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Internal audit in the Office of the United Nations High Commissioner for Refugees for the period from 1 July 2025 to 30 June 2026

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 in respect of the Office of the United Nations High Commissioner for Refugees, covering the period from 1 July 2025 to 30 June 2026. 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, paragraph. 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. OIOS was established by the General Assembly pursuant to resolution 48/218B.

2. The present report provides an overview of internal audit activities of UNHCR conducted by OIOS during the period from 1 July 2025 to 30 June 2026. Internal audit reports issued during the period are published on the OIOS webpage in accordance with General Assembly resolution 69/253.

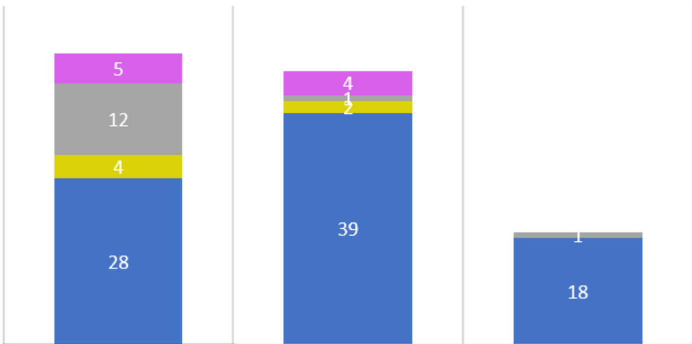
II. Internal audit strategy and results

A. Strategy

3. 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.

4. OIOS aligns its risk-based work planning process with the UNHCR strategic and country-level risk assessment. In planning its activities, OIOS also considers the oversight work done by other assurance providers, including the United Nations Board of Auditors, the United Nations Joint Inspection Unit, and the UNHCR Inspector General's Office and Evaluation Office On that basis, OIOS rates the components of the UNHCR audit universe[1] (see Figure I) and develops the internal audit annual plan.

Figure I
OIOS rating of UNHCR audit universe components for the period 2026-2028



	High risk	Medium risk	Low risk
Programme areas	5	4	0
Headquarters processes	12	1	1
Regional bureaux	4	2	0
Country operations	28	39	18

5. The activities in this report are part of a three-year rolling plan. The audit strategy of OIOS provides that activities rated as high and medium risk be audited every three and five years, respectively and limited scope reviews are conducted every five years for low-risk activities. However, the significant decline in audit resources in recent years due to the organization's difficult financial situation does not allow OIOS to apply its audit strategy.

[1] The UNHCR audit universe is comprised of 85 country operations, 6 regional bureaux, 14 headquarters processes and 9 programme areas.

The reductions to the internal audit budget significantly reduced the level of assurance the function could provide, particularly given the heightened risk environment created by organizational changes during the reporting period. As a result, OIOS is no longer able to provide adequate assurance on high-risk areas as defined in the audit strategy. The high-risk areas that were due for audit in 2026, but could not be included in the approved plan, included eight country operations, three regional bureaux, six headquarters processes, and one thematic area.

6. Additionally, the budget reductions have limited the audit function's capacity to respond to management requests for advisory services as well as cover medium and low risk areas, as envisaged in the audit strategy. Consequently, no assurance will be available for medium and low risk entities for which audits were originally scheduled for 2026 but cannot be conducted as planned.

7. Limited travel budget has necessitated a shift to virtual audits. This has impacted the audit function's on-site verification of programme implementation, especially in high-risk operations. Furthermore, the depth and robustness of audit testing have been impacted by the inability of UNHCR Information Technology systems to consistently provide reliable data for analytics during virtual audits.

