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EXECUTIVE COMMITTEE OF THE
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REPORT OF THE BOARD OF AUDITORS
TO THE GENERAL ASSEMBLY ON THE ACCOUNTS OF THE VOLUNTARY
FUNDS ADMINISTERED BY THE UNITED NATIONS HIGH COMMISSIONER FOR
REFUGEES FOR THE PERIOD ENDED 31 DECEMBER 2002

Addendum 1 - Measures taken or proposed in response
to the recommendations in the Report
of the Board of Auditors to the General Assembly
on the Accounts of the Voluntary Funds administered
by the United Nations High Commissioner for Refugees
for the year ended 31 December 2002

I. INTRODUCTION

1. In accordance with paragraph 10 of General Assembly resolution 47/211 of 23 December 1992, the following is a report on measures taken or to be taken by UNHCR in response to the main recommendations of the Board of Auditors, as set out in paragraph 11 of their Report (A/58/5/Add.5), as well as other recommendations as detailed in paragraphs 22 to 149. Unless otherwise indicated, all references appearing below relate to the aforementioned Report.

Main Recommendations

Accounts and financial management and reporting

II. RECOMMENDATION 11 (a)

2. Actively pursue its efforts towards reducing the default values in its asset management system and providing an accurate disclosure of non-expendable property as recommended by the Board for several years (para. 44).

Measures Taken by the Administration

3. As the Board is aware, the establishment of a properly functioning asset reporting system is a complex issue and its impact requires some time to be measurable. The pre-2002 system and associated supporting software required extensive revisions during 2002, resulting in a completely revised system for managing and disposing of assets in the field. The policy and procedures for the revised system were published at the end of 2002. Simultaneously, the supporting software was enhanced extensively, at no additional cost to UNHCR, and the revised programme distributed in late February 2003. Additionally, a physical inventory of Headquarters assets was undertaken during 2002 and the results promulgated. It is expected that the impact of these improvements and modifications to the system will be felt during the second half of 2003, when UNHCR expects to see the required reductions in the use of default values in the database and the full disclosure of its non-expendable property inventory.

III. RECOMMENDATION 11 (b)

4. Improve accountability and control on field operations (para. 58).

Measures Taken by the Administration

5. (a) UNHCR will take pragmatic steps to improve accountability and financial controls of field operations through enhanced central monitoring, analyses and issuance of direct guidance to field offices. As for strengthening control of over-expenditures by implementing partners, the Division of Financial Resource and Supply Management (DFSM) has initiated a review of the policy on procurement by implementing partners, and will intensify collaboration with the Office of Internal Oversight and the NGO Unit to improve identified weaknesses.

(b) DFSM is also reviewing finance staffing in the light of the implementation of the Management Systems Renewal Programme (MSRP) finance and supply chain modules, and taking into account the findings of the External Auditors. In doing so, workload analyses and benchmarking with other United Nations entities will be used.

Human resources management and payroll systems

IV. RECOMMENDATION 11 (c)

6. Restore full control of the staffing table and disclose comprehensive staff statistics in its budget and financial reports (para. 87);

Measures Taken by the Administration

7. UNHCR agrees with the recommendation and has already taken corrective measures. For instance, UNHCR is developing a quarterly Post and Staff Report which is intended to provide a complete picture of the workforce available to UNHCR and to relate this workforce to costs. The Post and Staff Report will provide an overview of deployment of posts and staff (including Temporary Assistance) by Regions/Headquarters and facilitate decision-making on posts and staff levels. Together with other analyses and controls established on temporary assistance staff, it is expected that UNHCR will restore the control in terms of full understanding of the total workforce of the staffing table by 2004. Furthermore, a comprehensive description of posts and staffing levels of UNHCR is provided under Part I, Section VI, Overall Post and Staffing Levels, of the Executive Summary of the proposed UNHCR Annual Programme Budget (A/AC.96/979). This practice will be continued in the future.

V. RECOMMENDATION 11 (d)

8. Take into account in its review of the contract policy the financial risks which the “special clause” involve, and consider the most cost-efficient ways of meeting changing operational needs in times of decreasing resources (para. 101);

Measures Taken by the Administration

9. UNHCR has reviewed its contract policy. As of 1 January 2003, all newly recruited staff members are issued a fixed-term appointment, normally for one year. Upon completion of five years of continuous service, and in accordance with Staff Rule 104.13 (a) (iii), staff members will be considered for an Indefinite Appointment. This exercise will be carried out once a year and the number of Indefinite Appointments to be granted in a given year will be determined by the High Commissioner.

