

FOLLOW-UP TO THE RECOMMENDATIONS OF THE BOARD OF AUDITORS ON THE ACCOUNTS FOR 2004 - UPDATE October 2006

UN Board of Auditors' recommendations (as per 2004 Report)		Status	Actions taken to date and recent update + Estimated time for completion
Main Recommendations			
12 (a)	Fund end-of-service and post-retirement benefit liabilities (para. 53); Controller's Office	Implemented subject to review	UNHCR has informed the Member States at the September Standing Committee. IPSAS Board has been established and started working on details, including a pro-forma balance sheet. Update as at October 2006
12 (c)	Update its memorandum of understanding with United Nations Development Programme (UNDP) in order to manage the procedure for the payment of advances (para. 69); Finance Section	Under implementation	Based on the positive exchange of views at the meeting, management feels that it would be more appropriate to reschedule the review of the UNHCR/UNDP MOU to the second half of 2006. By this time, UNDP would have made significant progress in fixing problems in reporting and accounts reconciliation and would be in a better position to confirm its deliverables. Update as at Jan.06 UNHCR is still waiting for UNDP to resolve pending internal issues. October 2006
12 (d)	Review the accounting for advances to UNDP (para. 71); Controller's Office	Implemented	UNHCR maintains that inter-agency services provided by UNDP, or by UNHCR, to other sister agencies, are not of the same nature as those obtained under implementing partner agreements. UNHCR therefore considers that the advances to UNDP could not be recorded in 2004 in the same way as advances to implementing partners because the services delivered by implementing partners are under the umbrella of specific projects at the country and programme level. Update as at October 06
12 (g)	Continue to improve its assets management and annual inventory checks (para. 102); Asset Management Unit (AMU)	Ongoing	The revised Chapter 8 (Supply manual) including the revised Asset Management section has been issued in June 2006 and is now implemented in HQs as well as in the Field. It is planned to issue updates of sections of Chapter 8 at least once per year. Physical verification in 2006 is conducted in a number of offices, but not yet all. The HQ verification of 2006 is at a planning stage and will be conducted in December 2006. AMU update October 2006
12 (h)	Review the matter of project personnel arrangements and issue an instruction to ensure the compliance of the deployment schemes with the instructions on staff employment. (para. 129); DOS	Under implementation (matching para 57 in 2005 report)	UNHCR, and in line with a recent OIOS project staff review, agreed to follow up on the matter of additional workforce by preparing relevant policies and guidelines for the various arrangements and assign focal points who keep track of and monitor these additional workforces. By the end of 2006, UNHCR will have further strengthened the monitoring of the UNV workforce, updated the UNOPS framework agreement and issued policies and guidelines for the hiring of additional workforce including individual contractors. PCOS Update as at August.06
12 (i)	Contact other United Nations publication services, to benchmark against their experience and solutions in the marketing and distribution of publications (para. 170); DIPS	Under Implementation	Although SDPIS contacted UN sales several times, no concrete results can be reported. While reimbursement will be made by UN sales for CDs sold, they will not be in a position to provide marketing advice to UNHCR.. Update of April 06
12 (j)	Streamline the relations between Headquarters and protection field operations (para. 178); DIPS	Under implementation (December 2006)	A review of the relations between DIPS, Bureaux and other HQ units is ongoing and should be finalized by the year end. Update as at Jan.06

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12 (m)	Consider the publication of a consolidated report on protection (para. 188); DIPS	Under implementation (timeframe to be decided)	The revision is under way. DIPS and Bureaux share the responsibility of analysing and providing comment to the field on annual protection reports (APRs). Update as at Jan.06
12 (p)	Harmonize definitions and terms used for results-based management within its organization, in line with United Nations system practices (para. 214); ODMS	Implemented	A review carried out by UNHCR on the use of definitions and terms on results-based management in the wider UN system shows that except for the term 'outcome', UNHCR's RBM definitions are in harmony and consistent with the UN practice. The reason why UNHCR does not extensively use the term 'outcome' is linked to the timeframe that is associated with it. The UN uses this term to describe the mid-term (3-5 year) impact of an action. Taking into account the humanitarian nature of UNHCR's work, it is difficult for UNHCR to align the timeframe of its programmes with this timeline, which is more suitable for development agencies. ODMS update as at Oct 06
12 (q)	Include in its work plans specific, measurable, achievable, relevant and time-bound objectives and indicators (para. 235); DIPS in coordination with ODMS	Under Implementation	DIP provided its workplan/s and objective settings as part of its response to TR AQ 4 DIP Update April 2006
12 (r)	Improve staff awareness regarding information and communication technology anti-fraud policies (para. 247); DIST	Implemented	UNHCR has studied the UN "fraud prevention" policy as issued by the UN Secretariat as a result of the "UN Reform" report. Steps towards enhanced staff awareness have already taken place through the newly issued booklet on "UNHCR Financial Empowerment and Accountability Framework" and also through an initiative by IGO and DIST in launching the on-line "Accountability Portal" which is easily accessed by all staff to help them acquire information in a more practical manner. DIST update Oct 06.
