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Programme budgets, management, financial control
and administrative oversight

Internal audit in the Office of the United Nations High Commissioner for Refugees for the period from 1 July 2022 to 30 June 2023

Report of the Office of Internal Oversight Services

Summary

This report provides an overview of the internal audit activities undertaken by the Office of Internal Oversight Services (OIOS) in respect of the Office of the United Nations High Commissioner for Refugees (UNHCR), covering the period from 1 July 2022 to 30 June 2023. It is provided pursuant to the decision of the Executive Committee to consider reports relating to programme and administrative oversight during its annual plenary session (A/AC.96/1003, para. 25(1)(f)(vi)).

I. Introduction

1.   The internal audit function of the Office of the United Nations High Commissioner for Refugees (UNHCR) is provided by the Office of Internal Oversight Services (OIOS) in accordance with the relevant resolutions of the General Assembly, the United Nations Financial Regulations and the Financial Rules for voluntary funds administered by the High Commissioner for Refugees, and the memorandum of understanding between UNHCR and OIOS dated 5 March 2018. OIOS was established by the General Assembly pursuant to resolution 48/218 B.

2.   The present report provides an overview of internal audit activities of UNHCR conducted by OIOS during the period from 1 July 2022 to 30 June 2023. Internal audit reports issued during the period were published on the OIOS webpage[1] in accordance with General Assembly resolution 69/253.

3.   From 1 July 2022 to 30 June 2023, OIOS completed 14 audit and 4 advisory engagements for UNHCR.

II. Internal audit strategy and results

A. Strategy

4.   Internal audit provides assurance on the adequacy and effectiveness of governance, risk management and controls to ensure the achievement of organizational objectives. OIOS applies a risk-based approach to prioritize its activities in the areas of greatest risk for UNHCR and where internal audit will be the most cost-effective.

5.   OIOS aligns its risk-based work planning process with the UNHCR corporate risk register. It draws on information from interviews conducted with senior management on operations, controls and risks at headquarters, regional bureau and operations level. In planning its activities, OIOS also considers the oversight work done by other third-line assurance providers, including the United Nations Board of Auditors, the United Nations Joint Inspection Unit, and in UNHCR, the Inspector General's Office and the Evaluation Service, to avoid overlaps and gaps in coverage of key risks. On that basis, OIOS rates the components of UNHCR audit universe[2] (see Figure I) and develops the internal audit annual plan.

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[1] See https://oios.un.org/.

[2] The UNHCR audit universe is comprised of 103 country operations, 7 regional bureaux, 9 headquarters entities, 14 management support functions, 9 results areas and 8 reform workstreams.

Figure I
OIOS rating of UNHCR audit universe components for the period 2023-2025

	High risk	Medium risk	Low risk
■ Results areas	5	4	0
■ Management support functions	7	6	1
■ Regional bureaux	4	3	0
■ Country operations	23	39	41

6.   OIOS applies an audit cycle that requires activities rated as high and medium risk to be audited every three and five years, respectively. For low-risk activities, OIOS aims to conduct limited scope reviews every five years.

7.   The activities in this report are part of a three-year rolling plan that supports effective resource planning and provides some flexibility to account for changes in the UNHCR environment. During the reporting period, the plan was adjusted to accommodate (a) an audit of the organization's response to the Ukraine crisis, (b) an audit of the progress made in implementing the UNHCR business transformation programme, and (c) an advisory on the controls enforced during the auctioning of vehicles in field operations. Annex 1 shows the amendments made to 2022 audit work plan.

8.   While OIOS has resumed travel to audit field operations, it will continue to use remote working modalities whenever feasible and effective.

B.   Results

9.   OIOS completed 18 audit and advisory engagements during the reporting period. The completed assignments consisted of: (i) 2 headquarters, thematic and information and communications technology (ICT) audits; (ii) 12 field operations audits; and (iii) 4 advisory engagements (see annex II).

10.   Table 1 shows the number of audit and advisory engagements completed over the last three years together with the internal audit coverage distribution between headquarters/thematic/ICT audits and audits of field operations.

Table 1
Number and coverage of OIOS activities for the period 1 July 2020 to 30 June 2023

	Headquarters, thematic and ICT audits	Field operation audits	Advisories	Total
2022–2023	2	12	4	**18**
2021–2022	6	12	1	**19**
2020–2021	6	11	7	**24**

11.   The two headquarters, thematic and ICT audits covered cloud arrangements (2022/042) and procurement undertaken by partners using UNHCR funds (2022/082).

12. The four advisory engagements completed during the period covered were: (i) the functioning and effectiveness of enterprise risk management (2022/01692); (ii) the implementation of the Global Compact on Refugees by UNHCR (2022/01925); (iii) data protection and privacy arrangements at UNHCR (2022/01951); and (iv) adequacy and effectiveness of controls in the auctioning of vehicles in field operations (2022/01999).

13. The 12 field operation audits covered a total expenditure of $932 million[3], as shown in table 2. This represented 19 per cent of the expenditure incurred during the reporting period for all UNHCR field operations.

