



# General Assembly

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## Executive Committee of the High Commissioner's Programme

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### Consideration of reports relating to programme and administrative oversight and evaluation

## Report on activities of the Inspector General's Office

### Report of the High Commissioner


#### *Summary*

This report covers the work of the Inspector General's Office for the period from July 2016 through June 2017. It is provided pursuant to the decision of the Executive Committee of the High Commissioner's Programme to consider reports relating to programme and administrative oversight and evaluation during its annual plenary session (A/AC.96/1003, para. 25(1)(f)(vi)). The Executive Committee has further requested that "summary reports covering inquiries and the main categories of investigations, the number of such types of investigation, the average time taken to complete investigations and a description of related disciplinary action" regularly be made available (A/AC.96/1021, para. 24(e)).

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## **I. Introduction**

1. This report outlines developments and activities undertaken by the Inspector General's Office (IGO) from July 2016 to June 2017, following the issuance in June 2016 of a consultant's report entitled "Review of oversight functions in UNHCR". During the reporting period, the IGO carried out three core functions: standard inspections of the quality of management of UNHCR's field operations and headquarters entities; investigations of allegations of misconduct by all persons and entities with contractual links to UNHCR; and ad hoc inquiries into violent attacks on UNHCR personnel and operations, as well as into other incidents causing major loss or damage to the organization's integrity, credibility or assets.

## **II. Management**

### **A. Reform**

2. In early 2016, UNHCR commissioned an external consultant to review the Office's oversight functions and their relationship with the broader structures and processes that support management in monitoring the organization. The consultant's report noted that while major efforts had been undertaken within UNHCR, in close alignment with United Nations initiatives, to strengthen oversight functions resulting in a more robust oversight landscape, these developments had led to a proliferation of oversight, control and management monitoring initiatives that were not always well aligned. The report concluded that the Office's oversight functions needed greater coherence and coordination. It recommended that the organization review and revise the specific roles of its individual oversight services to ensure that overall oversight planning is clear and comprehensive.

3. The High Commissioner endorsed the majority of the recommendations, concurring that improving coherence between oversight functions was essential. He agreed that the internal audit services provided by the United Nations Office of Internal Oversight (OIOS) should be more closely integrated into UNHCR's overall oversight architecture and that an organization-specific vision of the scope, methodology and required staffing profile for internal audit should be developed. He further agreed to relocate the interface for internal audit from the Division of Financial and Administrative Management (DFAM) to the IGO and to discontinue the practice of standard inspections while maintaining, in the IGO, a capacity to carry out ad hoc inspections that respond to specific management problems or needs.

4. The implementation of the recommendations relating to the IGO commenced under the Inspector General ad interim (a.i.), who undertook some preparatory work in the latter part of 2016. Since taking up her functions on 1 January 2017, the new Inspector General has undertaken consultations with a broad range of actors, both internally and with OIOS (UNHCR Audit Service and New York), as well as other United Nations entities and partners. The focus of these discussions was on best practices and lessons learned that would further inform the UNHCR oversight reform process.

5. Two staff retreats comprising participants from relevant UNHCR divisions and the OIOS UNHCR Audit Service were organized during the reporting period. In light of the broadening scope of internal audit (from a focus on financial activities to a risk-based approach to all UNHCR activities), the first retreat in September 2016 concentrated on the High Commissioner's decision to suspend standard inspections. The second retreat in January 2017 focused on the development of a plan to implement the oversight

recommendations, with a particular emphasis on those concerning the IGO. Tracking of progress against all of the oversight reform recommendations endorsed by the High Commissioner is being carried out by the IGO.

