



UN Board of Auditors

Presentation Standing Committee UNHCR Report 2018

18 September 2019



2018 Audit Opinion

- The Board has issued an **unqualified opinion**
- This means that the financial statements **present fairly, in all material respects**, the financial position of the voluntary funds administered by the United Nations High Commissioner for Refugees as at 31 December 2018 and its financial performance and cash flows for the year then ended in accordance with IPSAS



2018 Financial Report - Highlights

- **Financial performance**

- Revenue: \$4.3 billion (2017: \$4.2 billion)
- Expenses: \$4.1 billion (2017: \$3.9 billion)
- Surplus: \$255.8 million (2017: \$379.5 million)

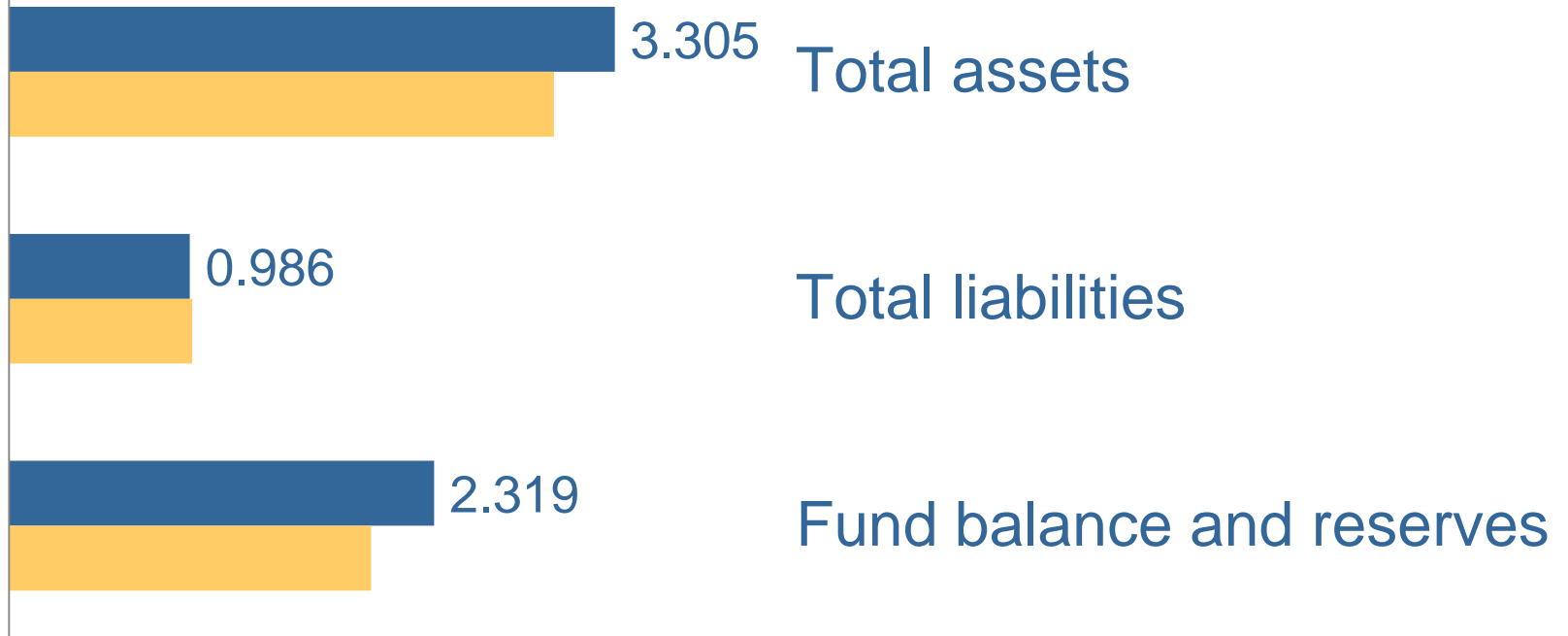
- **Financial position**

- Fund balances
/reserves: \$2.3 billion (2017: 2.0 billion)
- Current ratio: 9.5 per cent (2017: 9.9 per cent)