Table 2
Expenditure of field operations audited over a three year-period

Region	Total expenditure (US$ millions)	Expenditure in audited operations* (US$ millions)	Percentage for period 2022-2023	Percentage for period 2021-2022	Percentage for period 2020-2021
Middle East and North Africa	1,154	505	44%	16%	1%
Europe	1,107	96	9%	1%	54%
East and Horn of Africa and Great Lakes	947	46	5%	49%	22%
Asia and the Pacific	702	164	23%	1%	13%
West and Central Africa	432	73	17%	18%	19%
Americas	364	20	6%	6%	5%
Southern Africa	214	28	13%	7%	63%
TOTAL	**4,920**	**932**	**19%**	**19%**	**19%**

*Does not include field operations that are covered under thematic audits.

14. The 12 field operations audited during the reporting period brought the total number of countries in which audits were conducted over the last three years to 38. This number included 16 of the 23 country operations assessed by OIOS as being of higher risk. Audits of the remaining seven high-risk operations are planned for inclusion in the 2023 and 2024 workplans. Table 3 reflects the field operations audited in the last three reporting periods (2021 to 2023).

Table 3
Number of country operations covered for the last 3 reporting periods, per latest risk assessment level

| Region	High risk	Medium risk	Low risk	Total
Asia and the Pacific	1	1	8	10
East and Horn of Africa and Great Lakes	6	1		7
Europe	2		2	4
Middle East and North Africa	3	1		4
Southern Africa	1	3	1	5
Americas	1	2		3
West and Central Africa	2	2	1	5
Total	**16**	**10**	**12**	**38**

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[3] This relates to 2022 expenditure for the respective field operations.

C.   Analysis of recommendations

15.   During the reporting period, OIOS issued 92 recommendations. UNHCR accepted all recommendations and initiated action to implement them, with 29 implemented and closed by 30 June 2023, as reflected in figure II. A further analysis of recommendations is provided in annex II. Consistent with the standards applied by OIOS in providing advisory services, it did not publicly disclose the results of advisory engagements nor monitored the implementation of any suggested actions.

Figure II
Recommendations issued and implemented between 1 July 2022 and 30 June 2023
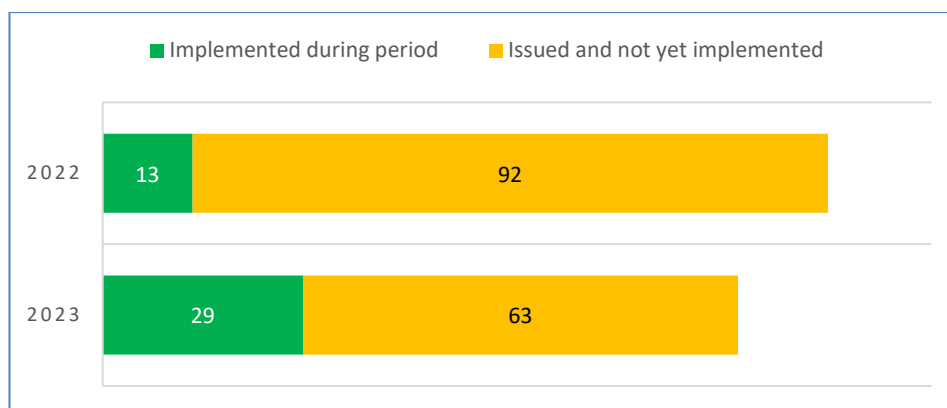
16.   UNHCR attributed the audit findings of performance and control weaknesses to the high inherent risk of operating in challenging contexts and with insufficient resources. OIOS is however of the view that some of the gaps in results and controls disclosed by the audits were due to one or more of the following root causes: (i) inadequate planning of activities; (ii) staff non-compliance with UNHCR policies and procedures; (iii) implementing partner weaknesses; and (iv) inadequate support and oversight by the second line. These are reflected in figure III.

Figure III
Root cause for recommendations issued during period July 2022 – June 2023

17.   As of 30 June 2023, 111 recommendations, including some from previous years, remained open, 77 per cent of which had passed their target implementation date. Table 4 reflects the number of recommendations issued over the last three reporting periods.

Table 4
Recommendations issued over the period 1 July 2020 to 30 June 2023

	2020–2021	**2021–2022**	**2022-2023**
Number of audits	17	18	14
Recommendations open at 1 July	93	88	137
Issued during the reporting period	98	105	92
Total	191	193	229
Closed during the reporting period	(103)	(56)	(118)
Implementation rate[4]	54%	29%	52%
Open as of 30 June	**88**	**137**	**111**
Past due date	**66**	**58**	**85**
Percentage of recommendations past their due date on 30 June	**75%**	**58%**	**77%**

18.   During the reporting period, eight audit recommendations were closed without implementation as follows: (i) in two instances, alternative actions were taken to mitigate the risk; (ii) the cost of implementing recommendations outweighed the benefit in three cases; (iii) re-engineered processes addressed the risk in two recommendations; and (iv) in one case the recommendation was difficult to implement and no longer actionable.