VI. RECOMMENDATION 11 (e)

10. Further limit exceptions to the rotation policy, publicise all decisions in respect of rotation, and benchmark with other United Nations organizations (para. 110);

Measures Taken by the Administration

11. In response to the High Commissioner's request to review the overall human resources policies and approaches, the Joint Advisory Committee (JAC) has made its recommendations that have been approved by the High Commissioner. Part of this human resources reform includes a new rotation policy based on the proposals made by the Rotation Working Group has been approved. The new rotation policy has the following defining elements:

- The grouping of duty stations according to their hardship classification, i.e. H/A, B/C and D/E;
- The introduction of caps on continuous service, including extensions, in H/A duty stations (5 years) and D/E (6 years). While there is no cap imposed on service in B/C duty stations, staff members will be expected to rotate to another duty station in the same or another grouping;
- Recruitment at Headquarters will be exceptional, with priority being given to women until gender parity is achieved at different levels;
- All staff members newly recruited in the international Professional category (including conversion from General Service, Field Service and National Professional Officer) are expected to serve in at least one D/E duty station during the first five years of service;
- The Standard Assignment Length (SAL) may be adjusted for a variety of reasons, introducing an important element of flexibility in the rotation policy.

12. A comparative assessment of rotation policies with other organizations in the United Nations system was undertaken as part of the comprehensive review of rotation and taken into account by the Rotation Working Group when formulating its recommendations. More recently, an informal review of information received from other organizations indicates that UNHCR has one of the most comprehensive rotation policies in the UN system. It should also be noted that as of June 2003, results of the Appointments and Postings Board are published in an all-staff communication.

VIII. RECOMMENDATION 11 (f)

13. Formulate and implement without delay a strict "staff-in-between-assignments" (SIBA) policy, with a view to providing every staff member with a full-time assignment (para. 115);

Measures Taken by the Administration

14. UNHCR announced on 16 September 2002,¹ measures that could be immediately implemented to improve the management and situation of staff members in between assignments (SIBA). Staff members in between assignments are required to undertake temporary assignments for which they are suitable, unless they have a recognized special or medical constraint. The Division of Human Resources Management (DHRM) will make a demonstrated effort to assist suitably qualified staff members who are in between assignments to be considered for vacant

¹ IOM/54/2002-FOM/50/2002

posts. The revised Regulations and Procedural Guidelines of the Appointments, Postings and Promotions Board (APPB), which are in the final drafting stages, include a provision whereby staff members who are not selected for a post after four compendia (vacancy listings) are likely to be separated from service. The management of staff in between assignments is now centrally managed by DHRM.

XVIII. RECOMMENDATION 11 (g)

15. Review the legal basis of its specific allowances, with a view to ensuring compliance with the United Nations staff regulations and rules and the High Commissioner's delegation of authority (para. 127);

Measures Taken by the Administration

16. The observation refers to the Housing Maintenance Element (HOME) allowance. This was introduced in June 2000, to replace the existing Extended Monthly Mission Evacuation Allowance (EMEA), payable in duty stations declared by UNSECOORD as non-family areas for security reasons, and the Housing Subsidy, payable in non-capital D and non-capital E duty stations. The above two entitlements were not UNHCR specific allowances, but allowances paid by all other UN agencies, albeit in a different form. UNHCR combined these two allowances to form the Housing Maintenance Element (HOME) in order to simplify the complex administrative procedures relating to the management of EMEA and the Housing Subsidy. This proved to be effective in saving time, effort and resources. For example, the Housing Subsidy entailed large procurement of household equipment (generators, refrigerators, freezers, stoves, etc.) which generated complicated administrative procedures relating to customs clearance, inventory, distribution of items, etc. Therefore, UNHCR does not consider HOME as a UNHCR-specific allowance. Neither is it a legal issue, but an administrative one by which the complicated procedures of two allowances have been simplified into one manageable allowance.