2018 Financial Report - Highlights

in million US\$

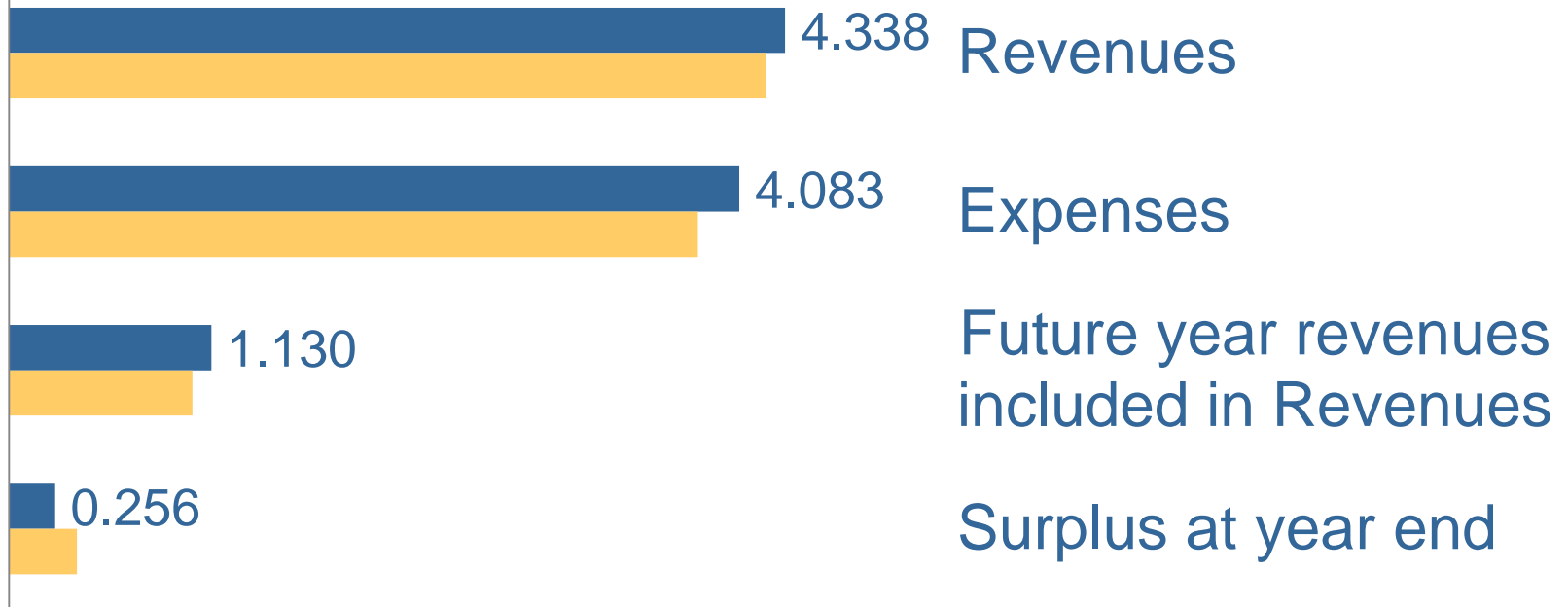


	Fund balance and reserves	Total liabilities	Total assets
■ 2018	2.319	0.986	3.305
■ 2017	1.975	0.998	2.973