19.   Figure IV reflects the ageing of open recommendations on 30 June 2023. Traditionally, regional bureaux have more outstanding recommendations than headquarters divisions because OIOS conducts more field operation audits than thematic and headquarters audits.

Figure IV
Ageing of open recommendations as of 30 June 2023
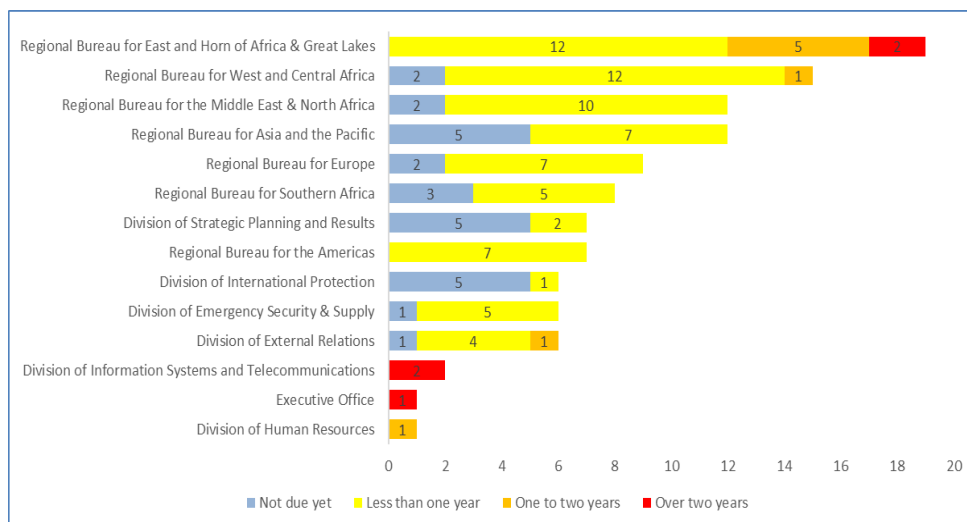
20.   Recommendations made to headquarters divisions take longer to implement and close because they often require one or more of the following: (i) a change in policy; (ii) investments for implementation; and (iii) implementation by other stakeholders. As has been the case in prior reporting periods, recommendations related to field operations are closed within much shorter timeframes than those related to headquarters and thematic audits. However, improvements in field operations are not always sustained, with OIOS having to re-issue previously closed recommendations to address same issues as in prior audits; this

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[4] The implementation rate is determined by the number of closed recommendations during the period compared to the number of open recommendations accumulated during the period.

implies that there is a need for stronger monitoring and control by the relevant regional bureau, which is a stated objective of the decentralization and regionalization reform process.

21.   The delays in implementation resulted in the classification of 13 recommendations as long outstanding (i.e., recommendations that have been open for more than 24 months or that are long overdue and have missed their target date by more than 12 months) (see annex III). OIOS has reconfirmed with UNHCR management the continued validity of the findings that resulted in these recommendations and reiterated the need to ensure timely implementation.

22.   Further details on the decline in timeliness of implementing recommendations for the period between July 2020 – June 2023 are contained in figure V.

Figure V
Trend in implementing audit recommendations (with target implementation date July 2020-June 2023)
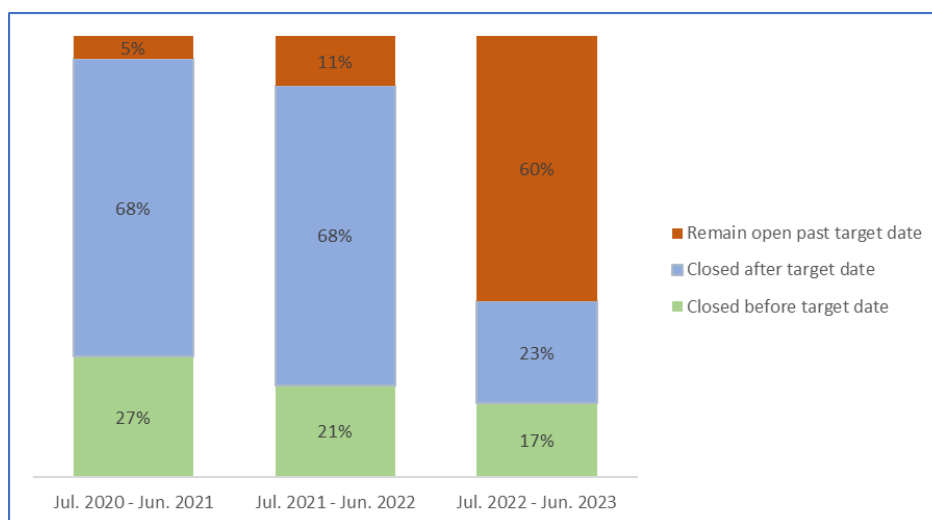
D.   Savings and recoveries

23.   During the reporting period, recoveries worth more than $2 million were reported by UNHCR in connection with three OIOS recommendations pertaining to audits of UNHCR operations in Uganda (2018/097), Bangladesh (2022/076) and China, Japan, Kyrgyzstan, the Republic of Korea and Tajikistan (2022/077); and savings worth $2.8 million were reported in connection with three recommendations in Bangladesh and Jordan.