12 (s)	Review the compliance of field office management with instructions (paras. 253, 255, 257, 259, 261 and 265); # 253: UNHCR agreed with the Board's recommendation to systematically control the giving and updating of proper delegations of financial authority; FRS /DFSM # 255: UNHCR agreed with the Board's recommendation to ensure that petty cash management rules are adhered to by field offices; FRS /DFSM # 257: UNHCR agreed with the Board's recommendation to ensure that financial duties are understood and properly segregated in field offices; FRS / DFSM # 259: UNHCR agreed with the Board's recommendation to ensure that its field offices conduct procurement activities in line with best practices set out in its Manual; SMS	Implemented (subject to review) Ongoing Ongoing Under Implementation Implemented (subject to review)	- 253: Please refer to IOM/FOM /044/2006: "Revised Delegation of Financial Authority Policy: New Financial Internal Control Framework", issued on 9 June 2006 Updated October 2006 - 255: UNHCR has reinforced its instructions to the Field through year-end instructions and financial management training. Updated October 06 - 257: In line with IOM/FOM/044/2006, Delegation of Authority Plans (DOAPs) are being established for MSRP Field Offices, in the context of the MSRP roll-out and/or through "MSRP version2" retrofitting sessions. Meanwhile UNHCR continues to deliver financial management training emphasizing the necessity for proper segregation of duties. Updated October 06 -259: The revised Chapter 8, together with the Short Version, was issued under IOM/015-FOM/015/2006 on 7 July 2006 and the CD ROM was sent to all UNHCR offices in July 2006. It is also posted in UNHCR Intranet SMS update October 2006 - 261: The IOM/FOM was issued on 30 January 2006 and was provided to External Auditors in response to AQ TR 4. Field colleagues are expected to report on training activities which are recorded through the TRS system. SDS is also currently in the process of following up on the Learning Activity Reports which are expected by the first week of January 2007.