6. Several of the consultant's recommendations related to the internal audit services provided to UNHCR by OIOS. The recommendation to transfer the UNHCR interface with the OIOS UNHCR Audit Service from DFAM to the IGO provided an opportunity to simplify and improve procedures and practices between the two organizations and clarify the roles and responsibilities of the IGO, UNHCR management and the OIOS UNHCR Audit Service. The transfer of these responsibilities is scheduled to take place on 1 August 2017. The memorandum of understanding, which governs UNHCR's relationship with OIOS, is also under revision and is scheduled to be finalized before the end of the year. It will define the new roles and responsibilities of each party.

7. The consultant also recommended that the OIOS UNHCR Audit Service be more closely integrated into UNHCR's overall oversight architecture and efforts are underway in this regard, including through the provision of office space in the IGO for the Head of the OIOS UNHCR Audit Service, regular meetings between the Inspector General and the Head of the OIOS UNHCR Audit Service, and improved collaboration and sharing of information. It is expected that the internal audit function will assume most of the activities previously covered by standard inspections, with residual activities being assumed by the Evaluation Service. Consequently, the OIOS UNHCR Audit Service carried out a comprehensive analysis of its own skill set and identified some areas that required strengthening and improvement, particularly in international protection. In response, UNHCR gave OIOS audit colleagues immediate access to the UNHCR Global Learning Centre's suite of learning programmes. Specialized protection support will also be provided to the OIOS audit teams over the coming months.

8. The new Service, Strategic Oversight, will replace the Inspection Service from 1 August 2017 and be headed by a staff member at the D1 level. The Service's responsibilities will include addressing several of the remaining recommendations made by the consultant. Some capacity will be retained in the IGO to conduct ad hoc inspections. The IGO is currently preparing revised terms of reference for ad hoc inspections, which are expected to be ready by September 2017. It will also monitor the implementation of oversight recommendations and analyse, report and communicate on systemic and recurring oversight issues and on gaps or duplications in planned oversight activities in UNHCR. It will also provide secretariat services to the Independent Audit and Oversight Committee (IAOC), act as focal point for the Joint Inspection Unit of the United Nations System (JIU), and provide administrative support for activities carried out under the OIOS memorandum of understanding. The new Service is expected to be fully operational in 2018.

9. The consultant recommended that the IGO Investigation Service strengthen its role in the investigation of fraud committed by third parties as well as its interface with UNHCR's Division of International Protection, particularly in relation to refugee status determination and resettlement. Several activities have been undertaken to implement this recommendation, including increased collaboration with the Implementing Partnership Management Service of DFAM, development of an internal multidisciplinary protocol to be used in the case of partner misconduct, and increasing the number of investigation workshops aimed at building the capacity of non-governmental organizations (NGOs) to investigate misconduct by their staff. The IGO also played a lead role in the development and delivery of a "training of trainers" programme on conducting investigations for UNHCR's external fraud focal points under a project administered by the Division of International Protection. In addition, the IGO had an important advisory role in the development of UNHCR's policy on fraud perpetrated by persons of concern and the accompanying operational procedures, which will be released shortly. Finally, in the

context of a recent investigation, the IGO engaged the Division of International Protection in an advisory and support capacity to assess protection and fraud-related risks affecting persons of concern.

10. It is anticipated that further progress will have been achieved on many of the consultant's recommendations by the end of 2017 or early 2018.

## **B. Strengthening the Inspector General's Office**

11. Commencing in April 2016, the IGO's Investigation Service was involved in a large-scale investigation, which impacted on its workplan, performance indicators, staffing and resources. In response to the increased needs arising from this investigation, additional funding was obtained until the end of 2017 to finance three senior investigator positions and one general service position in Nairobi. The investigative capacity in Kenya was further enhanced through the temporary re-assignment of an IGO oversight officer based in Nairobi. Although the number of allegations and investigations are increasing, the IGO was provided with a reduced budget target for 2018, compared to 2017. In order to comply with the reduced budget target, a professional position created in Copenhagen to strengthen the proactive investigation capacity of the IGO, which had not been filled, was discontinued.

