



UNHCR
The UN Refugee Agency

1 person forced to flee
is too many.



Finance and Oversight (A/AC.96/1146/Add.1)

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64th Standing Committee
21 September 2015



AGENDA

- **Financial statements**
- **Key issues and measures taken by UNHCR in response to the Report of the Board of Auditors**
- **Follow-up** of previous years recommendations
- **Conclusions**

EXTERNAL AUDIT

by the United Nations Board of Auditors

- The Board of Auditors (BoA) is mandated by the General Assembly (GA) to conduct audits of UN organizations and its funds and programmes.
- National Audit Office (United Kingdom) audits UNHCR
- The Board provides the GA with an independent audit opinion on UNHCR's financial statements
- The Board conducts its audit in conformity with the International Standards of Auditing (ISA)
- The Board reviews implementation of the previous recommendations

FINANCIAL STATEMENTS

for year ended 31 December 2014

Five Statements prepared under IPSAS

- I Statement of Financial Position
- II Statement of Financial Performances
- III Statement of changes in the Net Assets
- IV Statement of Cash Flow
- V Statement of Comparison of Budget and Actual Amounts

And Notes to the financial statements

FINANCIAL STATEMENTS

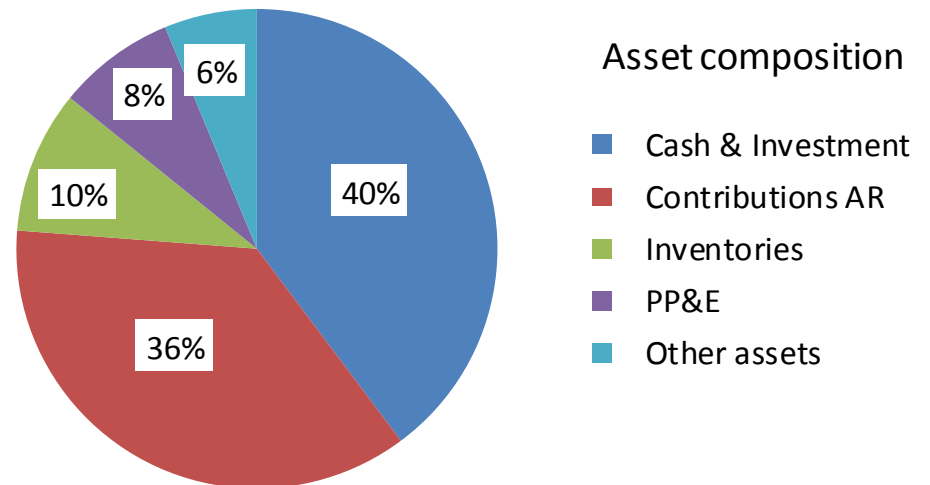
for year ended 31 December 2014

Financial position as at 31 December 2014

(in million US dollars)

Assets

Cash & Investment	799
Contributions receivable	732
Inventories	193
PP&E	159
Other assets	125
Total assets	2,009
Liabilities	883
Net assets	1,126



Operational liquidity

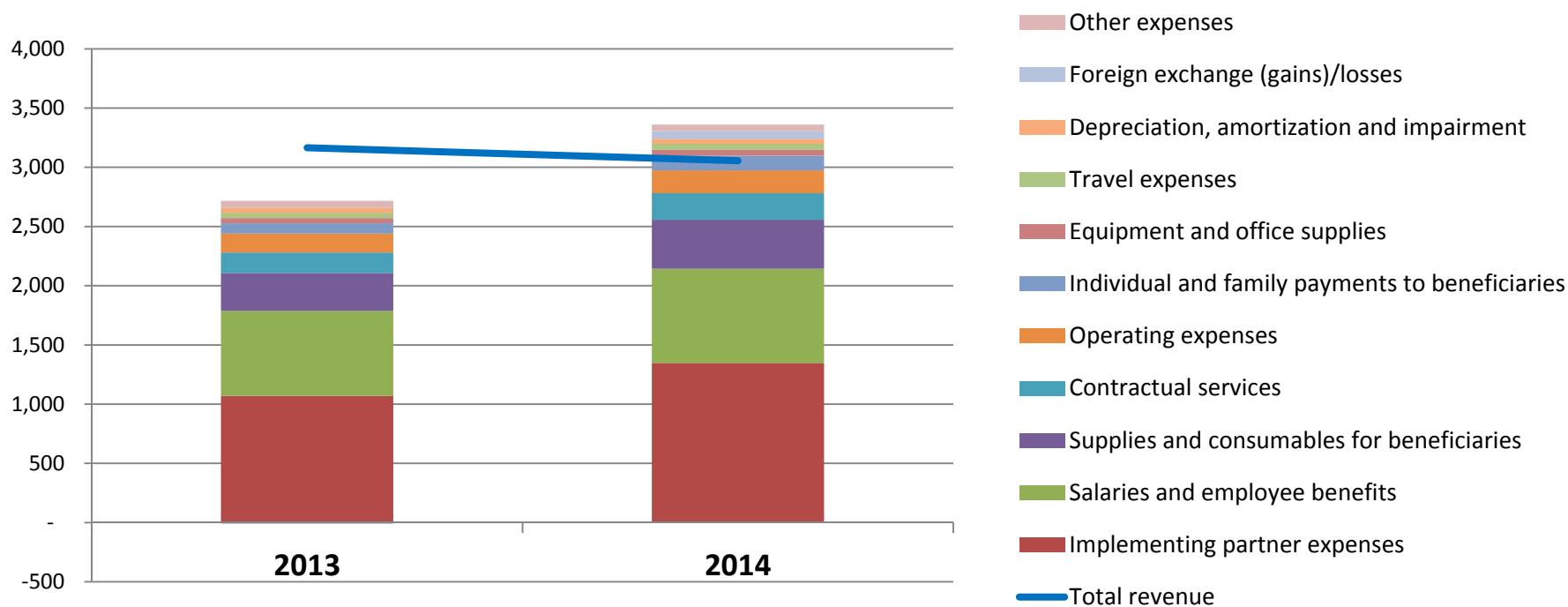
Cash & Cash equivalents- # of months expenses	2.4
Inventory stock - # of months distribution	6.7

