff surveys on decentralization and regionalization used and to automate non-survey key performance indicator tracking. A set of key performance indicators had already been developed in the second quarter of 2019 and partly utilized to measure, track and evaluate the intended results. Furthermore, a cost tracking model was put in place at the start of the regionalization process and was automated in March 2020, enabling the organization to track budget allocation and expenditure related to regionalization.

C.   Implementing partners

18.   The Board noted that 58 per cent of the implementing partnership expenses related to the procurement of goods and services by partners in 2019. It found examples where country operations had not sufficiently analysed the capacity of entrusted partners to carry out procurement. The Board further recommended that such analysis should be conducted as part of the process of granting pre-qualification for procurement and integrated in the applicable templates for entrusting procurement to a partner.

19.   UNHCR stated that it would further review its templates in order to ensure justified decisions to entrust procurement to implementing partners, based on meaningful analysis.

20.   The Board reviewed a sample of partnership agreements and found weaknesses in the definition of indicators and outputs. For example, baselines and targets were not always defined to measure the progress and impact of projects.

21.   UNHCR stated that it would be addressing these weaknesses in the context of the results-based management reforms currently being designed and to be rolled-out for the 2022 cycle.

D.   Global fleet management (GFM)

22.   The Board found that the current budget allocation process for the global fleet was not compliant with the internal instruction and central global fleet funding element, according to which the global fleet management unit had been originally established. The Board recommended that the budget process be simplified and aligned with the existing instruction, according to which rental- and sales-generated revenues should be made available to the global fleet fund.

23.   UNHCR agreed to simplify the budget process for the global fleet. Furthermore, it stated that it would initiate a thorough assessment to identify the mechanisms to be used in order to achieve a clearer and more transparent methodology for the allocation of revenue to GFM self-financing activities.

24.   The Board found that more than 50 per cent of operations ordered new light vehicles on short notice without planning in advance. In the Board's opinion, the lack of a reliable needs assessment resulted in an uneconomically high number of stored light vehicles at the

vehicle hub in Thailand. The Board recommended that UNHCR improve the needs assessment and establish a meaningful procurement plan for light vehicles.

25. UNHCR agreed to explore measures to develop a comprehensive vehicle procurement plan based on vehicle needs validated by the operations.

E. UNOPS assignment and expenditures process

26. The Board noted that UNHCR did not record all the necessary data in its enterprise resource planning system for reporting and monitoring the agreements for individual contractors engaged through UNOPS, leading to inconsistent data available in the system and a need to use cumbersome manual processes. The Board, therefore, recommended establishing compliance controls to ensure that staff enter reliable UNOPS data in the system.

27. The Board also observed that UNHCR did not always liquidate the remaining balance of the purchase orders after settling UNOPS invoices. The Board considered that the appropriate obligation of funds and monitoring of the balance committed through purchase orders were necessary to ensure accurate expenditure recognition and a better overview of the remaining budget. Furthermore, in the Board's opinion, UNHCR should also define more clearly under what circumstances the engagement of UNOPS contractors was considered to be reasonable and necessary for its operations.

28. UNHCR agreed with the recommendations and committed to reviewing the processes for recording UNOPS data in the system and improve the monitoring of UNOPS purchase orders, as part of the overall review of the administrative arrangements with UNOPS. In addition, UNHCR stated that the upcoming administrative instruction on management of the affiliate workforce would introduce a feasibility analysis tool to be used by the hiring entity when seeking to engage affiliate workers. The aim was to establish whether this type of arrangement was deemed to be most appropriate based on a number of prescribed criteria.

F. Deployment of a new registration and case management system and data protection

29. UNHCR began the roll-out of a new registration and case management system in 2015. The Board noted that UNHCR had no overview of the decommissioning processes to ascertain whether data from the previous registration system had been completely deleted or whether it was still being used. The Board also observed that, although the roll-out of the new version of UNHCR's registration and case management tool (proGres v4) had begun in 2015, a data protection impact assessment had not yet been conducted. The Board held that data protection impact assessments helped detect data protection difficulties at an early stage, and design and build safeguards. It added that UNHCR's data protection policy did not stipulate at which functional or organizational level responsible data controllers were designated and when data protection impact assessments had to be carried out at the global or regional levels.