12. The IGO encourages its staff to undertake professional development through training and participation in conferences and workshops. Some of the key training programmes in which staff from the Investigation Service participated during the reporting period were in supply management; prevention of and responses to sexual and gender-based violence (SGBV); techniques for interviewing children; and digital investigations. The Investigation Service also participated in a meeting of the United Nations Representatives of Investigative Services and the seventeenth Conference of International Investigators, both held in Vienna in October 2016.

## **C. Senior management positions**

13. The Inspector General a.i. retired in December 2016 and the newly-appointed Inspector General took up her functions on 1 January 2017. The Head of the Inspection Service (D1) retired at the end of May 2017, following which the position was redefined to lead new activities in Strategic Oversight. The position is expected to be filled by the end of 2017.

## **D. Management tools**

14. Management implication reports (MIRs) are issued by the Inspector General for the attention of senior managers and are an important aspect of UNHCR's enterprise risk management practices, as they highlight systemic weaknesses, flaws and policy gaps that have been revealed in the course of investigations and inspections. MIRs frequently contain recommendations to address the concerns raised and include requirements for implementation and reporting.

15. During the reporting period, two MIRs were issued by the Inspection Service and nine by the Investigation Service. Those issued by the Inspection Service related to expert posts not having a standard assignment length, which particularly impacts experts serving in hardship locations and national staff carrying out regional functions. MIRs issued by the Investigation Service addressed areas such as programme and financial management,

administration, asset management and procurement. The compliance rate for MIR recommendations is 100 per cent.

16. The “Annual report of the activities of the Investigation Service” for 2016 was issued in May 2017. The report provides a comprehensive overview of allegations of misconduct and investigations, and is a useful instrument to support integrity and accountability in UNHCR. The report also serves as a strategic tool to inform senior management about trends and developments and to raise awareness among staff about the work of the IGO.

### **E. Communications strategy**

17. An IGO communications strategy was published in July 2016 to promote a better understanding of the IGO’s mandate and to strengthen confidence among staff, external actors and persons of concern in the IGO’s oversight role. The operationalization of the communication strategy during 2016 and 2017 included the publication of a series of campaign materials to raise awareness of the prevention and reporting of misconduct, including two brochures on misconduct and sexual exploitation and abuse (SEA) and a poster on “zero tolerance”, all published in five languages and distributed to UNHCR offices worldwide. Improvements are also being made to the IGO intranet and external website<sup>1</sup>, reflecting the IGO’s commitment to providing support and advice; improving access to information; reinforcing messaging on fraud prevention, SEA, and the reporting of misconduct; and reaffirming its core values of impartiality, independence and confidentiality.

## **III. Inspections**

### **A. Inspection missions and reports**

18. As stated above, the High Commissioner endorsed the consultant’s recommendation to suspend the practice of standard inspections. Given that preparatory work was already under way at the time of the decision, the Inspection Service undertook two standard inspections in the latter half of 2016: one on UNHCR’s Regional Representation for West Africa and one in Morocco. The inspection of the Regional Representation for West Africa was carried out in collaboration with the OIOS UNHCR Audit Service. The Inspection Service also participated in a multi-functional protection management review mission in Kenya in April 2017.

19. Seven inspection reports were issued during the reporting period on the following UNHCR operations: Ecuador, northern Iraq, Morocco, South Sudan and Ukraine, as well as on the Regional Representation for West Africa and on UNHCR’s “Policies and procedures on recruitment and postings in the international professional category”. In December 2016, the Inspection Service issued a report on recurrent findings from inspection missions carried out from 2013 to 2016.

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<sup>1</sup> See [www.unhcr.org/igo](http://www.unhcr.org/igo).

## **B. Compliance**

20. Follow-up on inspection cycles with open recommendations was also given priority during the reporting period. Seven inspection cycles for the period from 2010 to 2015 were closed with the implementation or completion of 212 recommendations.