XIX. RECOMMENDATION 11 (h)

17. Revise its accounting procedures to report what is paid for a given period in respect of each entitlement and each staff member (para. 129);

Measures Taken by the Administration

18. UNHCR will review the accounting procedures to be included in its new information system - the Management Systems Renewal Project (MSRP) - that will allow it to report more exactly on what is paid in a given period in respect of each entitlement and for each staff member.

Programme management and support costs

XX. RECOMMENDATION 11 (i)

19. Assess the adequacy of the level of non-programme expenditure (para. 30);

Measures Taken by the Administration

20. If expenditures for the period 2000-2002 are compared, operations have gone up by 18 per cent (ie. from \$ 450.5 m to \$ 533.3m) and administration and management has gone up only by 10 per cent (from \$ 233m to \$ 256.1m). In addition, the percentage of non-programme expenditure against the total expenditure has dropped from 31 to 28 per cent from 2001 to 2002. These percentages suggest rather efficient use of administrative and management resources. Since 2002, levels of non-programme expenditures have been under tight scrutiny by management to maximise resources for programmes. The effort will be continued in the future.

XXI. RECOMMENDATION 11 (j)

21. Assess whether the decreasing share of implementing partners in operational projects expenditure is in line with its statute (para. 60);

Measures Taken by the Administration

22. The significant variation identified in 2002 in relation to the volume of operational activities directly implemented by UNHCR can largely be explained by the operations surrounding the Afghanistan situation. The repatriation programme was started under a Supplementary Budget at the beginning of 2002. Out of the US\$ 238.5 million budgeted for direct implementation, over US\$ 100 million (42 per cent) were for the Afghan Operation (US\$ 86 million for Afghanistan and US\$ 14 million for Pakistan and the Islamic Republic of Iran). The Supplementary Programme entailed massive international procurement to support both administrative and operational requirements for the Afghanistan operations (US\$ 41,1 million out of US\$ 77,8 million budgeted for UNHCR international procurement in 2002). In addition, the UNHCR offices inside Afghanistan were responsible, amongst other expenditure, for the payment of transportation allowances to returning refugees through encashment centres, which represented a large component of their direct implementation budget. In the absence of any significant presence and capacity of international NGOs inside what was then a closed country at war, direct implementation was the only viable option.

23. In that sense, the variation observed in 2002 should not be considered as a trend deviating from the Statute. Indeed, a higher than normal level of direct implementation may also take place in 2003, due both to the on-going direct implementation in Afghanistan and to the operations developed in relation to the Iraq situation. In the latter, there are (i) limited availability of implementing partners for operations inside the country, and (ii) UNHCR international procurement activities, both when the situation called for pre-positioning of items in case of an outflow (early 2003), and for purchases required for the repatriation operations. This should not

be considered as decreasing the share of activities undertaken by implementing partners, but rather as dealing with the reality of an environment temporarily not conducive to partnership arrangements for implementation purposes. UNHCR will continue to monitor the balance between direct implementation and implementation by implementing partners taking into account the new Partnership Initiative of the High Commissioner.

Other Recommendations

XXII. RECOMMENDATION Para 22

24. The Board reiterates its view that the issue of non-funded liabilities for end-of-service and post-retirement benefits is a matter of concern, and especially so for voluntary-funded organisations such as UNHCR.

Measures Taken by the Administration

25. UNHCR is addressing the issue in conjunction with the UN Secretariat. It should be noted that the UN Secretariat is finalizing a report on the long-term implications and impact of the growth in the liability of the Organization for after-health insurance benefits. This report will be submitted to the General Assembly in 2003.

XXII RECOMMENDATION Para 27

26. The Board reiterates the importance of compliance with the United Nations system accounting standards, and its recommendation that UNHCR modify its accounting policy and financial system to achieve an accurate accounting of disbursements and valid unliquidated obligations.

Measures Taken by the Administration

27. The introduction of the new accounting software (MSRP) at UNHCR Headquarters as of 1 January 2004, will ensure a more accurate accounting of disbursements and valid unliquidated obligations. These benefits will spread to the organization as a whole when this software is introduced at field office level (expected in 2005).

XXIV. RECOMMENDATION Para 34

28. The Board recommends that UNHCR: (a) sign a memorandum of understanding with the Refugee Education Trust in compliance with its financial rules; and (b) carefully consider all legal issues relating to transfers to third parties of funds raised by National Associations, in the announced instruction.