2018 Financial Report - Highlights

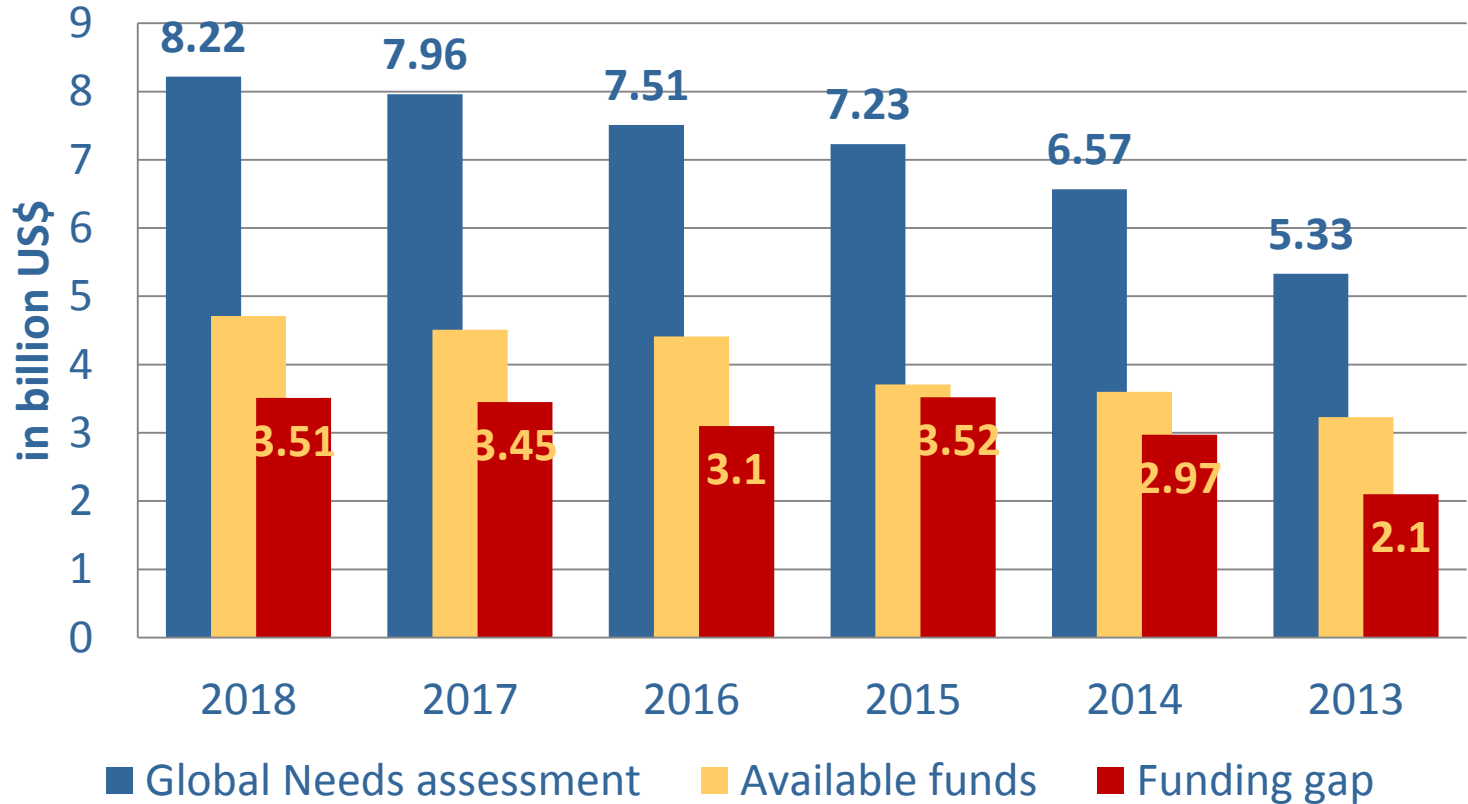
in million US\$



	Surplus at year end	Future year revenues included in Revenues	Expenses	Revenues
■ 2018	0.256	1.130	4.083	4.338
■ 2017	0.379	1.024	3.851	4.230



2018 Financial Report - Highlights





2018 Financial Report - Highlights

- Selected key indicators

	2018	2017	2016	2015	2014
Number of PoCs (million)	74.8	71.4	67.7	64.0	54.9
<i>Increase in number of PoCs</i>	4,8%	5,5%	5,8%	16,6%	28,0%
Global Needs assessment (billion US\$)	8.22	7.96	7.51	7.23	6.57
<i>Increase in Global Needs Assessment</i>	3,3%	6,0%	3,9%	10,0%	23,3%
Number of UNHCR staff	12.240	11.621	10.828	9.727	9.411
Number of UNHCR offices	469	468	470	454	461