21. As of 30 June 2017, nine inspections undertaken from 2015 to 2017 remained open, with 51 recommendations implemented, 156 recommendations not fully implemented and 3 recommendations no longer applicable. Of the pending recommendations, the majority relate to the inspections of the operation of the Regional Representation for West Africa and in Morocco, due to the reports having only been recently published. Follow-up on the outstanding recommendations of older open inspection cycles has also been intensified.

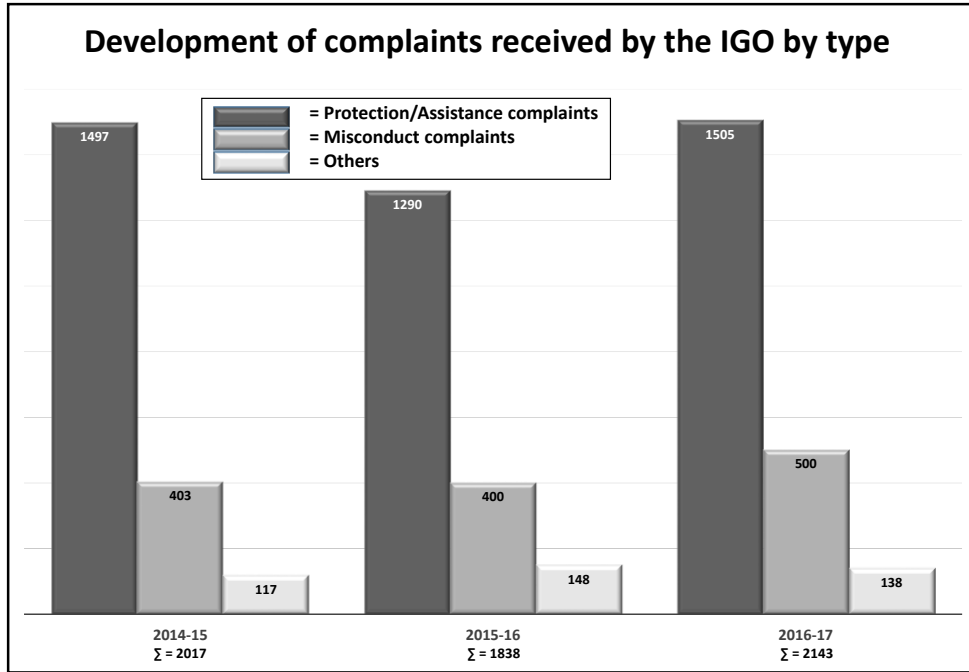
## **C. Collaboration with the Joint Inspection Unit of the United Nations System**

22. The IGO continued its close collaboration with the JIU and contributed to its programme of work for 2017. During the second half of 2016, UNHCR provided its response to eight draft JIU reports on system-wide reviews. During the first half of 2017, the JIU commenced four system-wide reviews, out of a total of seven reviews planned for 2017, and UNHCR provided feedback on the terms of reference and questionnaires related to the reviews. In December 2016, the IGO, in close coordination with relevant headquarters entities, cleared a number of outstanding recommendations issued to UNHCR between 2006 and 2012. Presently, UNHCR's acceptance and implementation rate is among the highest of JIU "participating organizations".