III.   Summary of oversight activities

A.   UNHCR transformation

24.   UNHCR has structured its organizational transformation around the following eight pillars: (i) Global Compact on Refugees; (ii) data and digitalization; (iii) results-based management; (iv) enterprise risk management; (v) business processes and systems; (vi) United Nations reform; (vii) people management and human resources; and (viii) decentralization and regionalization. UNHCR rates the risk of ineffective implementation of organizational transformation in its strategic risk register as major, with an upward trend.

Global Compact on Refugees

25.   The United Nations General Assembly in 2018 affirmed the Global Compact on Refugees as a framework for more predictable and equitable responsibility-sharing to refugee situations. UNHCR rated the risk related to the inability to effectively implement its role in

Global Compact on Refugees as major. At the request of UNHCR, OIOS undertook an advisory engagement to assess the adequacy and effectiveness of the organization's systems and processes supporting the implementation of the Global Compact on Refugees.

26.   In field audits, OIOS noted that governments had made some progress in mainstreaming services for displaced persons into their national systems. However, some field operations such as Nigeria (2022/062) and the United Republic of Tanzania (2022/061), faced challenges in generating sufficient interest in the burden-sharing agenda of the Global Compact on Refugees. Furthermore, governments lacked capacity and resources to deliver services under the national systems, for example, in education and health facilities. Thus, displaced persons remained heavily dependent on UNHCR for protection and assistance. Field operations spent most resources on basic needs, which is contrary to the vision of the Global Compact on Refugees for UNHCR, to transition from the provision of assistance to seeking sustainable solutions and supporting displaced persons to become self-reliant.

Data and digitalization

27.   Data protection and privacy has become fundamental in humanitarian contexts for protecting the lives, integrity and dignity of beneficiaries, as well as preserving the rights and trust of data subjects. As UNHCR moved towards a global data protection and privacy framework, it requested OIOS to conduct an advisory on the management of data protection and privacy. The advisory report was issued in December 2022.

Results-based management

28.   The results-based management reform has been instrumental in driving the development of multi-year protection and solutions strategies in all field operations audited except in Venezuela (Bolivarian Republic of). With ever-increasing needs in a resource constrained environment, effective strategic planning was necessary for the field operations to meet their objectives, including the translation of strategic visions into actionable plans. OIOS also noted from its audits of operations in Mali (2022/051), Türkiye (2022/075), the United Republic of Tanzania (2022/061), and Venezuela (Bolivarian Republic of) (2022/068) that core processes for effective operational planning needed to be reinstated after the coronavirus disease (COVID-19) pandemic. These included participatory assessments to support the prioritization of needs, verification and/or continuous registration to ensure operations have reliable data for programme design and decision making. Strategic and operational planning would direct prioritization of needs, resource allocation, programme implementation and assessment of related performance.

29.   During the reporting period, all audited entities transitioned from FOCUS to COMPASS - the new UNHCR results-based management system. However, the audited field operations still faced challenges in setting realistic baselines and targets and in ensuring the comprehensiveness, accuracy and reliability of the reported results. Moreover, field operations did not analyze the programme non-performance for rectification. These findings were consistent with the organization's own assessment that the lack of well governed, timely, accurate operational and programmatic data to support decision-making and delivery and to demonstrate results for affected populations constituted a major risk. Thus, while the operationalization of COMPASS presented opportunities for reinforcing strategic planning and ensuring availability of more credible performance information for decision making, it needed to be supported by change management to drive the desired impact.

Decentralization and regionalization

30.   UNHCR has, through its decentralization and regionalization process, successfully moved six of its bureaux to their respective regions (Europe already being in the region). It has, since the last reporting period, clarified the roles, accountabilities and authorities of different entities and revised its resource allocation framework. Furthermore, UNHCR has plans to develop an accountability framework, which will amongst other things clarify

mechanisms for holding people to account for misuse of resources, failure to achieve results, non-compliance with policy and guidance, and risk exposures from decision-making.

31.   OIOS noted that core transformation processes that underpinned the decentralization and regionalization remained in progress. For instance, the simplification of processes, movement of staff positions nearer to points of service delivery, and reforms to make the headquarters lean, dynamic and forward-looking remained work in progress. The simplification of processes was dependent on business re-engineering under the business transformation process, which is also still in progress. Most field operation audits, and the thematic audit of partner procurement (2022/082) emphasized the need for regional bureaux, as the primary second line, to reinforce their oversight and support to operations and clarify the functional reporting lines.

32.   OIOS audited the multi-country office in South Africa (2022/031) and the national office in the Philippines (2022/039), which were created under the decentralization and regionalization processes. It was observed that the conditions that should have underpinned the effectiveness of the two operations in executing their mandates were not in place. The multi-country office in South Africa which should have been responsible for operations with relatively low numbers of displaced persons in locally integrated situations was not able to do so. The national office in the Philippines which had been downsized in 2021 in anticipation of the phasing out of its involvement in service delivery, continued to support 277,000 internally displaced persons. Thus, the structures of both entities were inadequate to ensure the advocacy and capacity building of national asylum systems as intended during their set up since they could not effectively disengage from service delivery and lacked the capacity and resources to deliver services to displaced persons in their respective contexts.