8. During the UNHCR restructuring in 2025, OIOS leveraged its independent perspective, organizational knowledge, and risk insights to help management make informed decisions. OIOS also revised its annual work plan to focus on higher, emerging risks. In this context, OIOS: (a) included an audit of office closures at UNHCR; (b) conducted an advisory engagement on the impact of workforce downsizing on the effective functioning of internal controls; (c) refocused the planned audit of the Regional Bureau for West and Central Africa into a review of the effectiveness of the operating model of the bureau following restructuring; and (d) refocused the audit in the East and Horn of Africa and Great Lakes region into an advisory of control framework of country operations.

9. In response to the reduced organizational funding, OIOS placed greater emphasis on the review of efficiencies in all audits and conducted a thematic audit on travel, one of the four areas that UNHCR identified for cost savings in 2025.

B. Audit coverage

10. OIOS completed 11 deliverables, comprising: (a) 3 headquarters, thematic and information and communications technology audits; (b) 6 country operations audits[2]; and (c) 2 advisory engagements (see annex I).

11. Table 1 shows the number of audit and advisory engagements completed over the last three years. During the current reporting year, OIOS continued to prioritize audits of headquarters functions (that is, centralized, business-enabling functions responsible for enterprise risk identification, risk response through strategy, policy and systems development, and organization-wide performance monitoring and reporting) and high-risk country operations.

12. The reduced number of deliverables during the current reporting period was primarily attributable to a decrease in internal audit capacity following a reduction of three staff positions. In addition, two audits at an advanced stage of planning were cancelled and field work for another was delayed due to the outbreak of conflicts in the respective countries. Given the reduced likelihood of auditing high-risk locations every three years, the scope of country audits was expanded to provide broader coverage of high-risk areas within selected countries. Organizational restructuring also affected the pace of audit delivery.

[2] Two audit reports (2025/074 and 2025/075) were issued based on the audit of UNHCR operations in Chad, including management of funded partners (AR2023-111-02).

Table 1
Number and coverage of OIOS activities for the period 1 July 2023 to 30 June 2026

	Headquarters, thematic and information and communications technology audits	Regional bureaux audits	Country operations audits	Advisories	Total
2025-2026	3	0	6	2	11
2024-2025	7	0	7	1	15
2023-2024	13	2	10	0	25

13. The headquarters, thematic and information and communications technology audits covered arrangements for occupational health and safety (2025/066); the project control function (2025/073); and the optimization of cloud services (2025/087). The advisory engagements reviewed the impact of workforce downsizing on the effective functioning of internal controls (2025/02686) and effectiveness of the Regional Bureau for West and Central Africa's operating model in delivering its mandate within available resources (2026/00161).

14. The field operation audits covered a total expenditure of $363 million[3], as shown in Table 2. This represented 12 per cent of the expenditure incurred during 2025 for all UNHCR field operations.

Table 2
Expenditure of field operations* audited over the last three reporting periods
(In millions of United States dollars)

Region	Total expenditure	Audited operations expenditure	Percentage 2025-2026	Percentage 2024-2025	Percentage 2023-2024
Asia and the Pacific	390	181	46%	30%	0%
West and Central Africa	464	148	32%	8%	23%
The Americas	227	34	15%	0%	5%
Middle East and North Africa	734	0	0%	11%	11%
East Horn and Great Lakes	759	0	0%	35%	0%
Europe	547	0	0%	0%	63%
TOTAL	**3,122**	**363**	**12%**	**15%**	**20%**

* Does not include field operations that were covered under thematic audits because of the limited scope.

15. The country operation audits completed during the reporting period brought the total number of countries in which audits were conducted over the last three reporting periods to 25. This number included 15 of the 28 country operations assessed by OIOS as high risk. The 2026 workplan includes audits for a further eight high-risk country operations, while the remaining five will be considered for inclusion in the 2027 and 2028 workplans. Table 3 shows the field operations coverage by region over the last three reporting periods.

[3] This relates to the 2025 expenditure for the respective field operations.