2018 BoA Findings

- **Identified misstatements / Accounts preparation**
 - no **adjusted** identified misstatements
 - **unadjusted** identified misstatements were \$9.5 million with a net impact on the statement of financial performance of **\$1.6 million**
 - **accounts preparation** process and management's review processes appear **sound**



2018 BoA recommendations

- **BoA Summary of recommendations**

- In 2018 the Board has made **64 new** recommendations

- UNHCR agreed with 62 recommendations,
that is **97 per cent**

✓ UNHCR agreed

- UNHCR disagreed with **2 minor technical** financial
recommendations

✗ UNHCR disagreed



2018 BoA recommendations

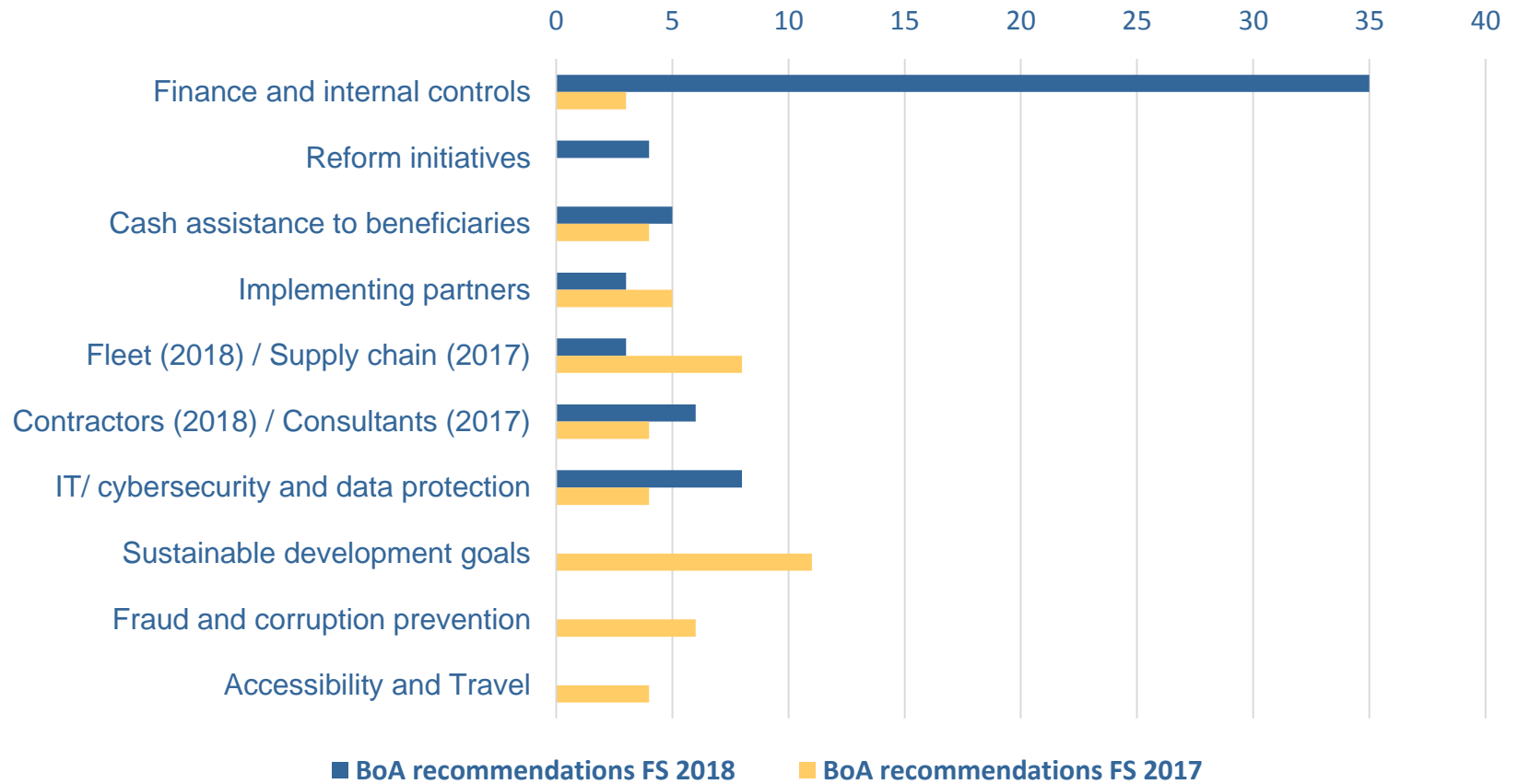
• Overview of 2018 recommendations

Thematic area as per BoA report	Number of recommendations issued													Para. BoA report
Finance and internal controls	35	para. 20	25	31	36	43	44	45	50	99	108	109	15-383	
		para. 113	118	123	129	140	141	147	156	161	167	168		
		para. 169	184	190	191	195	200	226	235	267	324	357		
		para. 365	382											
Reform initiatives	4	para. 64	77	87	88								52-100	
Cash assistance to beneficiaries	5	para. 179	185	205	209	213							171-214	
Implementing partners	3	para. 242	251	262									215-268	
Global fleet management	3	para. 299	300	301									269-302	
Contractors	6	para. 307	310	316	317	327	328						303-329	
Information technology/ cybersecurity and data protection	8	para. 343	344	345	355	356	369	374	387				330-388	
	<u>64</u>													



2018 BoA recommendations

- BoA recommendations 2018 vs 2017 by topic





2018 BoA Highlights of recommendations

- **Finance and internal controls**

- 1) items that are procured for **direct transfer of ownership**
 - establish a consistent accounting process and guidance
 - especially for **cases that do not refer to the implementation of a specific programme**
 - flag these items in the MSRP system and
 - disclose expenses resulting from such transfers separately in the notes (para. 50, 267).

✓ UNHCR agreed



2018 BoA Highlights of recommendations

- **Finance and internal controls (cont'd)**

2) strengthen **internal controls** in various areas such as:

- inventories, ✓ UNHCR agreed
- cash assistance to beneficiaries, ✓ UNHCR agreed
- salaries, ✓ UNHCR agreed