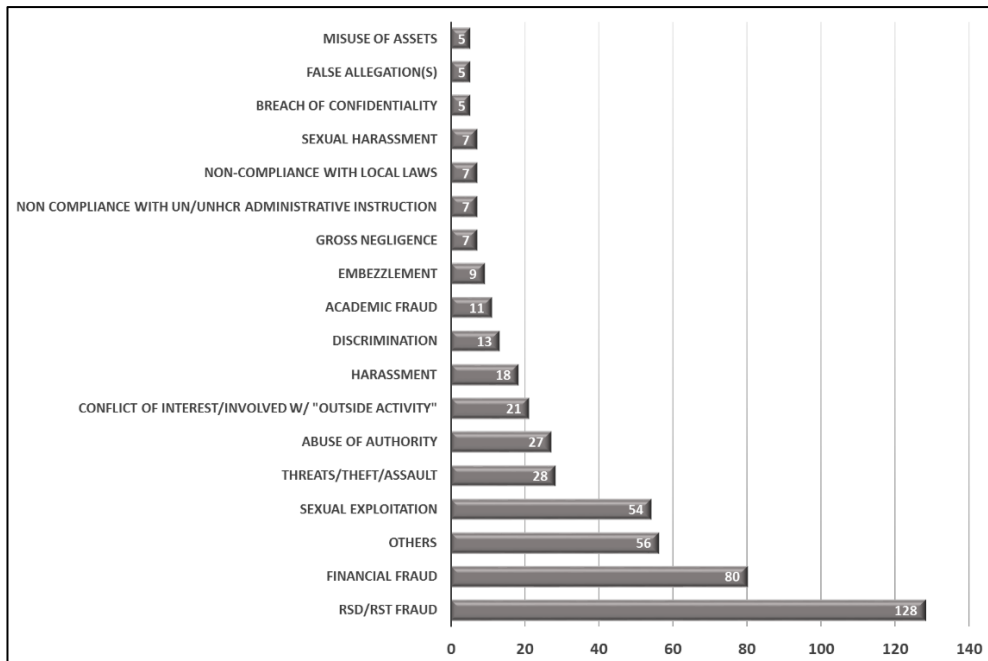
## **IV. Investigations**

### **A. Caseload and reporting**

23. During the reporting period, the IGO registered 2,143 complaints. As shown in the chart below, 1,505 complaints (70 per cent) related to protection and assistance concerns, while 500 (23 per cent) involved allegations of misconduct. The remaining 138 complaints (7 per cent) raised matters beyond the remit of the IGO and were referred to the appropriate internal entities. The chart below indicates increases in misconduct and protection and assistance complaints in comparison to previous years. For the reporting period from 2016 to 2017, the number of misconduct complaints increased by 25 per cent in comparison with the last two years.



24. The breakdown of the type of allegations of misconduct is set out in the chart below. The highest number of misconduct complaints (128 representing 26 per cent) related to refugee status determination or resettlement fraud. The second highest number of misconduct complaints (80 representing 16 per cent) related to financial fraud, which increased by 51 per cent compared to the prior reporting period of 2015 to 2016 (53 complaints).



25. During the reporting period, 104 investigation cases were opened. With a carryover of 51 ongoing investigations from previous years, the Investigation Service was handling a



total of 155 cases. During the same period, 102 investigations that implicated 124 staff members in alleged misconduct were completed. Of these completed cases, investigation reports concerning 46 staff members were referred to the Division of Human Resources Management for further action, including possible disciplinary measures (36 per cent of investigations opened). The other cases were closed as the allegations could not be substantiated or were unfounded.

26. Some 60 investigation missions were also undertaken. Cases investigated included: serious allegations of sexual exploitation and abuse, financial fraud, refugee status determination and resettlement fraud, and abuse of authority. As of the end of June 2017, 53 investigation cases (implicating 56 staff members) were ongoing, among which 3 were older than one year.

## **B. Protection from sexual exploitation and abuse**

27. During the reporting period, the IGO participated in a number of activities to strengthen the detection of and responses to SEA, both internally and at the inter-agency level. The IGO is a member of an inter-agency task force of the United Nations Network of Investigation Services that seeks to improve the quality and timeliness of SEA investigations. It also cooperated closely with the Director of the Ethics Office at UNHCR and relevant divisions in improving UNHCR's responses to SEA by providing technical advice and support to a wide range of initiatives.

28. In April 2017, the IGO provided training to UNHCR staff and NGO partners in Kigali, Rwanda, aimed at building capacity to detect cases of SEA and provide assistance to victims. The IGO also participated in a conference in Thailand organized by the Core Humanitarian Standard on Quality and Accountability, at which a Senior Investigator presented a paper on joint NGO-UNHCR investigations into allegations of SEA.