FINANCIAL STATEMENTS

for year ended 31 December 2014

Annual revenue and expenses (in million US dollars)

	2013	2014
Revenue	3,165	3,056
Expenses	2,704	3,361
Surplus / (Deficit)	461	(305)



KEY ISSUES AND MEASURES TAKEN BY UNHCR

in response to the Report of the Board

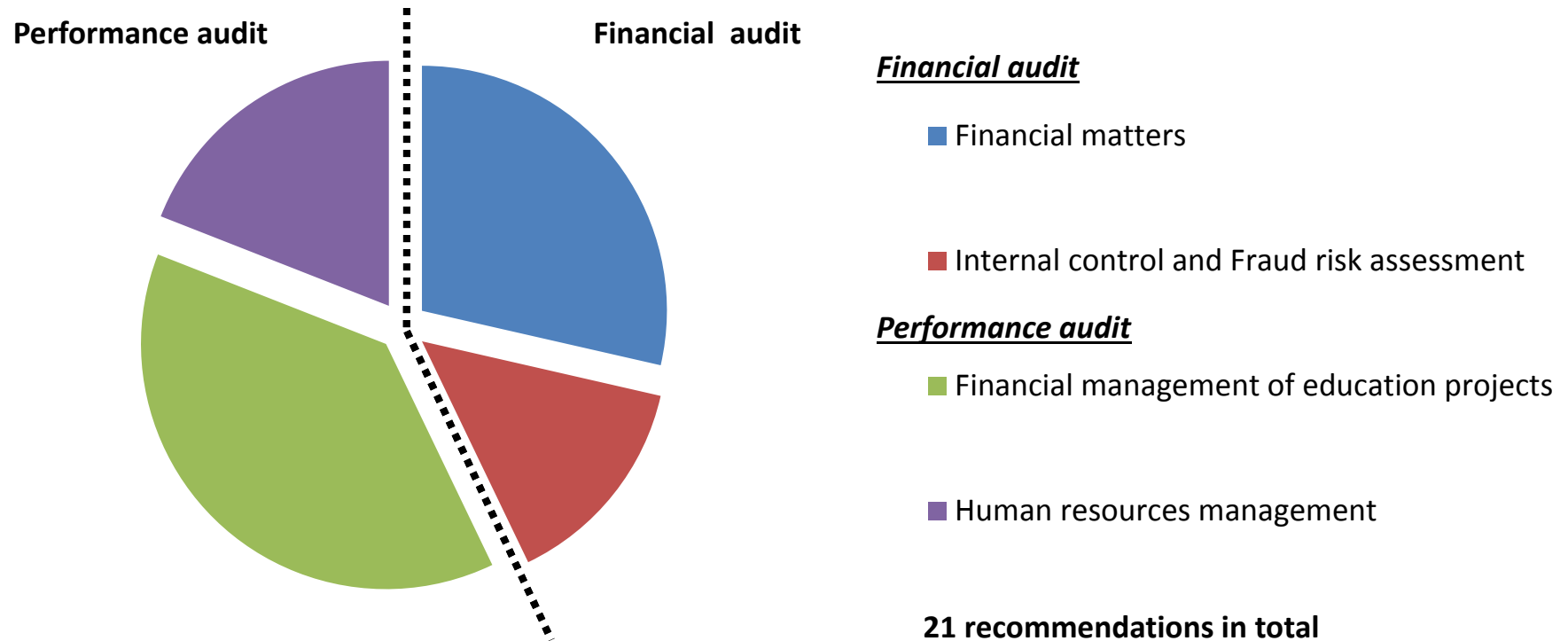
The Board confirmed that the UNHCR financial position remains strong and there are sufficient assets to meet liabilities.