Enterprise risk management

33.   UNHCR has made notable progress in moving its risk maturity from established level[5] in 2019 towards its goal of reaching the advanced level[6]. At the request of UNHCR, OIOS conducted an advisory engagement to assess the organization's level of risk maturity as well as progress made in achieving its five-year risk management strategy. The advisory report was issued in November 2022.

34.   OIOS reviewed the implementation of enterprise risk management in all its audits and confirmed that UNHCR had reached organization-wide completion and enhanced the quality in its risk registers. However, support to some entities was required to effectively and timely mitigate risks and to embed risk management in core management processes including decision-making.

Business processes and systems

35.   In 2023, OIOS started an audit to measure the progress made by UNHCR in implementing the business transformation programme. The focus of the audit is to assess whether the business transformation programme is on track to achieve intended objectives of modernizing and simplifying organizational processes, systems and tools. The audit has covered: (i) system designs that support the achievement of the Business Transformation Programme processes; (ii) alignment of changes to project scopes, budgets, and schedules as well as user training to implement the new systems; (iii) adequacy and effectiveness of programme management processes in driving the business transformation programme and mitigating identified risks; and (iv) the use of lessons learned to inform future project implementations. The audit report is planned to be issued in the third quarter of 2023.

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[5] At established level, the enterprise risk management is defined/documented and standardized processes, good organizational coverage, some evidence of use and embedding.

[6] At advanced level, the enterprise risk management is fully embedded with escalation mechanisms well understood and used with innovation to deliver continuous improvement as the organization changes.

B. Headquarters audits including information and communication technology

36.   UNHCR adopted cloud computing to support its business processes and migrated several applications to cloud service providers between 2020 and 2021. This not only improved business continuity, visibility and scalability of applications, but also enhanced their security and transparency. To improve the efficiency and effectiveness of cloud computing, the audit of cloud arrangements (2022/042) recommended that UNHCR strengthen its arrangements for cloud computing governance, security, asset and change management.

C. Delivering services post-COVID-19 pandemic

37.   The constraints that impacted service delivery to displaced persons during the COVID-19 pandemic were mitigated as restrictions were lifted during the reporting period. However, the impact of the COVID-19 pandemic on service delivery was still evident, with the scale of UNHCR programmes negatively impacted by reduced activities during the related period. For instance, the enrolment of children in schools and the overall effectiveness of the education programme in Bangladesh and Lebanon was impacted by school closures during the COVID-19 pandemic. Field operations plans to scale up services to the level they were at before were constrained by resources.

38.   The delivery of services to displaced persons was significantly impacted by reductions in resources after the COVID-19 pandemic. UNHCR rates the risk related to insufficient quality funding to meet the critical minimum needs of people forced to flee as major, with an upward trend. All audited field operations received around 50 per cent of their operating plan budget. This impacted the extent, quality and timeliness of services offered to displaced persons as was noted in Bangladesh (2022/076), Jordan (2022/040), Lebanon (2022/080), Mali (2022/051), the United Republic of Tanzania (2022/061), and Venezuela (Bolivarian Republic of) (2022/068). There is need for robust prioritization of limited available resources, targeting of the most vulnerable, and increased efficiency in the utilization of funds if needs of displaced persons are to be met.

D. Results in audits of field operations

39.   The five global strategic priorities of UNHCR for the period from 2021 to 2026 represent areas in which it wants to make targeted efforts to strengthen protection, improve the quality of life and seek solutions for persons of concern. Figure VI shows the number of recommendations issued following audits of field operations against these priorities.

Figure VI
Mapping of field operation recommendations against UNHCR strategic priorities
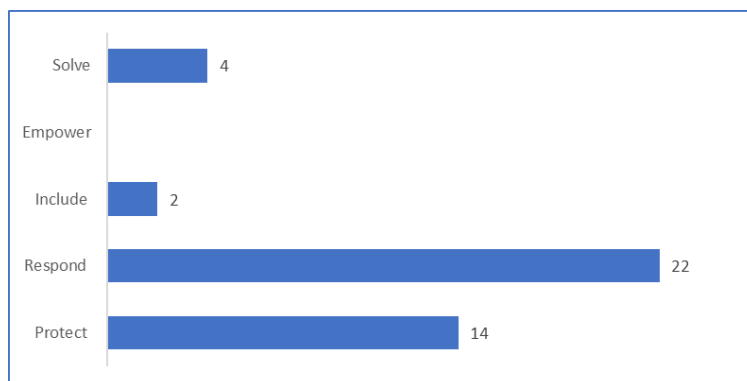
Protect

40.   Despite UNHCR support to strengthen government-led registration, refugee status determination and document issuance processes, OIOS identified significant backlogs in the field operations in Jordan (2022/040), Lebanon (2022/080), Mali (2022/051), the Philippines (2022/039), and Türkiye (2022/075). These backlogs not only raised protection risks for displaced persons, but also impacted on their access to services and solutions.