29. The IGO received a total of 54 complaints, with five additional complaints identified during the course of other investigations. This brought the total number of allegations for sexual exploitation and abuse to 59. Twenty complaints related to UNHCR staff, 17 concerned UNHCR partners, and 18 concerned other UN agencies, governments or staff of key UNHCR vendors. Four complaints mentioned several perpetrators from more than one entity.

30. After review of the 59 complaints, the IGO opened 15 investigations, closed 15 complaints for insufficient evidence and referred 18 complaints to other United Nations agencies or UNHCR partners. Eleven complaints are still under assessment by the IGO. Of the 15 investigations that were opened, allegations were substantiated in one case, five cases are ongoing, and nine investigation cases were closed as allegations could not be substantiated or were unfounded. Of the 59 complaints, 25 originated from sub-Saharan Africa, 23 from the Middle East and North Africa, seven from Europe and four from Asia and the Pacific.

## **C. Proactive investigation work**

31. Proactive investigations complement "traditional" investigations based on reported misconduct. The primary goal of a proactive investigation is to actively detect and stop misconduct. It focuses on the acquisition and collation of information, including processing, analysis and interpretation. Proactive investigations may not produce factual evidence and can be limited by the availability of only circumstantial information. However, findings related to proactive investigations can help identify potential shortfalls in controls, processes and procedures that protect the assets and reputation of UNHCR.

The Investigation Service initiated two proactive investigations relating to possible fraud by a partner and non-compliance with United Nations administrative regulations.

32. Outreach to external and internal partners to promote the concept of proactive investigations and the negotiation of formal information exchange agreements with external partners to encourage a seamless exchange of information was also undertaken.

#### **D. Partnerships**

33. The IGO undertook several investigations concerning allegations of fraud committed by UNHCR's partners.<sup>2</sup> The incidents of fraud varied in complexity and magnitude, and misappropriation of UNHCR assets primarily resulted from forged financial and procurement contracts and transactions, and false payroll transactions. In all cases, the senior management of the partner was implicated. Management implication reports were issued for each investigation. Additionally, and in collaboration with the OIOS UNHCR Audit Service, the IGO undertook a high-level analysis of the causes of the fraud, and preliminary observations were shared with UNHCR senior management. The IGO observations were also shared with the IAOC.

34. To improve fraud awareness and response, presentations on the work of the IGO and how to conduct investigations were delivered to various partners. During the reporting period, three regional workshops for NGO partners were organized to strengthen their capacity to investigate allegations of misconduct of their own staff. In addition to building capacity, the workshops proved useful in raising awareness of fraud and how to prevent it. In June 2017, the IGO also invited, for the first time, some key vendors to participate in this training.

#### **E. Fraud prevention**

35. In order to improve fraud awareness throughout the organization, several presentations about the work of the IGO were delivered to staff, primarily in field locations where investigations had been undertaken. The IGO trained a total of 614 UNHCR personnel in 11 duty stations. Given the importance of prevention, the IGO will continue to further develop its outreach.

#### **F. Ad hoc inquiries**

36. The Inspector General a.i. initiated an ad hoc inquiry into the circumstances surrounding the violent death of a UNHCR staff member in July 2016. The inquiry focused on the responsibilities, actions and decisions of UNHCR in relation to the event.

### **V. Conclusion**

37. The reporting period has been marked by significant changes in the IGO that affect its structure, roles, responsibilities and relationship with other oversight entities inside and outside UNHCR. These profound changes are being gradually implemented in 2017, with stabilization expected in the course of 2018.

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<sup>2</sup> UNHCR collaborates with some 900 partners. Expenditure through implementing partnerships in 2016 was \$1.4 billion representing approximately 36 per cent of UNHCR's total annual expenditure.