30. In response, UNHCR confirmed that it was working on developing instructions to be circulated to data controllers with regard to the decommissioning of the previous registration system. UNHCR would also ensure that the costing and implementation of data protection impacts assessments would be procedurally embedded in the information and communications technology (ICT) development project management lifecycle.

III. Conclusion

31. UNHCR reiterates its commitment to addressing the recommendations made by the Board and to further improving procedures, 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 2019 or outstanding from prior years and the measures taken to address them

Recommendations (audit report year/paragraph number)	Measures to address the recommendations
Key recommendations issued in the 2019 audit report	
A. Finance-related findings	
2019/20 - The Board recommends that UNHCR obtain and maintain accurate data on the service and health care plan participation history of its staff members. (*paragraph 20 of the 2019 audit report*)	UNHCR will assess the most appropriate way to initially obtain and subsequently maintain more comprehensive data on the service and health care plan participation history of its staff members. An initial assessment of the possible approaches indicated that a solution to data improvement may require a comprehensive and coordinated approach across the UN system. As such, UNHCR will reach out through the human resources and finance networks in order to initiate joint approaches. In light of the coordination efforts needed, a complete solution for the after-service health insurance (ASHI) calculation may only be achieved in 2021.
2019/56 - The Board recommends that UNHCR implement additional measures to ensure the functioning of key controls in the inventory process. UNHCR should opt for end-to-end process documentation and audit-proof functionalities in the selection process of a new enterprise resource planning system. (*paragraph 56 of the 2019 audit report*)	UNHCR will implement additional measures to improve inventory management through increased monitoring, such as regular review of the inventory pipeline. It will also take into consideration the recommendation on enterprise risk planning (ERP) when developing its inventory management plan.
2019/88 - The Board recommends that UNHCR explore the option of an electronic, system-integrated delegation of authority process. The process should encompass all enterprise resource planning modules and ensure an overarching conflict check across the entire enterprise resource planning architecture. (*paragraph 88 of the 2019 audit report*)	Implementation of the recommendation is linked to the design of the next generation ERP system. Investing in reconfiguring the current system would not be cost effective. As the implementation timetable for the next generation ERP system is not yet set, the target date for implementation of this recommendation cannot be established with confidence. However, a 2023-2024 timeframe could be envisaged.
B. Reform initiatives	
2019/126 - The Board recommends that UNHCR make the distinction between first and second lines of defence clearer in the framework of roles, accountabilities and authorities (RAA). (*paragraph 126 of the 2019 audit report*) 2019/135 - The Board recommends that UNHCR distinguish clearly the roles and responsibilities between the regional bureaux and the divisions, as the second line of defence. (*paragraph 135 of the 2019 audit report*)	In response of these two recommendations, UNHCR will review and adjust accordingly the roles, accountabilities and authorities of the first and second lines of defence. On 20 July 2020, the Institute of Internal Auditors (IIA) issued an important update to the three lines of defence model. The risk-focused model is now enriched with guiding principles and shifts away from the focus on the concept of "defence" only. The new model will be used as the basis for UNHCR's review.