Table 3

Number of country operations[*] covered by region over the last three reporting periods, per latest risk assessment level

Region	High risk	Medium risk	Low risk	Total
Asia and the Pacific	3			3
West and Central Africa	4			4
The Americas	1	1		2
Middle East and North Africa	3	1		4
East and Horn of Africa and Great Lakes	3	1		4
Europe	1	3	4	8
Total	**15**	**6**	**4**	**38**

[*] Some countries in Europe and Asia and the Pacific have been covered in one single audit report issued. Also, some field operations may have been covered in several audit reports issued in the last three reporting periods.

C. Analysis of recommendations

16. During the reporting period, OIOS issued 64 recommendations. UNHCR accepted all recommendations and initiated action to implement them, with six already implemented and closed by 30 June 2026. The number of recommendations issued per audit assignment is provided in annex I.

17. As of 30 June 2026, 120 recommendations remained open, of which 62 (52 per cent) had passed their target implementation date, compared to 31 per cent as of 30 June 2025. Table 4 reflects the number of recommendations issued over the last three reporting periods and the outstanding recommendations as of the end of each reporting period.

Table 4

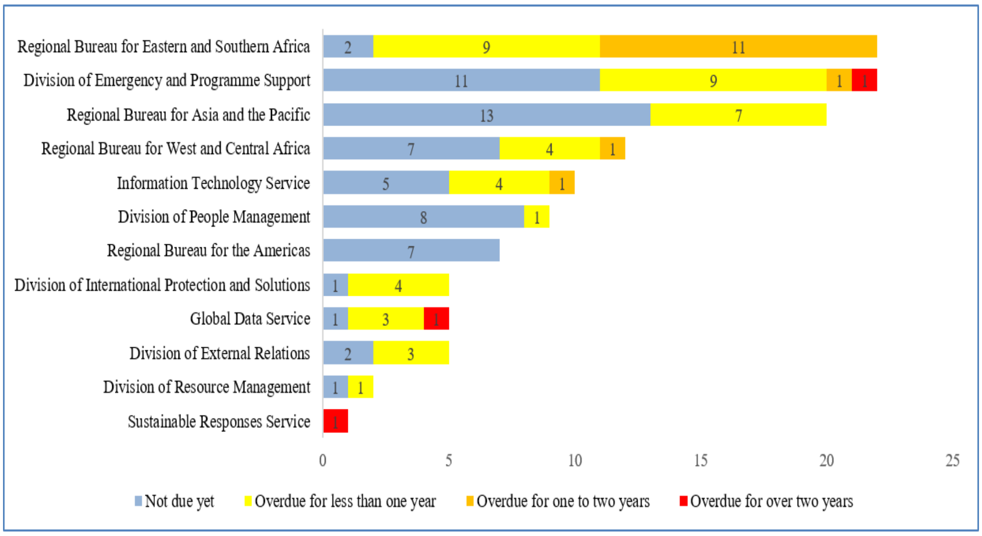
Recommendations issued over the period 1 July 2023 to 30 June 2026

	2023-2024	2024-2025	2025-2026
Number of audits (advisories not included)	25	14	9
Recommendations open at 1 July	111	145	137
Issued during the reporting period	160	109	64
Total	271	254	201
Closed during the reporting period	(126)	(117)	(81)
Open as of 30 June	145	137	120
Past due date	**52**	**42**	**62**
Percentage of recommendations past their due date on 30 June	**36%**	**31%**	**52%**

18. The pace of implementing recommendations declined following the organizational restructuring, as newly formed entities assumed responsibility for recommendations previously assigned to legacy entities. Delayed implementation of recommendations weakened controls and prolonged exposure of UNHCR to identified risks. In some cases, delays also resulted in lost savings. For instance, the delayed transition of the affiliated workforce management from an external provider as identified in the Audit of Affiliate Workforce Arrangements (2023/162) resulted in foregone annual savings of $5.76 million.