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	<p># 261: The Board recommends that UNHCR ensure that field offices adopt a training plan and report on its implementation; SDS & DHRM</p> <p># 265: The Board recommends that UNHCR ensure that its field offices fully comply with the provisions of chapter 4 of its Manual on programme implementation. PCOS & DOS</p>	<p>review</p> <p>Under implementation</p>	<p>SDS October 2006</p> <p>- 265: UNHCR will continue with Programme Management training despite the budget cuts and in 2007 will conduct six basic and/or advanced Programme Management trainings. Part of the trainings' main focus is to ensure wide adherence to the rules and procedure under the Operational Management System (OMS), and to integrate policy priorities and various initiatives and new tools in UNHCR's operation with an aim to promote a multi-functional and team approach to identifying and addressing the needs of UNHCR's persons of concern. UNHCR also runs the Operation Management Programme (OMLP), one of UNHCR's core learning programmes, which aims at promoting, in addition to the overall objectives of the Programme Management Training, knowledge, skills and attitude among a wide range of UNHCR personnel towards the effective, efficient management of operations.</p> <p>UNHCR is also revising the COP format reflecting the RBM principles for the 2008-9 COP process. Compliance with Chapter 4 is part and parcel of all relevant training programmes. Bureaux and desks in Headquarters are very much involved in the institutionalizing of the RBMs and RBBs through the COP re-design Working Group managed by DOS.</p> <p>PCOS update October 2006.</p>
OTHER RECOMMENDATIONS			
20	<p>The Board reiterates its recommendation that UNHCR consider disclosing more items in its financial report in respect of good governance principles applied to oversight, performance reporting, social accounting issues, risk management, continuity and internal control issues. Controller's Office</p>	Under implementation	<p>UNHCR has reviewed the utility of the Annual Financial Statements and has identified several areas for improvement in terms of transparency and relevance. Before expanding the Statement to include issues like governance, UNHCR will improve the existing one (including Financial Highlights) to make it more analytical and reader-friendly (as was done for the 2007 Programme Budget document, which was broadly welcomed by Member States and ACABQ). Update as at October 2006</p>
31	<p>UNHCR planned to review at the end of 2005 the activities of the Oversight Committee to keep them in line with audit oversight arrangements at the United Nations Secretariat. Oversight Committee Secretariat</p>	Under implementation	<p>Following the issuance of the "Comprehensive review of governance and oversight within the United Nations" in August 2006, UNHCR has been reviewing the document and will report suggested changes following its Oversight Committee meeting of December 2006. Update as at October 2006</p>
38	<p>UNHCR agreed with the Board's recommendation to invite the Office of Internal Oversight Services to liaise with other United Nations audit services so as to harmonize internal audit ratings, in order to allow comparability among organizations. Audit Coordinator, DFSM</p>	Under implementation	<p>The new rating system is considerable different to UNHCR's present system, which has 5 categories: very good, above average, average, below average and seriously deficient. In early discussions with management, it has already been indicated that there is a need to maintain a 'good' category. The new proposed new ratings will be presented to the UNHCR Internal Oversight Committee in October 2006, with the aim of establishing a new rating system to be implemented 1 January 2007. OIOS update October 2006</p>
77	<p>The Board recommends that UNHCR support in kind contributions and their valuation by adequate documents. Finance Section</p>	Under implementation	<p>Please refer to FTN n.2 dated 27/02/2006 "guidelines for the valuation and classification of in-kind premises for UNHCR administrative use". Update as at October 2006</p>
79	<p>UNHCR agreed with the Board's recommendation to unify the documentation for tracking outstanding contribution pledges. Treasury Section</p>	Implemented	<p>UNHCR has already taken corrective actions in this regard. Relevant documents were provided to the Auditors in April 2006. Documentation unified and are accessible in MSRP report HDR 515 Treasury update as at October 2006</p>

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97	UNHCR agreed with the Board's recommendation to introduce remedies for the risk of posting incorrect exchange rates. Finance Section	Implemented	Exchange rates are checked in the Finance Section review of FMIS offices monthly accounts. During 2005, three instances of incorrect exchange rates were identified. These errors were corrected in MSRP by Finance Section. Update as at Apr 06 in response to AQ 4.
109	The Board notes with concern that the number of sub-projects and the amounts covered by audit certificates decreased from 77 per cent for 2002 to 50 per cent for 2003 as at 30 April 2005 Audit Coordination	Under implementation	UNHCR is of the opinion that this recommendation should be considered as implemented. To date, UNHCR has received audit certificates for 80% of the sub-projects implemented by partners in 2002 and 79% for 2003. Furthermore, a new policy was introduced as of 2004 and further recommendations were made in the 2005 UN Board of Auditors report that supersede this particular recommendation. Audit Coordination update October 06
147	UNHCR agreed with the Board's recommendation to review the staffing needs of the Protection Information Section and to comply with the rules on recruitment and employment of consultants. DIPS	Implemented	Copy of the policy and guidelines on consultancy dated 01 April 2005 are now being implemented and was provided to Auditors during spring Audit 2006 Update as at April 2006.