2019/141 - The Board recommends that UNHCR define the roles and responsibilities of new functions in the regional bureaux in a clear and transparent manner. (*paragraph 141 of the 2019 audit report*)	A guidance note will be developed and issued to clarify the roles and responsibilities of new functions in the regional bureaux.
2019/168 - The Board recommends that UNHCR measure, track and evaluate the intended results and the costs of decentralization and regionalization. (*paragraph 168 of the 2019 audit report*)	UNHCR already developed and shared a cost tracking model with the Board of Auditors during the audit. This automated model enables the tracking of resource allocation and expenditure related to the decentralization and regionalization. A set of key performance indicators had already been developed in the second quarter of 2019 and partly utilized to measure, track and evaluate the intended results. The key performance indicators will be validated/updated, and automated dashboards will be created to facilitate the monitoring process.
C. Implementing partners	
2019/216 - The Board recommends that UNHCR review the templates for entrusting procurement to implementing partners in order to ensure a meaningful analysis, a calculation of costs and a justified decision. This should include a calculation of costs when a partner is not exempted from value added tax. (*paragraph 216 of the 2019 audit report*)	UNHCR will review the process and the templates, with a focus on addressing the issues related to costs linked to the non-exemption from value-added taxes.
2019/231 - The Board recommends that UNHCR analyse the weaknesses in the selection/definition of impact indicators, outputs and performance indicators, and explore options for better supporting country operations in preparing partnership agreements. (*paragraph 231 of the 2019 audit report*)	In the short-term, UNHCR will work to identify immediate needs for capacity enhancement in field operations and will organize training sessions to refresh knowledge about the requirements for preparing and managing partnership agreements in relation to the application of the current results chain. With the renewed results framework (under the RBM project), scheduled to become operational as of 2022, the capacity of country operations to manage projects will be enhanced through different features of the new framework. The new user-defined results chain will allow for a better description of the desired results (impacts and outcomes), planned deliverables, their contribution towards the changes (outputs) and required resources to deliver the results. Moreover, colleagues in the field will be provided with training opportunities in relation to the requirements of the new results framework and its application. UNHCR will ensure that the training includes necessary links to enhance field capacity in the preparation and management of partnership agreements, aiming to achieve increased consistency across country operations.
D. Global fleet management	
2019/257 - The Board recommends that UNHCR simplify the budget process for global fleet management and comply with the instructions and central global fleet element according to which rental- and sales-generated revenues should be made available to the self-sustained global fleet	UNHCR will strengthen its procedures to achieve a better tracing of the income generated by global fleet management and will explore ways to allocate funds back to the global fleet in a more efficient manner.

management fund. Until this budget process has been simplified, the unallocated income from the global fleet should be explicitly and transparently identified and traced for monitoring purposes and then allocated to the global fleet budget as deemed appropriate. (*paragraph 257 of the 2019 audit report*)	
2019/266 - The Board recommends that UNHCR take measures to establish a meaningful overall procurement plan for light vehicles based on the operations' needs assessment and disposal plan. (*paragraph 266 of the 2019 audit report*)	UNHCR will explore measures to implement a comprehensive vehicle procurement plan, based on consideration of the vehicle needs of the operations, as validated by the regional bureaux, as well as the number of vehicles to be disposed of within the same period.
E. UNOPS assignment and expenditures procedures	
2019/297 - The Board recommends that UNHCR establish compliance controls to ensure that its staff insert reliable data in MSRP for reporting and monitoring. (*paragraph 297 of the 2019 audit report*)	UNHCR will examine the process as part of the overall review of the arrangements with UNOPS. UNHCR has started discussions with UNOPS to review and revise the June 1998 agreement between the two entities with a view to ensuring that it is "fit for purpose" for the new human resources systems. As part of these discussions, the administration of the arrangements (as reflected in the disbursement agreements) will also be reviewed.
2019/302 - The Board recommends that UNHCR take measures to ensure regular monitoring and follow-up of the budget committed for UNOPS; in particular UNHCR should review the amount of the committed budget during the year and release the remaining reserved balances once the UNOPS invoices have been settled. (*paragraph 302 of the 2019 audit report*)	As part of the discussions on the future administration of UNOPS disbursement agreements, UNHCR will propose new financial procedures to UNOPS, with the aim of achieving a more efficient and regular monitoring and follow-up of the budget committed for UNOPS.
2019/316 - The Board recommends that UNHCR should define more clearly under which circumstances the use of ICAs (the term used by UNHCR to refer to UNOPS contracts) is considered to be reasonable and necessary for its operations. Valid operational reasons should be defined in the framework by given examples in order to ensure the appropriate use of individual contractor agreements under UNOPS. (*paragraph 316 of the 2019 audit repo*rt)	UNHCR is introducing a feasibility analysis mechanism in its administrative instructions on affiliate workforce, scheduled for issuance in the third quarter of 2020. The feasibility analysis questionnaire facilitates the documentation and elaboration on the justification to use an ICA.
F. Deployment of a new registration case management system and data protection	
2019/342 - The Board recommends that UNHCR elaborate further the provisional guidance and finalize this as a mandatory guideline for decommissioning proGres v3, integrating the "decommissioning guidance timeline". (*paragraph 342 of the 2019 audit report*)	UNHCR will draft an administrative instruction to be circulated to all data controllers of proGres v4 sites. This instruction will set forth the mandatory guidelines and timelines for decommissioning proGres v3.
2019/343 - The Board recommends that each representative of the country operation confirm by signature the decommissioning of proGres v3 to the regional bureaux and headquarters.	UNHCR has already implemented a tracking mechanism to enable data controllers to electronically confirm proGres v3 decommissioning. The technical implementation will be covered in the proposed administrative instruction mentioned in the response