41.   Recent emergencies have resulted in exponential increases in internal displacement, which requires UNHCR to reinforce coordination with other stakeholders under the cluster approach to meet the needs of the internally displaced. As was noted in Mali (2022/051), governments lacked the necessary capacity and resources to respond, which left UNHCR to provide services as "implementer of last resort", within its limited resource envelope. Additionally, many operations prioritized statelessness but lacked the resources to effectively steer related programme activities forward.

42.   Field operations ranked the risk of sexual exploitation and abuse as sixth out of the 10 highest identified risks in 2023. The field operations in Bangladesh (2022/076), Jordan (2022/040), Lebanon (2022/080), Mali (2022/051), Nigeria (2022/066) and Venezuela (Bolivarian Republic of) (2022/068), acknowledged challenges related to underreporting of cases of gender-based violence, and OIOS also noted that these operations had gaps in prevention, response and collection of related data. Field operations needed to update their strategies and standard operating procedures for the prevention of gender-based violence, mitigation and response interventions, as well as to strengthen the collection and reporting of accurate data for programming and decision-making.

43.   Children typically constitute 40 to 60 per cent of displaced persons in UNHCR field operations. The inability to enroll children in school especially during the COVID-19 pandemic, as was noted in Bangladesh (2022/076), Lebanon (2022/080) and Mali (2022/051), increased their vulnerability to gender-based violence risks as well as risks of early marriage and recruitment by armed forces. The audits recommended that field operations better prioritize children during resource allocation, strengthen best interest procedures as a means of identifying the most appropriate actions to take concerning children at risk, and strengthen coordination with related areas of education and protection from gender-based violence.

Respond

44.   The number of countries facing emergencies due to political instability and natural disasters continued to increase during the reporting period. Emergency-related risks were rated second of the top ten risks identified by field operations, and stronger emergency preparedness would have ensured a more effective response. For instance, the emergency in Mali (2022/051) was constrained by inadequate emergency preparedness and gaps in oversight and support from the second-line entities in mobilizing resources, deploying the response team and ensuring access to the affected population. Consequently, most displaced persons did not receive timely assistance following displacement.

45.   UNHCR also faced challenges in finding long-term solutions to the influxes. For example, operations hosting refugees for protracted periods such as Bangladesh (2022/076), Jordan (2022/040), South Africa (2022/031), Türkiye (2022/075) and the United Republic of Tanzania (2022/061) faced challenges to attracting funding for their programmes. Thus, displaced persons remained dependent on UNHCR for assistance, with most operations primarily spending the budgets on meeting their basic needs.

46.   UNHCR delivered services through cash assistance and the distribution of core relief items, with the former as the preferred mode of delivery. Recommendations following audits of operations in Jordan (2022/040), Lebanon (2022/080), Mali (2022/051), Nigeria (2022/066), South Africa (2022/031), the United Republic of Tanzania (2022/061) and Venezuela (Bolivarian Republic of) (2022/068) focused on addressing the inadequacy of

support, limited targeting of the most vulnerable persons, gaps in monitoring to ensure that support reaches the intended beneficiaries, poor safeguarding of inventories and failure to account for cash assistance and core relief items. OIOS also identified gaps in the management of financial service providers which resulted in a potential loss of $646,000 in Mali and the need to redeem $459,954 held in unused cards in Lebanon.

Include

47.   Field operations supported livelihood programmes as a means of sustenance for displaced persons. However, these interventions did not create the desired impact of increasing their self-reliance. OIOS noted that displaced persons remained dependent on assistance in field operations in Jordan, South Africa and Türkiye. Field operations needed to assess the effectiveness of livelihood programmes in providing a means of sustenance to displaced persons and use the results to update their strategies for livelihood programming and economic inclusion.

Solve

48.   Finding durable solutions in the Philippines (2022/039) and the United Republic of Tanzania (2022/061) was challenging as displaced persons were: (i) unwilling to be repatriated to their countries of origin; (ii) not considered for resettlement in third countries due to the limited available quotas; and (iii) not considered by host countries for local integration. Field operations have rated this third of the top ten risks that they have identified. The limited available solutions left displaced persons dependent on UNHCR and other humanitarian actors for assistance, which was not sustainable considering the financial constraints faced by the organization. The audited field operations also needed to reinforce their advocacy to drive the increased integration of displaced persons into national systems.

Empower

49.   UNHCR has put in place measures in its programme planning and implementation to empower communities to determine and build their futures. These include the participatory assessments that follow an age, gender and diversity approach that involves displaced persons in determining the prioritization of needs. However, the COVID-19 pandemic restrictions impacted on the ability of operations to conduct participatory assessments as was noted in the Philippines (2022/039) and Venezuela (Bolivarian Republic of) (2022/068). These processes needed to be reinstated as they are central to the participation of displaced persons in programme planning and implementation.