- implementing partners and ✓ UNHCR agreed
- value added tax ✓ UNHCR agreed

(para. 118, 123, 129, 141, 147, 167)



2018 BoA Highlights of recommendations

- **Finance and internal controls (cont'd)**

3) refine and **systematically update** the financial internal control matrix

➤ key controls should be scaled on the basis of the operational model and identified risks of UNHCR

(para. 108)

 **UNHCR agreed**



2018 BoA Highlights of recommendations

- **Finance and internal controls (cont'd)**

4) Implement **further electronic processes**, such as

- submission of partner financial reports from partners and
- electronic signature for the approval of partner financial reports
- ensure that the authorities are aligned with the delegation of authority plan (para. 235)


✓ UNHCR agreed



2018 BoA Highlights of recommendations

- **Finance and internal controls (cont'd)**

5) highlight the importance of a

- standard **check for duplicates** in cash assistance distribution lists before approval of the distribution lists (para. 195)  **UNHCR agreed**

6) implement **additional control mechanisms** in the newly changed organization structure

- to compensate for increased capitalization thresholds (para. 99)  **UNHCR agreed**



2018 BoA Highlights of recommendations

- **Finance and internal controls (cont'd)**

7) ensure that contractor identification and selection process is

- **independently verified or**
- **based on an approval workflow process**
- to increase transparency and efficiency of the selection decision made by the hiring manager (para. 324)

✓ **UNHCR agreed**



2018 BoA Highlights of recommendations

- **Finance and internal controls (cont'd)**

8) check for vendors having the same bank account as active staff members and for vendors sharing the same bank account

- **to prevent and detect fraud**

- control should be integrated within the control matrix (para. 109)

 **UNHCR agreed**



2018 BoA Highlights of recommendations

- **Reform initiatives**

- 1) ensure **well-coordinated**

- **accountabilities, authorities and reporting lines** in the newly created regional and headquarters structures
- that are integrated into the current structures of UNHCR and
- provide for the necessary coordination and monitoring at headquarter (para. 64)