(*paragraph 343 of the 2019 audit report*)	to the recommendation above relating to paragraph 342 of the report. Completion of the confirmation process will still be contingent on the decommissioning timeline.
2019/353 - The Board recommends that the UNHCR data protection policy require the designation of data controllers at the global and regional levels. (*paragraph 353 of the 2019 audit report*)	UNHCR will include in the global data protection policy and related administrative instructions presently under development a requirement for the designation of data controllers at the global and regional levels.
2019/360 - The Board recommends that UNHCR carry out a data protection impact assessment at an early stage to ensure that the results can be taken into account when planning and designing new ICT systems and enhancing major features of prevailing ICT systems and systems interoperability for the processing of personal data. (*paragraph 360 of the 2019 audit report*)	UNHCR will ensure that the costing and implementation of data protection impact assessments (DPIA) are procedurally embedded in the ICT development project management lifecycle, whether performed centrally at headquarters or at the regional or local/field levels. The PRIMES (UNHCR's Population Registration and Identity Management Eco-System) Steering Committee has approved the creation of a PRIMES Analysis Group that will extend oversight of local development initiatives and interoperability requests. Standard operating procedures will be introduced to enforce the principle of privacy-by-design and will include DPIAs as a step in the application delivery process. In addition, a complete regional bureaux/field outreach is envisaged to ensure that the Data, Identity Management and Analysis (DIMA) Units map existing systems containing personal data on persons of concern, which would require DPIAs to be undertaken.
Key recommendations outstanding from the 2018 audit report	
A. Finance-related findings	
2018/20 - The Board recommends that UNHCR revise the presentation and disclosure of net assets in the financial statements, ensuring that fund accounting information is used only in so far as to supplement applicable IPSAS requirements. (*paragraph 20 of the 2018 audit report*)	UNHCR did not concur with the recommendation. It will instead consider revising the net asset presentation once the new standard on revenue recognition is revised. A suite of three new exposure drafts covering revenue recognition and transfer expenses was issued by the IPSAS Board for comment in February 2020. UNHCR is currently reviewing the implications of these exposure drafts for financial reporting.
2018/50 - The Board recommends that UNHCR establish a consistent accounting process and guidance for items that are procured for direct transfer of ownership to other entities, especially for cases that do not refer to the implementation of a specific programme. UNHCR should flag these items in the MSRP system and disclose expenses resulting from such transfers separately in the notes to the financial statements. (*paragraph 50 of the 2018 audit report*)	The business requirement to implement a system functionality for the identification of procurement for transfer to partners was endorsed internally in June 2020 and will be implemented before the end of 2020.
B. Reform initiatives	
2018/64 - The Board recommends that UNHCR ensure well-coordinated accountabilities, authorities and reporting lines for managers in the newly created regional and headquarters structures. The	The actions described above in UNHCR's responses to recommendations 126, 135 and 141 of the 2019 report of the United Nations Board of Auditors will also address this recommendation.