156	UNHCR agreed with the Board's recommendation to implement procedures ensuring the consistency and quality of public protection information. DIPS	Under implementation	A revised draft of the publications policy for country-related positions has been drafted and discussed with all relevant actors, in DIPS and the Regional Bureaux, and will hopefully be adopted soon. As part of the new policy, a new section on the Intranet is being created, dealing with publication standards and procedures vis-à-vis protection information. Update as at October 2006
161	UNHCR agreed with the Board's recommendation to implement its rules related to protection-publications policy. DIPS	Under implementation	Please see the update under para. 156 above. In addition, it should be noted that SDPIS is elaborating on its own role with regard to the clearance and issuance of country-related position and other appropriate UNHCR documents. Update as at October 2006
163	UNHCR agreed with the Board's recommendation to undertake a cost analysis of its production of documents and CD-ROMs. DIPS	Under implementation (timeframe needed)	SDPIS is developing new information management and dissemination strategies, in particular through the migration of the protection information platforms to online instead of offline media. A cost analysis will be a key element in this process. Update as at October 2006
166	UNHCR agreed with the Board's recommendation to enhance sales reporting tools with a view to monitoring accurately the revenue generated and ensuring the timely collection of payments due. DIPS	Not implemented	Normally, incoming payments can be traced by using MSRP. In case of lack of clarity, further details are sought from Finance Section, which has been helpful in tracing payments. SDPIS has been advised that further pursuing the option of credit card payments is highly complicated, and probably not worth the effort considering the minor revenue involved. Update as of October 2006
168	UNHCR agreed with the Board's recommendation to implement an appropriate customer documentation database. DIPS	Under implementation (suggest closing)	Search functionalities of the customer database remain limited. DIST has been helpful, for example in carrying out a batch import concerning the new Refworld update, but is not capable of further enhancing the database. Update as of October 2006
175	UNHCR agreed with the Board's recommendation to conduct a formal evaluation of its Protection Information Section traineeship programme. DIPS	Under implementation	A questionnaire has been drafted, and will be distributed to all previous trainees and other relevant addressees in November 06, with a view to obtaining feedback on the use and relevance of the traineeship programme. SDPIS intends to use the survey results to further ameliorate the traineeship programme, in particular through establishing an internal module for the trainees. Update as of October 2006

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184	UNHCR agreed with the Board's recommendation to consider raising funds for its research activities. DIPS	Not implemented	Fund raising is a continuous activity. The use of funds provided for capacity-building activities are being examined for use in funding research, e.g. DFID contribution. Updated Apr 06 in response to TR AQ 4
186	UNHCR agreed with the Board's recommendation to increase the number of assessment missions to review protection issues in the field. DIPS	Ongoing	2005 saw POSS undertake 9 assessment missions as well as 12 more undertaken with the IGO. This was about the equivalent of the total of 2004 travel, though the number of IGO missions in 2005 was more than double compared to 2004. Updated Apr 06 in response to TR AQ 4
195	UNHCR agreed with the Board's recommendation to review the management of the resettlement human resources called upon through implementing partners. DIPS	Under implementation	Efforts to establish/mainstream more resettlement positions within UNHCR continue. However, given the recent funding shortfalls within the annual budget, resettlement human resources continue to rely heavily on additional funding earmarked for resettlement activities, including temporary FTA positions and the UNHCR-ICMC Deployment Scheme. DIP update October 2006
203	UNHCR agreed with the Board's recommendation to update self-study modules and to review training materials received from the field. DIPS	Under implementation	<ul style="list-style-type: none"> - The <i>Introduction to International Protection</i> and the manual on <i>Refugee Status determination</i>: completed. - The self-study module <i>Human Rights and Refugee Protection</i> : Final proofreading under way, and will be launched by end of 2006. - The self-study module RLD4 on <i>Interviewing for Refugee Status Determination</i>: Under development. Will be launched by end 2006. - Professional interpreters on how to revise RLD3: Budget cuts may not make it possible to develop this module by the end of 2006. <p>The modules are time consuming to develop and launch and, given the comprehensive nature and purpose of the modules, takes precedence and to a large degree substitutes for the materials received from the Field. PCS is reviewing materials received from the Field not overlapping with the self-study modules and will re-launch them once reviewed. Updated Apr 06 in response to TR AQ 4</p>