Management support processes

Implementation by partners

50.   UNHCR continues to rely heavily on implementing partners to deliver services to displaced persons, with an average of 46 per cent of the programme budget allocated to partners in the 12 field operations audited. Fourteen per cent of all recommendations issued during the reporting period related to risks regarding implementation of programmes by partners. As highlighted in previous years, UNHCR needed to conduct proper due diligence prior to selecting partners and effectively manage implementing partner agreements, including proper monitoring of their activities so they deliver quality services in a timely and cost-effective manner to displaced persons. This responsibility falls with programme units that sometimes have gaps in capacity to manage administrative and financial processes.

51.   The audit of procurement undertaken by partners using UNHCR funds (2022/082) concluded that UNHCR rules on procurement by partners were adequately designed. However, as was the case in a related audit in 2015 (2016/034), the implementation of related procurement rules remained a challenge as evidenced by non-compliance with established procedures by the first line of defense. This situation was exacerbated in a decentralized and regionalized setup, with inadequate oversight and support provided by the second line to field operations. Fraud detection mechanisms were also observed to be ineffective.

Supply

52.   UNHCR's management of a high value of purchases annually attests to their strategic importance to service delivery to displaced persons. However, 14 per cent of the recommendations issued in the reporting period related to gaps in supply and this is consistent with field operations ranking it as the seventh out of the top ten risks that impacted their service to displaced persons. Specifically, the review of procurement in the Zambia operation (2022/083) identified a persistent culture of non-compliance with UNHCR procurement rules with ineffective mechanisms to hold staff to account. This affected the organization's ability to obtain best value on procurements. It also reflected the need for the second-line function to strengthen the control environment for procurement activities.

Workforce planning

53.   The effectiveness of field operations in managing programmes has been impacted by gaps in structures and staff in critical roles. OIOS identified staff related challenges in audits of operations in Bangladesh (2022/076), Lebanon (2022/080), Mali (2022/051), Nigeria (2022/066), the Philippines (2022/039), South Africa (2022/031), Türkiye (2022/075), the United Republic of Tanzania (2022/061) and Venezuela (Bolivarian Republic of) (2022/068). Field operations, under the oversight of regional bureaux, review staffing plans during the annual budget preparation processes. Structures and staffing levels are adjusted, amongst other things, based on available resources. UNHCR needed to assess the adequacy of operational structures and staff capacity to deliver on its mandate, considering availability of resources.

IV.   Cooperation and coordination

54.   OIOS received effective cooperation from UNHCR management and staff during the reporting period and met with the High Commissioner, the Deputy High Commissioner and other senior managers to discuss matters relating to internal audit strategy, process and results, including risk-based work planning, implementation of the work plan and status of outstanding recommendations.

55.   OIOS attended three sessions of the Independent Audit and Oversight Committee to discuss implementation of the internal audit work plan and other matters relating to internal oversight activities. OIOS also provided quarterly reports to UNHCR management and the Independent Audit and Oversight Committee on its oversight activities.

56.   OIOS coordinated its work with the Inspector General's Office and the Evaluation Service in UNHCR to ensure effective and efficient internal oversight, and with the United Nations Board of Auditors and the United Nations Joint Inspection Unit to enhance synergies and efficiencies in the discharge of the respective mandates.

57.   OIOS also shared knowledge on good practices and innovations in oversight methodologies with other internal oversight functions of the United Nations system through interactions with United Nations Representatives of Internal Audit Services.

V.   Staffing and budgetary resources

A.   Staffing

58.   OIOS had a total of 27 posts dedicated to UNHCR activities, two[7] of which were kept vacant during the reporting period due to the funding restriction applied by UNHCR to the internal audit activity in 2023. As of 30 June 2023, 20 of the 25 active posts were filled, with

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[7] One P5-level post in Nairobi and one G6-level post in Geneva.

an ongoing selection process for the other five.[8] The UNHCR internal audit activity benefited from OIOS structures in New York and elsewhere that provided quality assurance, training and professional development and other support. OIOS continuously monitors the quality of its processes and results.

Table 5
Approved posts for 2022 and 2023

`	*Geneva*		*Nairobi*		*Budapest*		*Total*	
Type of staff/ Year	2022	2023	2022	2023	2022	2023	2022	2023
Professional	**9**	**9**	**7**	**7**	**6**	**6**	**22**	**22**
Unfunded	0	1	0	0	0	0	0	1
General service	**3**	**3**	**1**	**1**	**1**	**1**	**5**	**5**
Unfunded	0	0	0	1	0	0	0	1
Total	**12**	**12**	**8**	**8**	**7**	**7**	**27**	**27**

B.   Budget

59.   Table 6 shows the budgets provided for internal audit for 2021 to 2023.

Table 6
Internal audit budgets for 2021 to 2023

Cost category	**2021**	**2022**	**2023**
Staff costs	$4,962,000	$4,962,887	$4,662,323
Non-staff costs	$760,836	$680,936	$547,500
Total	**$5,722,836**	**$5,643,824**	**$5,209,823**

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[8]   One G5-level post in Geneva, one P3, one P4, one P5-level post in Nairobi, one P4-level post in Budapest.