reporting lines, accountabilities and authorities should be integrated into the current structures of UNHCR and provide for the necessary coordination and monitoring at headquarters. (*paragraph 64 of the 2018 audit report*)	
2018/77 - The Board recommends that UNHCR use the new results-based management tool to present the link between input, outcome and results, including the outputs delivered by implementing partners, and facilitate alignment of country operation plans with inter-agency and multi-partner processes. (*paragraph 77 of the 2018 audit report*)	The new results-based management approaches and the results structure (impact, outcome and output) include a functionality to disaggregate output-level indicator information by implementors (UNHCR offices as well as project partners) in order to facilitate better linking of budget/expenditure information to the results, by implementor. The future multi-year strategic planning model to be adopted by UNHCR will allow country operations to choose which strategic cycle they wish to follow. Furthermore, the design of the new results framework takes into consideration UNHCR's engagement in various interagency pro-cesses, including the humanitarian response plans (HRPs) as well as the refugee response plans (RRPs). The timeframe for the rollout of the new results-based management system remains early 2021. The information related to the 2022 country plans (some of which will be multi-year strategies) will be available in the new RBM platform as of the second half of 2021.
C. Internal controls: cross-cutting	
2018/147 - The Board recommended that UNHCR enhance its variance analysis of salaries and employee benefits to carry out the controls required in the financial control matrix. (*paragraph 147 of the 2018 audit report*)	UNHCR has introduced a separate analysis for each of the main salary earning elements (gross salary, post adjustment, dependency allowance and pension contribution) in the month-end payroll procedures to analyse fluctuations of salaries and employee benefits. UNHCR is going to include in its analysis the aggregated summary of salary payments to staff and will use graphs to visualize major variances.
2018/156 - The Board recommends that UNHCR document the regular run of human resources monitoring reports in a log tracking file. The reports with results should be uploaded to eSafe (UNHCR's electronic document records management system). UNHCR should document the review in a separate column of the MSRP human resources reports and take appropriate (corrective) action, if necessary. The number of automated human resources reports should be increased. (*paragraph 156 of the 2018 audit report*)	UNHCR assessed that it was not feasible to implement a centralized tracking and recording in a separate column of corrective actions to be taken by almost 400 human resources (HR) administrative staff at different geographical locations world-wide. UNHCR opted to explore alternative solutions to have a good number of these entries automated to ensure compliance with the HR data entry. In this connection, a working group was established in September 2019 with the task of reviewing the list of HR reports and to recommend changes as well as to advise on the use of robotic process automation in light of the limited possibilities for enhancement of the current system. Additionally, and more importantly, UNHCR is scheduled to move over to a more robust cloud-based ERP system, which is expected to enhance data entry, approval and audit processes.
D. Internal controls: implementing partners	
2018/235 - The Board recommends that UNHCR introduce further electronic processes, such as submission of partner financial reports from partners through the United Nations Partner Portal	In the short-term, UNHCR has introduced measures that allow partners and UNHCR staff to sign the project financial reports (PFRs), the monitoring reports and verification reports electronically,

and electronic signature for the approval of partner financial reports to replace the current offline verification signatures where possible, in order to facilitate strengthened internal controls. When electronic signatures are implemented, UNHCR should ensure that the authorities are aligned with the delegation of an authority plan. (*paragraph 235 of the 2018 audit report*)	according to the established delegation of authority plans. In an effort to address the shortcomings referred to by this recommendation, UNHCR is developing a project management and oversight system and is actively engaging with other United Nations entities to assess different options for suitable online tools that will help strengthen the current processes.
2018/262 - The Board recommends that UNHCR strengthen the link of performance review and resource requirements to additional instalment payments and document the review accordingly when initiating the payment of additional instalments. (*paragraph 262 of the 2018 audit report*)	As of mid-July 2019, the format of the project financial reports (PFRs) has been amended to strengthen their link with the instalments to be paid to partners. The current templates of the PFRs will be further reviewed to assess the best way of establishing the links between the performance and instalments payment schedule.
2018/267 - The Board recommends that UNHCR transparently link transfers of ownership to project partnership agreements in cases where the recipient is an implementing partner. The transfer of ownership agreement and MSRP recordings should state the project partnership agreement identification symbol. The purpose of the transfer should be clearly defined and stipulated in the transfer of ownership agreements. (*paragraph 267 of the 2018 audit report*)	In November 2019, UNHCR changed the templates in MSRP for the transfer of ownership to ensure that the partnership agreement identification number is reflected and linked to the related transfer of ownership. UNHCR will assess the current templates to identify the most appropriate way to introduce a mandatory field where the purpose of the transfer shall also be inserted.
E. Global fleet management	
2018/299 - The Board recommends that UNHCR incorporate the results of the evaluation report in the next fleet strategy and assess the sequence and importance of the processes needed to be implemented and prioritize them accordingly. (*paragraph 299 of the 2018 audit report*)	UNHCR developed a revised strategy covering the period 2019-2021. However, the Board considered that this document would benefit from additional content. UNHCR will update the strategy to take into consideration the recommendations made by the UN Business Innovation Group (BIG) as well as this outstanding audit recommendation. It is expected that the revised fleet strategy will be completed by the end of 2020.
2018/300 - The Board recommended that the field level should be obliged to record all operational and financial data in the analysis tools (FleetWave/Vehicle Tracking System) and that global fleet management staff have access to all databases and have the capacity to carry out analytical services and evaluate the data. (*paragraph 300 of the 2018 audit report*)	Field operations are already obliged through the annual administrative instruction on year-end activities to enter FleetWave (FW) data regularly. In order to further simplify data entry by operations into FW, a mass upload format for fuel data has been created, while another update for a mass upload of maintenance and repair data is in progress.
F. Internal controls: contractors	
2018/307 - The Board recommends that UNHCR should strengthen its justification and documentation for hiring individual contractors, under the circumstances that the required capability is not available in UNHCR. (*paragraph 307 of the 2018 audit report*)	UNCHR will issue a new administrative instruction on the management of affiliate workforce in the third quarter of 2020. This instruction will emphasize the importance of workforce planning and will include requirements for documenting the justifications at the time of hiring an affiliate, including an individual contractor.