Measures Taken by the Administration

29. (a) A memorandum of understanding between UNHCR and the Refugee Education Trust (RET) was signed on 14 of July 2003, clearly highlighting the partnership between the two organizations.

(b) Until today six UNHCR National Associations have been allowed exceptionally to receive funds raised for RET, and have transferred them directly to this organization. UNHCR is currently in the process of revisiting the standard agreement to be signed by all National Associations. This new agreement will include the appropriate legal framework for funds received on behalf of RET, and will supersede all former documents related to National Associations on this matter. The aim is for the National Associations Standard Agreement to be finalised in 2003, and to come into effect as of 2004.

XXV. RECOMMENDATION Para 36

30. The Board recommends that UNHCR bring the issue of the Medical Insurance Plan to the attention of the High-Level Committee for Management, with a view to promoting consistency among the United Nations common system on the disclosure of such operations in the financial statements.

Measures Taken by the Administration

31. The issue of the Medical Insurance Plan (MIP) was addressed by the creation of a MIP working group in October 2002, composed of all the UN agencies which administer MIP, namely UN New York, UNDP, UNICEF and UNHCR. Its main objectives are to conduct a comprehensive review of MIP, align it with the other UN medical schemes and promote consistency in the way MIP is administered by the various UN agencies (the working group reported to the High Level Committee for Management in July 2003). During the autumn of 2002, the working group made specific benefit modifications, which were implemented in January 2003. One of the most significant accomplishments during the first six months of 2003, was the modification of the existing reimbursement methodology allowing for a significantly higher level of reimbursement before reaching the maximum annual entitlement provided for under the plan. This methodology is very similar to that already established in respect of the United Nations Worldwide Van Breda Plan. With respect to the manner by which the contributions of retirees under the MIP are assessed, the working group has studied alternative approaches to bring the current methodology into line with other United Nations plans, and will shortly be recommending a solution to the High-Level Committee on Management for approval and implementation.

XXVI. RECOMMENDATION Para 38

32. The Board recommends that UNHCR reinforce its controls on Medical Insurance Plan expenditure.

Measures Taken by the Administration

33. With respect to the reinforcement of controls on MIP expenditures, an Executive Committee (MIPEC) has been established in UNHCR, to be composed of five members and five alternates from the Division of Human Resource Management (DHRM), the Division and Financial and Supply Management (DFSM), the Joint Medical Service and the Staff Council. With the establishment of the MIPEC, internal oversight mechanisms will be put in place as well as the means and tools to ensure that reimbursements are made according to the MIP Rules. The draft Statutes and Rules of the MIPEC are currently being reviewed by the UNHCR Legal Affairs Section. Moreover, the addition of a new post dedicated to MIP will enable DHRM to conduct audit missions as, when and where deemed necessary by the MIPEC.

XXVII. RECOMMENDATION Para 40

34. The Board is pleased to note that for the first time UNHCR financial statements include payables and receivables related to payroll processed by the United Nations Office at Geneva, and recommends that UNHCR monitor closely the related balances in order to clear long-outstanding amounts.

Measures Taken by the Administration

35. UNHCR will continue to closely monitor its receivable and payable balances with the United Nations Office in Geneva (UNOG), as their full reconciliation is necessary prior to the transfer of these functions to UNHCR from UNOG.

XXVIII. RECOMMENDATION Para 42

36. The Board welcomes the first steps taken for addressing the long-standing issue of VAT, and encourages UNHCR to actively pursue reimbursement or exemption of VAT with the other United Nations entities facing similar problems.

Measures Taken by the Administration

37. UNHCR will continue actively to pursue reimbursement of or exemption from VAT, in liaison with other United Nations agencies as appropriate, and aims to have VAT balances reduced to a refunds-in-progress level by the end of 2003.

XXIX. RECOMMENDATION Para 63

38. The Board notes again with concern the high level of deficiencies among implementing partners, and recommends that UNHCR continue to reassess the qualifications of those implementing partners whose accounting systems and internal controls are not adequate.