- Unqualified audit opinion
- 21 new recommendations issued in 2014
- 13 outstanding recommendations from 2013 and previous years

KEY ISSUES AND MEASURES TAKEN BY UNHCR

in response to the Report of the Board

Findings and recommendations in 2014



KEY ISSUES AND MEASURES TAKEN BY UNHCR

in response to the Report of the Board

1. Financial matters ⁽¹⁾

Board findings/recommendations:

- Improve profiling of resources to facilitate better forecasting
- MSRP upgrade project - draw up clear statement of benefits and enhance project risk process
- Review cost classification of staff functions

Actions:

- UNHCR pursues discussions with donors and implements measures to increase predictability of funding
- UNHCR mapped out MSRP upgrade project risks with mitigation measures put in place
- UNHCR to develop a statement of benefits plan in respect of the 18 key priorities identified
- UNHCR re-classified some positions after budgetary review and will continue to review the functional areas of executive and management grades at country and field office level.

KEY ISSUES AND MEASURES TAKEN BY UNHCR

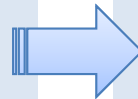
in response to the Report of the Board

1. Financial matters ⁽²⁾

Board

findings/recommendations:

- Scrutinize and disclose implementing partners administrative costs
- Set clear targets for stock holdings and metrics for GFM



Actions:

- UNHCR will introduce an additional note to the financial statements, disclosing the total contributions to project headquarters support costs of international partners.
- UNHCR will continue to strengthen the process of reviewing partner expenses.
- UNHCR continues to work on the recommendation to demonstrate strategy, savings and benefits of GFM; INSEAD completed an independent assessment.

KEY ISSUES AND MEASURES TAKEN BY UNHCR

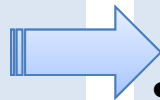
in response to the Report of the Board

2. Internal control and fraud risk assessment

Board

findings/recommendations:

- Adopt data analytics to review compliance to key controls and build them into a systematic process
- Enhance internal risk-based verification process
- Establish clear time frame for fraud risk assessments and mitigation plans



Actions:

- UNHCR is developing a system to ensure that data analysis and reporting are configured. Two Governance Risk and Compliance (GRC) modules to be implemented.
- UNHCR's Enhanced Framework for Implementing with Partners includes adoption of improved monitoring of reports and risk-based verification.
- UNHCR will ensure that risk assessments will inform the MSRP project and be considered in the refinement of design and implementation.

KEY ISSUES AND MEASURES TAKEN BY UNHCR

in response to the Report of the Board

3. Financial management of education projects

Board findings/recommendations:

- Review the scrutiny process on cost effectiveness of interventions; and issue central guidance on cost effectiveness criteria
- Collect accurate data and define performance metrics;
- Better analyze linkages between costs and outcomes;
- Standardize performance indicators and its selection



Actions:

- UNHCR to provide specific guidance on the selection of indicators to field offices on which indicators are appropriate to their situation and to establish an optimal number of indicators.
- A working group to include DPSM, DFAM and DIP is tasked to: propose measures to streamline the processes on assessment and analysis of cost-effectiveness; to develop a guidance framework and to review the linkage between costs and outcomes

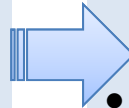
KEY ISSUES AND MEASURES TAKEN BY UNHCR

in response to the Report of the Board

4. Human resources management

Board findings/recommendations:

- Plan future staffing requirements to better align workforce with demand
- Streamline process on staff deployment/redeployment
- Senior management to review workforce data



Actions:

- UNHCR is committed to significantly reduce the risk of misalignment of its workforce and plans to release UNHCR's People Strategy in the 4th Q of 2015
- Foresees the establishment of systems to analyse trends that affect demand for the number, location and skills of staff.
- DHRM's Business Intelligence Unit will submit workforce data to the Senior Management Committee (SMC) for periodic review.



FOLLOW-UP OF PREVIOUS YEARS

Progress made in response to the recommendations of the BoA for 2013 and previous years

- ✓ Out of the 40 recommendations outstanding for 2013 and previous years, 27 have been fully implemented (67.5% implementation rate)
- ✓ Of the 13 recommendations that remain, 2 recommendations relate to GFM - a multi-year project, 3 recommendations relate issues that have a wider applicability across UNHCR and evaluations are on-going



CONCLUSIONS

- The Board noted that UNHCR had a strong overall financial position and made good progress in management of inventory
- The Board noted the positive progress in implementing the previous year's recommendations, particularly for counter-fraud measures and risk registers
- UNHCR is committed in addressing the outstanding recommendations and to continue improving systems and controls to mitigate identified risks



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THANK YOU