Annex I

Amendments to 2022 audit work plan

Assignment	*Status*	*Change in work plan*
Limited scope review of auction of UNHCR vehicle fleet	Completed	Added per client request
Audit supply chain management for information and communication technology equipment in UNHCR	Ongoing	Assignment changed at the request of the client: It replaced the audit of UNHCR information technology strategy, governance and operations
Audit on the governance of business transformation programme in UNHCR	Ongoing	Replaced an audit of UNHCR's progress in implementing the business transformation programme. UNHCR conducted an internal review of the governance of the programme
Audit of UNHCR response to the Ukraine crisis	Ongoing	Added in response to the Ukraine emergency. Replaced the audit of UNHCR operations in Colombia
Audit of UNHCR operations in Colombia	Cancelled	Cancelled to avoid an overlap with other oversight bodies; replaced by audit of the UNHCR response to the Ukraine crisis
Strategic audit of procurement in UNHCR	Cancelled	Cancelled to avoid an overlap with other oversight bodies

Annex II

Final reports issued from 1 July 2022 to 30 June 2023

No.	Report number	Assignment title	Date of final report	Number of recommendations	
				Important	Critical
Headquarters functions, thematic areas, and information and communications technology audits					
1	2022/042	Audit of cloud arrangements at the Office of United Nations High Commissioner for Refugees	21-Sep-21	8	0
2	2022/082	Audit of procurement undertaken by partners using funds of the Office of the United Nations High Commissioner for Refugees	21-Dec-22	6	0
Field operations audits					
1	2022/031	Audit of the South Africa Multi-Country Office for the Office of the United Nations High Commissioner for Refugees	15-Jul-22	7	0
2	2022/039	Audit of the operations in the Philippines for the Office of the United Nations High Commissioner for Refugees	25-Aug-22	3	0
3	2022/040	Audit of the operations in Jordan for the Office of the United Nations High Commissioner for Refugees	26-Aug-22	7	0
4	2022/051	Audit of emergency operations in Mali for the Office of the United Nations High Commissioner for Refugees	10-Oct-22	5	0
5	2022/061	Audit of operations in Tanzania for the Office of the United Nations High Commissioner for Refugees	17-Nov-22	7	0
6	2022/066	Audit of operations in Nigeria for the Office of the United Nations High Commissioner for Refugees	28-Nov-22	8	0
7	2022/068	Audit of the operations in Venezuela for the Office of the United Nations High Commissioner for Refugees	08-Dec-22	7	0
8	2022/075	Audit of operations in the Republic of Türkiye for the Office of the United Nations High Commissioner for Refugees	19-Dec-22	6	0
9	2022/077	Audit of operations in China, Japan, Kyrgyzstan (National Office), Republic of Korea and Tajikistan for the Office of the United Nations High Commissioner for Refugees	19-Dec-22	6	0

No.	Report number	Assignment title	Date of final report	Number of recommendations	
				Important	*Critical*
10	2022/076	Audit of operations in Bangladesh for the Office of the United Nations High Commissioner for Refugees	19-Dec-22	10	0
11	2022/080	Audit of operations in Lebanon for the Office of the United Nations High Commissioner for Refugees	20-Dec-22	6	0
12	2022/083	Review of procurement in Zambia for the Office of the United Nations High Commissioner for Refugees	21-Dec-22	6	0

Advisory engagements				
No.	Report number	Assignment title	Date of final report	Suggested actions
1	2022/01692	Advisory review on the functioning and effectiveness of Risk Management at the Office of the United Nations High Commissioner for Refugees	11-Nov-22	10
2	2022/01925	Advisory review on the implementation of the Global Compact on Refugees by the Office of the United Nations High Commissioner for Refugees	15-Dec-22	6
3	2022/01951	Advisory on the management of data protection and privacy at the Office of the United Nations High Commissioner for Refugees	19-Dec-22	7
4	2022/01999	Limited scope review of auction of UNHCR vehicle fleet	28-Dec-22	2

Annex III

Long-outstanding recommendations as of 30 June 2023[9]

Assignment	Report date	Past target date by 1 to 2 years	Past target date by more than 2 years	Total
AR2019-111-07 Audit of UNHCR operations in Ethiopia	01/10/2020	0	2	2
AR2019-166-04 Audit of information and communication technology (ICT) governance at UNHCR	23/12/2019	0	3	3
AR2020-112-03 Audit of UNHCR operations in Uganda	26/08/2021	4	0	4
AR2021-111-02 Audit of the UNHCR multi-country office in Senegal	16/12/2021	1	0	1
AR2021-112-01 Audit of UNHCR operations in Djibouti	16/12/2021	1	0	1
AR2021-162-01 Audit of the COVID-19 response arrangements for health and wellbeing of personnel at UNHCR	23/12/2021	1	0	1
AR2021-165-01 Audit of records and archives management in UNHCR	17/12/2021	1	0	1
Total		*8*	*5*	*13*

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[9] Long outstanding recommendations are recommendations that have been open for more than 24 months or that are long overdue (that is, have missed their target date by more than 12 months).