Measures Taken by the Administration

39. In an effort to identify and manage cases of sub-standard or recurrent poor performance by Non-Governmental Organisations (NGO) implementing partners more systematically, UNHCR's Oversight Committee established in late 2002 an Ad Hoc Working Group (AHWG) composed of representatives from the relevant functional units of the major Divisions, Departments, Bureaux, and of the OIOS Audit Service. Working under direct supervision of the Oversight Committee, the AHWG has elaborated a conceptual framework and a set of broad criteria by which sub-standard performance of NGO implementing partners can be assessed. Principles of fairness, transparency and due process underpin the conceptual framework, while performance criteria are broadly grouped according to financial efficiency and operational effectiveness. As a first step to identify the most problematic cases, the AHWG is currently establishing a 'Watch List' in close collaboration with field offices, Bureaux and other relevant services. Watch-listed partners are those who demonstrate either chronic (recurrent) or, in some cases, acute patterns of sub-standard performance. The AHWG will present a first Watch List to the Oversight Committee at its next quarterly meeting (September 2003), along with a case-by-case assessment and recommendations for follow-up by the Oversight Committee. While termination of partnerships may be one outcome of placement on the Watch List, it is anticipated that in other cases remedial measures agreed upon together by UNHCR and its partners would be a more appropriate response. The outcome of this initial effort is expected to assist UNHCR to better manage recurring problems of sub-standard performance by its partners.

XXX. RECOMMENDATION Para 66

40. The Board welcomes the endorsement of the Office of Internal Oversight Services recommendations, and will follow up on actions taken for 2004 projects. It notes with concern, however, that as at 31 January 2003 audit certificates received by UNHCR for projects implemented in 2001 covered only 47.5 per cent of the 2001 expenditure.

Measures Taken by the Administration

41. UNHCR agrees with the Board that there is a need to enforce deadlines for the submission of audit certificates, and it expects that the new rules and regulations for 2004 projects will significantly improve the compliance rate of audit certificates received. It should be noted however that, as of July 2003, UNHCR has received audit certificates for 72 per cent of the 2001 expenditure.

XXXI. RECOMMENDATION Para 68

42. The Board notes that, as at 11 June 2003, UNHCR's implementing partners had not yet justified \$14.2 million reported as expenditure in the financial statements, and encourages UNHCR to continue its efforts to obtain and verify in a timely manner all implementing partners' subproject monitoring reports.

Measures Taken by the Administration

43. UNHCR is taking all necessary actions to obtain justification from implementing partners on expenditure. As at 24 July 2003, the outstanding amount has been reduced to \$6.8 million. Of this balance, \$4.4 million relates to the liquidation period up until 31 March 2003 and the remaining \$2.4 relates to the liquidation period from 01 April to 31 May 2003. It should be noted that these amounts are the figures recorded in UNHCR financial systems (FMIS). In some instances, the implementing partners have already reported upon the expenditures, but the corresponding reports have not yet been fully verified and the amounts are not yet recorded in FMIS. This is an ongoing process.

XXXII. RECOMMENDATION Para 82

44. The Board commends UNHCR for addressing the long-outstanding issue of "project staff", and recommends that it complete their phasing out as scheduled, while ensuring through close monitoring that no such irregular arrangements are again developed.

Measures Taken by the Administration

45. As indicated in the response to recommendation of paragraph 11 (e), the High Commissioner has approved the recommendations made by the Joint Advisory Committee (JAC) following its review of UNCHR's overall human resources policies. The issue of "project staff" and additional workforce has been addressed in this context. As noted by the auditors, out of a total of some 264 "project staff," the position of some 120 have been converted to regular posts by April 2003, as it has been envisaged and/or recommended by the Project Staff working group in early 2002. Close attention was given to this issue during consultations leading to the preparation of the 2004 Annual Budget. However, changed circumstances in various countries where "project staff" are employed have led to different arrangements and approaches in the handling of remaining 'project staff' positions. Alternative arrangements are thus foreseen in circumstances:

- where UNHCR considered the functions previously carried out by "project staff" would be better performed through employees of independent contractors under the administrative budget (ABOD), not requiring protection of privileges and immunities;
- where phasing down of operations would allow for discontinuing "project staff" positions within the remaining period;
- where a staffing review is underway and will allow better documented decisions to comply with UNHCR commitment to phase out from "project staff" positions by end 2004;

- where conversion to TA lines was supported by the Operational Review Board (ORB) through ABOD appropriation.