19. Figure II reflects the ageing of open recommendations on 30 June 2026 per target date.

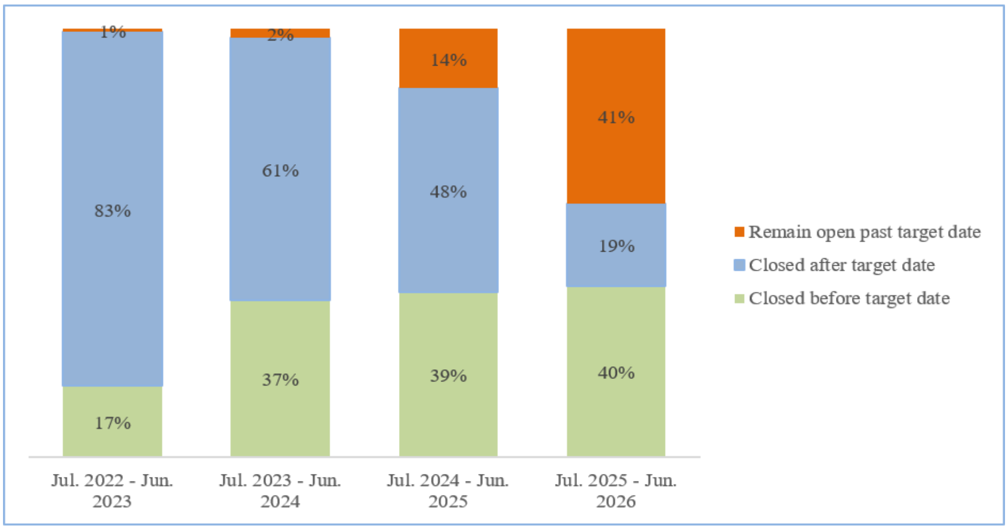
Figure II
Ageing of open recommendations as of 30 June 2026



20. There were 26 long outstanding recommendations at 30 June 2026, compared to seven at 30 June 2025, including 17 recommendations that have exceeded the target date for more than 12 months and nine that have been open for over two years, although not yet due or past their target date by less than 12 months. (see annex II for details). OIOS reconfirmed the continued validity of the findings that resulted in these recommendations with UNHCR management and reiterated the need to ensure implementation.

21. Figure III shows trends in implementing recommendations due between July 2022 and June 2026.

Figure III
Trend in implementing audit recommendations with target implementation dates between July 2022 and June 2026



D. Savings and recoveries

22. OIOS identified irregular transactions and recommended that the relevant UNHCR entities initiate recovery of funds in the audit of Pakistan operation (2025/046). During the reporting period, savings and recoveries totalling $7.4 million were reported following the

implementation of audit recommendations related to the Ethiopia operations (2024/099), Egypt operations (2024/096), and travel arrangements (2025/009).

III. Summary of internal audit activities

23. UNHCR has identified 15 strategic risks under eight categories[4] at the organizational level that need to be mitigated for objectives to be achieved more effectively. UNHCR introduced two new risks in the risk register in February 2025: 1) potential operational cash shortfalls due to donor delays or disruptions, and 2) the risk of entering commitments beyond available funds. Due to the environment within which UNHCR operated during the reporting period, some risks materialized as presented under the eight strategic risk categories.

A. Funding and liquidity

1. Quality funding to meet the critical minimum needs of persons forced to flee

24. UNHCR experienced severe cuts to its funding during the reporting period which translated into the closure of the Regional Bureau for Southern Africa, and field offices, the discontinuation of workforce contracts, and a reduction in funded partners in all the audited operations. However, the speed and scale of the funding reductions, compounded by broader organizational restructuring, limited the ability of operations to reprioritize strategically and align activities with available resources, increasing the risk of disruption to programme delivery. Bureaux and country operations were yet to assess the impact of funding cuts and resulting funding gaps on the protection and the well-being of displaced persons.