2018/310 - The Board recommends that UNHCR ensure the mandatory break in service of three full months is fulfilled in every case. Therefore, UNHCR should monitor the duration of contracts to comply with the applicable limits set. (*paragraph 310 of the 2018 audit report*)	Under the upcoming new administrative instruction on the management of the affiliate workforce, UNHCR is proposing to remove the provision for the mandatory break in service for individual contractors. The provision will be replaced by a maximum duration of individual contractor contracts, proposed to constitute five years. Leave entitlements and occupational safety and health principles will be applied to individual contractors and are proposed to be identical with the ones applied for the UNOPS workforce agreements modality.
2018/316 - The Board recommends that UNHCR provide clear guidance to divisions and field operations (hiring entities) to enhance the awareness of human resources clearance. UNHCR should amend the respective policies with regard to the human resources clearance and ensure the involvement of the Affiliate Partnerships Unit in the clearance process. (*paragraph 316 of the 2018 audit report*)	UNHCR will issue a new administrative instruction on the management of the affiliate workforce in the third quarter of 2020 which will reemphasize the importance of the clearance process.
2018/324 - The Board recommends that UNHCR ensure that the entire contractor identification and selection process is independently verified or is based on an approval workflow process (as an integrated part of the MSRP module) in order to increase transparency and efficiency of the selection decision made by the hiring manager. (*paragraph 324 of the 2018 audit report*)	UNHCR has rolled out to 18 locations a local recruitment module within MSRP that is used for hiring local staff. UNHCR is now assessing whether this module can also be used as an interim measure in hiring affiliate workforce, including individual contractors. In the longer-term, the recommendation will be fully addressed through the adoption of the new HR system that will replace MSRP. By using either the local recruitment module, in the short-term, or the new HR system, in the longer-term, UNHCR aims to integrate the hiring of individual contractors into better structured workflow processes dedicated to the hiring of personnel in MSRP or in the new ERP. Through this integration, the process of selecting individual contractors will be enhanced by the introduction of steps with segregated roles and responsibilities and independent approval in the system, resulting in increased transparency and consistency across the organisation, clearer delegation of authority and accountability, and centralized oversight.
2018/328 - The Board also recommends that UNHCR conduct an analysis to determine whether the assignment of contractors is the most cost-effective solution. (*paragraph 328 of the 2018 audit report*)	As part of the consultations taking place during the development of the relevant administrative instruction, UNHCR concluded that a cost-benefit analysis for hiring contractors should rather be part of a broader feasibility analysis to be conducted at the hiring operation level. Within the framework of the upcoming new administrative instruction, a feasibility analysis template has been developed, and one of its components will be the cost of assigning affiliate workforce, including individual contractors.
G. Information technology/cybersecurity and data protection	
2018/343 - The Board recommends that UNHCR establish mandatory organization-wide minimum information security standards in an ICT governance framework as soon as possible.	UNHCR is working on issuing an administrative instruction on information security by the end of 2020.

