



FINANCE AND OVERSIGHT

(A/AC.96/1099; A/AC.96/1099/Add.1; EC/62/SC/CRP.28)

(I) Report of the Board of Auditors; (II) Measures taken; (III) Main risk areas

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52nd Standing Committee
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Highlights of Voluntary Funds Administered by the High Commissioner in 2010

- First year of implementation under a new budget structure for results-based management
- \$1,903.5 million received in contributions
 - 8% increase compared to 2009
- \$2,112.5 million in total funds available
 - covered some 64% of the annual budget of \$3,288.7 million
- \$1,878.2 million in expenditure
 - 7% increase compared to 2009

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(I) General observations by the Board of Auditors for the year ended 31 December 2010 (A/AC.96/1099)

- The Board issued an **unmodified audit opinion**
- The Board noted progress made in two emphases of matter as highlighted in its 2009 report on (a) management of assets and (b) provision for end-of –service and post-retirement liabilities
- The Board issued **33 recommendations**
- UNHCR has initiated measures to address the recommendations

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(II) Main risk areas highlighted in the 2010 report (EC/62/SC/CRP.28)

- (1) Preparation of financial statements
- (2) Financial management
- (3) Progress toward the implementation of IPSAS
- (4) Performance reporting and progress towards implementation of results-based management
- (5) Risk management
- (6) Managing implementing partners
- (7) Protracted refugee situations

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(III) Measures taken by UNHCR in response to the recommendations (A/AC/1099 Add.1)

(1) Preparation of financial statements

Board Recommendation:

- Implementation of an effective system for preparation of financial statements

Actions taken:

- Established year-end account closure process will be updated to take into account ISPAS requirements and lessons learned from the 2010 audit
- Process includes data reconciliation; preparation of schedules and management review

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(2) Financial Management

Board recommendations:

- Examine and address the reasons for deficiencies in country office financial management
- Bank management (centralisation; unnecessary bank accounts; bank reconciliation)

Actions taken:

- Review office needs for strengthening financial management practices and develop workplan to address the needs
- Dissemination of relevant management and financial reports
- Roll-out of centralised payment approach
- Quarterly review of bank accounts
- Sustained efforts made on timely and effective bank reconciliations

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(3) Progress toward the implementation of IPSAS

Board recommendations:

- Prepare for IPSAS by:
 - (a) Engaging with the Board of Auditors;
 - (b) IPSAS compliant “dry-run” set of accounts;
 - (c) cleansing records and establishing opening balance;
 - (d) implementing change management programme

Actions taken:

- Revisions to the financial rules
- Schedule IPSAS compliant dry-run accounts in May and Sep 2012
- Transition plan developed
- Change management plan in place; IPSAS communication widely disseminated; impacted divisions receive focused communication

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(4) Performance reporting and progress towards implementation of results-based management

Board recommendation:

- Link financial and output data to permit the evaluation of cost effectiveness in its operations and strengthen accountability

Actions taken:

- Upgrade and improvement of key business reports in *Global Focus*;
- Reports will show impact measurements as well as planned vs. actual costs, allowing for assessment of cost effectiveness.

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(5) Risk management

Board recommendation:

- Establishment of a simple organisation-wide risk management approach

Actions taken:

- Participation to UN inter-agency discussion of Enterprise Risk Management
- Initial development of risk-management approach strategy

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(6) Management of implementing partners

Board recommendation:

- Document justification for implementing partners selection; and formally assess the market for alternative partners

Actions taken:

- Instructions on improved selection process of partners;
- Support workshops in the field;
- Formalise instructions on selection of implementing partners, in updated versions of UNHCR guidelines.

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(7) Protracted refugee situations

Board recommendation:

- To establish a single senior point of ownership for protracted refugee situations to address progress on all situations and to hold country operations to account

Actions taken:

- Internal discussion initiated to assess the right approach to the implementation of the recommendation.

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(IV) Conclusions

- The Board acknowledges that UNHCR works in a challenging environment
- The Board acknowledges the on-going reforms
- The Board noted progress made on management of assets
- The Board noted progress in ASHI (funding options agreed by the Standing Committee)
- Improvement in IP audit certification achieved
- UNHCR accepted the recommendations of the Board and has initiated actions
- UNHCR acknowledges the support of the Board

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