



# UNHCR

## 41<sup>st</sup> Meeting of the Standing Committee

**Follow-up to the Recommendations of the Board of Auditors on the  
Accounts for 2006 and Previous Years**

As reported in document EC/59/SC/CRP.4

Presentation by the Controller  
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# Main risk areas identified - 2006 accounts



1. Implementing Partner Audit Certification
2. Asset Management
3. Staff In Between Assignments (SIBA) policy



## Status on Previous Years

2003 BoA Report on 2002 accounts: Closed (100% implemented)

2004 BoA Report on 2003 accounts: 4 items outstanding (90% implemented)

- Inter-agency cooperation within the United Nations Information and Communication Technology Network (3 items)
- Assessment of implementing partner accounting systems and internal controls (1 item)



## Previous Years (cont...)

2005 BoA Report on 2004 accounts: 7 items outstanding – 3 to be closed (87% implemented)

- Development and institutionalization of results-based management and improvement of evaluation tools and capacities (4 items)

2006 BoA Report on 2005 accounts: 52% implemented

- Treasury Management System (TMS)
- IT systems security and infrastructure
- Asset and inventory management
- Fund raising
- Internal audit resource allocation
- Project personnel
- Field-based procurement planning, monitoring and delivery reporting

# Main Risk Areas Identified:

## 1) Implementing Partner Audit Certification



- BoA recommendations
  - Increase the proportions of certificates received
  - Shorten the time frames for submissions
  - Improve the statistical monitoring, and
  - Address the deficiencies identified in qualified certificates
- Actions taken
  - Mechanisms and procedures introduced in 2004 reviewed
  - Further set of instructions and guidance to Representatives and Directors issued in early 2007 clarifying roles of all parties involved and reducing timetable for 2007 sub-projects (6 to 3 months)
  - Further instructions and guidance provided (Oct 2007) to clarify and reinforce management accountability, introduce compliance measures, monitoring procedures and provide technical reporting guidance
  - By end-January 2008, 65 out of 110 relevant field offices had reported contractual arrangements concluded for 2007 sub-projects
  - In early 2008 BSC assumed a global compliance role
  - More work required to redress negative findings or qualified audit opinions
  - Work in progress to standardize implementing partner audit content, to establish risk ratings and to link IPC results implementing partner criteria

# Main Risk Areas Identified:

## (2) Asset Management



- Recommendations
  - Complete data clean-up of the asset database started in 2005
  - Periodically reconcile purchases recorded in the accounts and those entered in database
  - Pursue efforts to perform more timely physical inventories
  - Update the assets database and report decisions taken by local asset management boards in a timely manner
  
- Actions taken
  - Emphasis placed on re-verification of physical existence and accurate valuation of assets during migration to new MSRP/PS asset module. All asset recording, tracking and disposal now in one system (replacing 3 separate ones)
  - Physical verification of Headquarters' assets completed in December 2007; update of MSRP/PS asset modules ongoing
  - 66% of all FOs confirmed that verification conducted during 2007
  - Asset Management Unit has reviewed all decisions and provided guidance concerning quality of local asset management board submissions
  - More than 80% of prior year disposal cases closed by end-2007
  - Asset disposal incentive mechanism retained to encourage disposal of surplus aged assets in the field (\$ 2 million contributed to miscellaneous income in 2007)
  - Further enhancement of the MSRP/PS Financial and Supply Chain Systems in 2008 required to move towards IPSAS compliance by 2010

# Main Risk Areas Identified:

## (3) Staff In Between Assignments (SIBAs) Policy



- Recommendation
  - Implement a strict SIBA policy with a view to provide every staff member with a full-time assignment in order to limit costs
- Actions Taken
  - DHRM capacity strengthened to provide staff with structured advice, counseling and guidance
  - HQ: virtually all GS category SIBAs eliminated (voluntary separation and comparative review)
  - Stricter measures on the number of compendia that professional staff will be eligible for will be introduced
  - A comprehensive review of UNHCR's workforce management and staffing profile requirements will be undertaken after the Field review
  - Ongoing reform of the recruitment, promotions and postings processes to address systemic factors that contribute to high incidence of professional SIBAs
- Aims
  - A closer match between staff and the operational needs of the Organization, and improved cost-benefit
- Realities
  - Many SIBAs are working (over 70% as at end January 2008)
  - At any given time there will be some staff who have completed assignment and are pending further assignment (in accordance with UNHCR's equitable rotation policy)

# Conclusion



- Risk-based reporting on audit recommendations
  - provides both Member States and UNHCR with an important primary focus on mitigation strategies aimed at reducing, eliminating, or avoiding risks at the overall organizational level
- Following finalization of the 2007 accounts
  - consultations will take place with the Board of Auditors to select higher risk areas as a focus for the next reporting period