46. At the time of submitting this response, information was being collected from the Regional Bureaux in order to establish the status of the remaining "project staff", since the first batch of positions have been converted into regular posts as of April 2003. It was expected that by mid-September 2003, the data would be available in a format allowing proper analysis and reporting to the Board of Auditors. UNHCR intends to phase out "project staff" by end of 2004.

XXXIII. RECOMMENDATION Para 84

47. The Board recommends that UNHCR implement the Office of Internal Oversight Services recommendation to develop a clear policy on the status and role of United Nations Volunteers and on the functions, responsibilities and authority that can be delegated to them.

Measures Taken by the Administration

48. A policy document has been drafted by a working group representing various Divisions at Headquarters to address the use of United Nations Volunteers as an additional workforce for UNHCR. It includes references to functions that can be entrusted to United Nations Volunteers, limitations in their administrative supervisory role, financial control and UNHCR Field Offices management. It elaborates on status vis-à-vis UNHCR, and the national authorities, as well as entitlements, duties and obligations of United Nations Volunteers. The document also outlines the role of the UNV focal point, to be established within the Division of Operational Support. At the same time, a Memorandum of Understanding, encompassing all aspects of UNHCR's relationship with UNVs – including the current arrangements for emergency deployment - will be prepared, which will guide all future agreements. At the time of submitting this response to the Board of Auditors, the policy document is being circulated amongst Headquarters Divisions for their review and comments, before submission to Senior Management. Upon endorsement, expected by mid-August, field guidelines will be developed in line with the policy document's recommendations, to be disseminated to the Field Offices during the last quarter of 2003.

XXXIV. RECOMMENDATION Para 91

49. The Board recommends that UNHCR use its ongoing review of the post and staffing structure to redeploy posts and staff in accordance with its operational needs.

Measures Taken by the Administration

50. UNHCR fully agrees with the recommendation and continues to use its ongoing review of posts and staffing structure to redeploy staff and posts according to operational needs. See also the reply to recommendation 11 (c) (para. 7 above).

XXXV. RECOMMENDATION Para 94

51. The Board takes note that UNHCR has planned a global staff profiling exercise with a view to providing an accurate picture of the skills and experience of the staff members.

Measures Taken by the Administration

52. The planned global profiling exercise cannot take place until the existing legacy IT system for personnel is upgraded as part of the Management Systems Renewal Project (MSRP). In the meantime, however, the revised Regulations and Procedural Guidelines of the Appointments, Postings and Promotions Board (APPB), which are in the final drafting stages, include a provision for the separation of staff members who have not been selected for a post after four bi-annual compendia (vacancy listings). This revised postings process will effectively allow for a comparison of staff members' skills against the needs of the organization, in terms of available posts and their job profiles. In addition, the International Professional Roster will contain external applicants with proven experience and skills. In cases where there are insufficient suitable internal applicants for a particular post, suitable applicants from the Roster will be added to the list for the consideration of managers. In this way, UNHCR hopes to quickly address gaps in its staffing profile.

XXXVI. RECOMMENDATION Para 104

53. The Board recommends that UNHCR, when carrying out its planned assessment: (a) make a comparative study of benefits and incentives with other United Nations organizations having staff in similar locations; and (b) fully assess the costs related to the Fast Track model.

Measures Taken by the Administration

54. This recommendation is noted and will be taken into account in the assessment of the Fast Track model planned for 2004.

XXXVII RECOMMENDATION Para 120

55. The Board recommends that UNHCR fully take into consideration its organizational needs in its review of the "rank-in-post" policy.

Measures Taken by the Administration

56. The rank-in-post promotion policy was abolished with effect from 1 January 2003. In its place, an annual promotion session will review eligible staff members, taking into account the availability of promotion opportunities, or slots, at each grade level. The number of slots considered consistent with good administration of the Office, including gender benchmarks, will be determined each year by the High Commissioner upon the advice of the Joint Advisory Committee.

XXXVIII. RECOMMENDATION Para 124

57. The Board recommends that UNHCR survey in detail the statistics, factors, effects and solutions related to the low compliance with its instructions on performance appraisal.