(*paragraph 343 of the 2018 audit report*)	
2018/345 - The Board recommends that UNHCR make additional funds available to implement and monitor mandatory minimum information security standards in the field. (*paragraph 345 of the 2018 audit report*)	Through the funds allocated to the cybersecurity transformation programme, UNHCR is implementing good practices in information security in those areas where minimum security standards are not yet available.
2018/365 - The Board recommends that UNHCR strengthen the position of the Chief Information Security Officer and increase interaction with top management. To secure the position of the Officer, the Board recommends that UNHCR redefine and describe the role and tasks of the Chief Information Security Officer in an overarching information security mandatory guideline that defines mandatory requirements, controls and responsibilities of all stakeholders. The mandatory guideline should also grant the Chief Information Security Officer a reporting line to a consultative and reporting body that includes membership by top management. (*paragraph 365 of the 2018 audit report*)	UNHCR is planning to establish an Information Security Council to involve more senior management in cybersecurity efforts. A Chief Information Security Officer (CISO) has been appointed, and this position is based in Geneva in the Division of Information Systems and Telecommunications and reporting to the Chief Information Officer. The role and tasks of the CISO will be described in the new information security instruction scheduled to be issued by year-end. The CISO will provide on a regular basis relevant reports related to information security to the Council.
2018/387 - The Board recommends that the UNHCR Data Protection Officer have appropriate access to top management. (*paragraph 387 of the 2018 audit report*)	A transfer of the Senior Data Protection Officer position from the Division of International Protection (DIP) to the Global Data Service has taken place. The Head of the Global Data Service, in consultation with the Director of DIP and the Data Protection Officer, will put in place the working structure and engagement needed to facilitate appropriate access of the Data Protection Officer to the Senior Executive Team. The target date for consultation and finalization of the structure is revised to the third quarter of 2020 to take account these developments.
Key recommendations outstanding from the 2017 audit report	
A. Use of individual consultants	
2017/172 - The Board recommends that UNHCR enhance compliance with its policy and standard operating procedures on individual consultants, ensure effective consultant contract management and consider centralizing some tasks of the hiring units to obtain a higher level of specialization. (*paragraph 172 of the 2017 audit report*)	Since January 2020, Senior Human Resources Partners have been operational in all regional bureaux and have assumed an oversight function with regards to affiliate contract management in order to ensure compliance with the policies. The upcoming administrative instruction on the management of the affiliate workforce will strengthen the role of the Senior Human Resources Partners by delegating more authorities to them in order to ensure increased efficiency in the management of affiliate contracts.
2017/181 - The Board recommends that UNHCR review its policy and the standard operating procedures for the use of individual consultants. During this process UNHCR should enhance the guidance on advertising requirements, the segregation of duties, waiver processes, processes to determine and negotiate consultant fees, documents supporting payment reconciliation and the file management process. (*paragraph 181 of the 2017 audit report*)	While the administrative instruction on the use of affiliate workforce will address overarching issues relevant to all categories of affiliate workforce modalities, its annex I and II will be more specific to the use of consultants and individual contractors. Annex II of the newly developed instruction will address the items listed in this recommendation and will provide more clarity on the identified points.

B. Supply chain management	
2017/213 - The Board recommends that UNHCR assess how a more efficient management of core relief items in stock, which includes supplies of country operations, could be put in place. This assessment should address the question as to whether UNHCR might be seen as one organization with regard to "ownership" of its inventories. (*paragraph 213 of the 2017 audit report*)	UNHCR recognizes that potential benefits can be achieved by managing its stock of core relief items at the corporate level. However, since stocks of core relief items are currently managed by the respective country operations and decentralized management is an important element of the organizational structure, such a change would have to be carefully assessed together with the operations concerned, the regional bureaux and the Senior Management Team at headquarters. As a basis for such a discussion, the Division of Emergency, Security and Supply (DESS) will draft a concept note, setting out a proposal of how the global management of core relief items inventories might be implemented as part of the ongoing regionalization, as well as the potential costs and benefits for the organization. Based on the concept note, deliberations will be conducted with all stakeholders concerned, including the regional bureaux and the relevant divisions.
C. Business continuity management from an information and communications technology perspective	
2017/234 - The Board recommends that UNHCR include the remaining applications in the disaster recovery plan to increase their data security. (*paragraph 234 of the 2017 audit report*)	UNHCR is in the process of adding the relevant applications in the cloud.
2017/240 - The Board recommends that UNHCR implement comprehensive backup and disaster recovery guidelines in every country operation. The guidelines should be embedded in the local business continuity management. (*paragraph 240 of the 2017 audit report*)	While the field operations manual on information and communications technology is being drafted at the headquarters level, activities for backup and disaster recovery are ongoing in the field. DIST has recently released a revised backup instruction related to the migration from Windows 7 to Windows 10.