208	UNHCR agreed with the Board's recommendation to include in its Manual provisions linking the United Nations medium-term plan and strategic framework to its internal planning process. ODMS	Under implementation	The decision for UNHCR to move to a biennial budget, starting with the biennium 2008-2009, means that UNHCR needs to revise its planning processes and to modify its Manual to ensure greater consistency between its own internal planning processes in the preparation of its biennial budget and its input to the Section of the UN biennial budget dealing with UNHCR. It is foreseen that the relevant provisions in UNHCR Manual will be updated by the end of 2006. ODMS update as at Oct. 06
211	UNHCR agreed with the Board's recommendation to pursue its efforts to develop multi-year planning, using identical time frames. ODMS	Under implementation	The move to a biennial budget starting in 2008-2009 gives UNHCR further scope to enhance its multi-year planning, and to adopt a more strategic, longer-term approach to its operations. Several steps have already been taken to modify UNHCR's planning process. For example, the organization's Global Strategic Objectives for 2007 – 2009 now cover a broader timeframe so as to enable UNHCR to link more explicitly with the UN's programming and budget cycle in 2008-2009. Furthermore, UNHCR has developed a first draft of its Corporate Plan for 2007 - 2009, which elaborates the Global Strategic Objectives and puts them into a broader context. All Bureaux and Division have also been tasked to develop strategic plans for their respective entities covering the timeframe 2007-2009. These plans further elaborate UNHCR's strategic direction as reflected in the Corporate Plan and serve as the basis for the annual work plans. As to the Country Operations Plans, they will for the first time in 2008 cover a two-year period. Instructions

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			explaining the new planning requirements are currently being drafted and will be sent out to all HQ and Field operations in December 2006. ODMS update as at Oct. 06
214	The Board recommends UNHCR harmonize definitions and terms used for results-based management within its organization, in line with United Nations system practices ODMS	Implemented	See 12 (p) above.
216	The Board recommends that UNHCR formalize the participatory planning process for Headquarters units. ODMS	Under implementation	A consistent application of RBM principles to all units at Headquarters is part of the institutional efforts to move to introduce RBM in the organization. With regard to systematic participatory planning at the HQ level, UNHCR has already in recent years taken several measures to involve ExCom member States and other key partners in the overall budgetary process through informal consultative meetings. Furthermore, the Member States and other partners have the opportunity to regularly give input to the work of the organization through Standing Committee and Executive Committee meetings, informal consultative meetings and briefings. Internally within UNHCR, the plans of the HQ units and divisions are being discussed each year during the Annual Review Process, which includes participants across the organization. UNHCR therefore considers that there are mechanisms in place at the HQ level to ensure that the plans of the various HQ divisions and units are being developed through a consultative process. ODMS update as at Oct. 06
224	UNHCR agreed with the Board's recommendation to formulate expected accomplishments so as to compare realized accomplishments with objectives and to improve the congruence between the medium-term plan/strategic framework/biennial programme plan and the annual programme budget. ODMS	Under implementation	As highlighted in the Standing Committee meeting in September 2006, UNHCR has made special efforts to ensure that the Section dealing with UNHCR in the UN Proposed Strategic Framework for 2008 – 2009, which will be approved by the General Assembly in late 2006, is consistent with the 2007 Budget Document as well as the organization's Global Strategic Objectives for 2007 – 2009. With regard to the expected accomplishments and the indicators of achievement, UNHCR has tried to ensure that they are increasingly measurable and allow the organization to better measure the progress made. ODMS update as at Oct.06