✓ **UNHCR agreed**




2018 BoA Highlights of recommendations

- **Reform initiatives (cont'd)**

2) use the new results-based management tool

- **to present the link between input, outcome and results, and**  **UNHCR agreed**

- facilitate alignment of country operation plans with inter-agency and multi-partner processes (para. 77)

3) further enhance **the corporate risk registers** and implement a specific review of regional corporate risk registers (para. 87, 88)  **UNHCR agreed**



2018 BoA Highlights of recommendations

- **Implementing partners**

- 1) 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

(para. 262)

✓ UNHCR agreed

- 2) make a minimum set of **monitoring reports and their upload to eSafe mandatory** (para. 242)

✓ UNHCR agreed



2018 BoA Highlights of recommendations

- **Cash assistance to beneficiaries**

1) in cases of commingled cash pools make available clear guidance on the

- **allocation and monitoring of refunds**

- to country operations participating in the common cash facility approach (para. 185) ✓ UNHCR agreed

2) make **post-distribution monitoring** of the individual country operations' cash-based intervention programmes **mandatory** (para. 205) ✓ UNHCR agreed



2018 BoA Highlights of recommendations

- **Cash assistance to beneficiaries (cont'd)**
 - 3) analyse and aggregate the **findings from post-distribution monitoring** and
 - use it as a base for further developing the cash-based intervention programme
 - at the level of both countries and bureaux (para. 213)

✓ UNHCR agreed



2018 BoA Highlights of recommendations

- **Global fleet management**

- 1) 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 (para. 299) ✓ **UNHCR agreed**

- 2) consider a solution to **integrate operational and cost data from commercially rented vehicles** in the operational and cost analysis (para. 301) ✓ **UNHCR agreed**



2018 BoA Highlights of recommendations

- **Individual contractors**

- 1) when the required capability is not available in UNHCR
 - **strengthen the justification and documentation for hiring individual contractors (para. 307)** ✓ UNHCR agreed
- 2) provide **clear guidance** to divisions and field operations
 - to **enhance the awareness of human resources clearance** and ✓ UNHCR agreed
 - establish tools that enable the processing of the clearance **on an online basis** (para. 316, 317)



2018 BoA Highlights of recommendations

- **IT-security and data protection**

- 1) **establish mandatory UNHCR-wide**

- **minimum information security standards** in an
 - **ICT governance framework** (para. 343) ✓ **UNHCR agreed**
 - and a mandatory **central clearance process** to avoid the duplication of existing applications and
 - **a register for all applications developed in the field** (para. 344)

✓ **UNHCR agreed**



2018 BoA Highlights of recommendations

- **IT-security and data protection (cont'd)**

2) establish an **information security risk assessment process**

- based upon or directionally aligning towards ISO 27005 (para. 355)

 **UNHCR agreed**



Open recommendations – prior years

- Prior year recommendations

Year	Total	Fully implemented	Under implementation	Overtaken by events
2012	1	1	0	0
2014	3	2	1	0
2015	5	4	1	0
2016	9	6	3	0
2017	49	22	27	0
Total	67	35	32	0
<i>Percentage</i>	<i>100%</i>	<i>52%</i>	<i>48%</i>	<i>0%</i>



UN Board of Auditors

Thank you.



2018 BoA recommendations not agreed

- technically revise presentation of the Staff Benefits Fund as part of net assets (para. 20)

X UNHCR disagreed

<i>Components of net assets</i>	<i>Current presentation</i> 2018	Example of presentation without offsetting:
Accumulated fund balances and reserves	2 744.4	1 978.3
Working Capital and Guarantee Fund	100.0	100.0
Medical Insurance Plan	41.8	41.8
Staff Benefits Fund		
<i>Liability</i>	(766.1)	
<i>Available funds</i>	199.1	
Balance, Staff Benefits Fund	(567.0)	199.1
Total fund balances and reserves	2 319.1	2 319.1



2018 BoA recommendations not agreed

- **assess whether it is beneficial** to conclude agreements with United Nations organizations for
 - incoming and outgoing staff
 - to gain a clear distribution of accumulated health insurance liabilities between the entities concerned (para. 36)

✘ UNHCR disagreed