Measures Taken by the Administration

58. An all-staff survey was launched on 23 July 2003, to understand the reasons for slow compliance with the Performance Appraisal System, and adopt measures to improve its use. The deadline for responses to the survey is 15 August 2003. An analysis of the results is expected in September 2003.

XXXIX. RECOMMENDATION Para 133

59. The Board recommends that UNHCR: (a) establish formal procedures and, if need be, delegations of authority in respect of determination of SOA and SOLAR; and (b) document and keep on file all elements concerning determination of SOA and related SOLAR.

Measures Taken by the Administration

60. (a) Following the Board of Auditors' survey, the determination of an SOA and payment of SOLAR is now made in consultation with other United Nations agencies and is triggered by the change in security phase as determined by UNSECOORD. The discrepancies noted by the Board were corrected in one case, and fully documented in the other. A review of the SOLAR policy is being undertaken and will be completed in August 2003.

(b) All policy decisions taken in respect of SOLAR, i.e. determination of SOA and related SOLAR are fully documented and systematically filed in the PER/FO and/or PER/IND files maintained by the Division of Human Resource Management.

XL. RECOMMENDATION Para 136

61. The Board recommends that UNHCR endorse a formal strategy on "Learning Policy and Guidelines".

Measures Taken by the Administration

62. Learning Policy and Guidelines will be presented to the Senior Management Committee for approval on 14 August 2003.

XLI. RECOMMENDATION Para 140

63. The Board recommends that UNHCR improve monitoring and reporting of staff training.

Measures Taken by the Administration

64. A manual system is currently in place. Nevertheless, UNHCR will send frequent reminders to the field and Headquarters training providers. A comprehensive system will be dependent on a more robust learning management system, integrated into the new information system.

XLII. RECOMMENDATION Para 144

65. The Board recommends that UNHCR:

- (a) improve monitoring and reporting of staff training;
- (b) issue a guideline on the scope of data to be included in financial figures for training; and
- (c) take steps to allocate more realistic amounts to field offices for training.

Measures Taken by the Administration

66. (a) Please refer to the foregoing reply to recommendation paragraph 140.

(b) This will be done in the instructions for programme submissions for 2004, and will include, as recommended during the audit on staff training, the direct costs of the design, development and delivery of training covered by the administrative budget, and the training projects managed by the Staff Development Section (SDS).

(c) It has been recognized that information on field expenditure has been uneven since the decentralization of some funds to the field in 2000. In 2004, UNHCR will reduce allocations to more realistic levels, while maintaining allocations for field offices that spend funds effectively and present well justified training needs.

XLIII. RECOMMENDATION Para 147

67. The Board recommends that UNHCR continue to develop (a) its training evaluation activities, with a view to optimising the cost-effectiveness of training expenditures, and (b) inter-agency benchmarking and co-ordination in the field of training, with a view to increasing the opportunities for economies of scale and knowledge-sharing.

Measures Taken by the Administration

68. (a) In 2003, UNHCR undertook an external independent evaluation of the management learning programmes. Smaller evaluations have been undertaken of the Effective Writing Programme, The Induction and Orientation Process and the Protection Learning Programme. Other UNHCR training providers will be encouraged to follow suit and indeed this is expected of training providers in the Learning Policy and Guidelines.

(b) The UN Organisational Learning Framework (OLF) was approved by the UN System Agencies in New York on 11 July 2003. UNHCR is committed to applying the framework principles and the assessment tool, which is part of the Framework. Thus UNHCR will be benchmarked against other Agencies. (It is interesting to note that in the testing process for the assessment tool of the OLF, UNHCR benchmarked highest from among the 5 agencies tested against the draft OLF Principles). On a bilateral level, UNHCR will continue to co-ordinate with other agencies to ensure economies of scale and knowledge sharing. A vehicle for this will continue to be the thriving Learning Managers Community of Practice.

XLIV. RECOMMENDATION Para 149

69. The Board recommends that UNHCR promptly develop an alternative plan for ensuring payroll processing in 2004.

Measures Taken by the Administration

70. UNHCR has developed a plan for the development and implementation of new Human Resources and Payroll Systems within the Management Systems Renewal Project (MSRP) in partnership with UNDP. Negotiations are also going on with the United Nations Office in Geneva (UNOG) on the smooth handling over the payroll functions from UNOG to UNHCR.