238	UNHCR agreed with the Board's recommendation to consider ways to ascertain that indicators selected provide a representative image of actual achievements. ODMS	Under implementation	This recommendation is being acted upon through the revision of UNHCR's <i>Practical Guide to the Systematic Use of Standards and Indicators in UNHCR Operations</i> . Also, the development of the Operations Management Support Software (to be piloted in 2007 and rolled out in 2008) will further enhance UNHCR's ability to report on actual achievements in a comprehensive manner. ODMS update as at Oct.06
242	UNHCR agreed with the Board's recommendation to continue to improve its evaluation tools, the follow-up to evaluation and the use of self-evaluation. PDES	Under implementation	The new PDES (Policy Development and Evaluation Service) will review the way that UNHCR ensures the effective use of evaluation findings and recommendations. PDES update as at October 2006
243	As a conclusion, the Board, while commending UNHCR for the efforts made in the development of the use of results-based-management, especially in the Field, notes that progress is needed at Headquarters and in the evaluation function. ODMS & PDES	Under implementation	UNHCR has moved decisively to make progress on RBM. The focus of these efforts has been institution-wide, namely both at Headquarters and in the Field. With regard to Headquarters, in 2006 a series of innovations were introduced into the Headquarters planning process in order to support the institutionalisation RBM. These changes include the introduction of a multi-year strategic plan for all Headquarters Divisions and Bureaux and the inclusion in the 2007 planning submission of terms of reference that describes the respective roles, responsibilities and accountabilities of these organizational

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			<p>entities. Complementing the multi-year strategic plans for Headquarters Bureaux and Divisions, the current Headquarters Plan was transformed into a Work plan describing planned objectives, outputs and timeframes. This Work plan is now being used as a management tool for measuring progress achieved during the year.</p> <p>ODMS Update as at Oct 06 ODMS</p>
245	<p>UNHCR agreed with the Board's recommendation to formalize security processes in respect of MSRP access rights and to implement regular integrity controls of user accounts in order to improve system security. MSRP, DIST</p>	Implemented	<p>We have now acquired the Oracle/PeopleSoft Portal product which integrates security administration for all PeopleSoft components, including Finance, Supply Chain, HR, Payroll and EPM, into one sub-system, with less risk and less resource requirement.</p> <p>Update as at Oct 06</p>
249	<p>The Board recommends that UNHCR endeavour to prepare its information and communication technology strategic plan with estimated costs.</p> <p>DIST</p>	Implemented	<p>Strategy with estimate cost has been completed and published officially.</p> <p>Update as at Oct.06</p>
251	<p>The Board reiterates its recommendation that UNHCR identify the expenditures related to its registration activities, with a view to setting related objectives and to monitoring their implementation.</p> <p>PGDS, DOS</p>	Implemented	<p>As indicated previously, UNHCR does identify the costs and expenditures related to registration activities and monitor their implementation. For each registration activity, costs in long term procurement, human resources and consumables are established to allow for the management to make an informed decision. However, at the moment, UNHCR as a whole does not have the capacity or mechanism to track "activity" based budgeting. Registration expenditures are not necessary only for registration - laptops are reused, staff cost is covered under ABOD etc. At this stage it is impossible to come up with correct expenditures unless UNHCR has an organization-wide system that supports activity-based budgeting. UNHCR held internal discussions in July 2005 on the possibility of reviewing the current budgeting. However, considering that under the overall implementation of MSRP and the links with results-based management, it was decided not to implement a temporary fix - as it would create additional confusion in the Field, nor would it exactly respond to the requirements of the Auditors.</p> <p>PGDS update as at Apr.06 in response to TR AQ 4</p>
268	<p>UNHCR agreed with the Board's recommendation to approach the United Nations Treasury with a view to holding joint negotiations on consolidated banking fees.</p> <p>Treasury Section</p>	Implemented	<p>Banking arrangements are in line with UN generally accepted terms and conditions.</p> <p>Treasury update as at October 2006</p>