25. All audited field operations received between 35 to 50 per cent of their operating plan budgets. Furthermore, the staff and administrative costs for field operations and funded partner costs did not decrease proportionately with funding levels, thereby decreasing available funding for operations. The disbursement of funds to operations in Bangladesh (2025/084), Chad (2025/074 and 2025/075) and Pakistan (2025/046) towards the year-end without proper planning contributed to inefficiencies, as noted in the respective audits. This underscored the need for operations to reassess their priorities to ensure meaningful impact and the efficient and cost-effective use of available limited resources.

26. There was a marked increase in the earmarked funding provided to field operations during the reporting period. Earmarking created funding imbalances across UNHCR entities and impacted the availability of funds for unforeseen needs and/or strategic investments. Furthermore, the operations in Bangladesh (2025/084) and Mexico (2026/002) did not fully comply with allocation, use, and reporting requirements from soft and tightly earmarked donor funding. This exposed UNHCR to the risk of loss of funding and reputational risks.

27. Heavy reliance on specific donors, as noted in Bangladesh (2025/084) and Mexico (2026/002) increased financial and operational vulnerability; with funding reductions in 2025 directly impacting programme continuity and delivery. This underscores the need for UNHCR to foster a stronger fundraising culture and to reinforce operations required to implement resource mobilization strategies.

2. Opportunities for greater efficiency and cost-effectiveness

28. Considering the low and dwindling resources, opportunities to rationalize interventions were not consistently pursued. The use of vendor selection criteria with inherent biases, as noted in the cloud optimization audit (2025/087), resulted in a high degree of dependence on single vendors and inflexible contracting practices that became inefficient as operational activity reduced. Furthermore, field operations' non-compliance with the Cloud Framework curtailed the efficiencies that should have come with the use of cloud resources.

[4] UNHCR Strategic Risk Register, updated February 2025

29. The Occupational Health and Safety audit (2025/066) noted that although subsidized, UNHCR guesthouses were operating at a loss. These losses were attributed to a global guesthouse occupancy rate of 50 per cent, the absence of a review of pricing arrangements and inadequate revenue accounting. In the context of the funding crisis, the continued subsidization of guesthouses was no longer sustainable, underscoring the need for UNHCR to review the cost-effectiveness of the guesthouse operating model.

30. The audited operations (2025/046, 2025/055, 2025/074, 2025/075, 2025/084 and 2026/002) did not consistently adhere to established UNHCR controls designed to promote cost-effective and efficient programme delivery. These controls included: (a) conducting needs assessments to direct its prioritization of programme activities to persons most in need; (b) comparative advantage analyses to determine the most cost-effective modalities for programme delivery; and (c) competitive bidding to ensure best value is obtained. Consequently, some operations paid above-market prices and procured excess programme inputs beyond operational requirements for vehicles, medicines, equipment and constructed facilities; some of which remained unused or underutilized.

31. In addition, all the operations did not consistently pursue efficient and cost-effective programme delivery. Operations in Bangladesh (2025/084), Chad (2025/074), and Pakistan (2025/046) continued distributing non-food items despite the UNHCR preference for cash assistance as a more efficient modality. Tax-exempt operations, such as Bangladesh, delegated major procurements to partners, resulting in unnecessary value-added tax payments. Weaknesses in the management of foreign currency fluctuations in Pakistan and Mexico (2026/002) resulted in significant exchange losses, while deficiencies in the planning, management and supervision of construction projects in Bangladesh, the Islamic Republic of Iran (2025/055), Mexico, and Pakistan resulted in quality shortcomings, project delays, and cost overruns.

32. The audits in Pakistan (2025/046) and Chad (2025/074) found that subcontracting of programme implementation contributed to: (a) delays in programme implementation; (b) substandard construction quality; and (c) increased costs. In Pakistan, the operation also incurred additional programme costs by covering the government partner's operational costs and paying fees for services provided to displaced persons. In Chad, the failure of constructed water systems generated additional costs for expensive water trucking services.

B. Protection environment and protection role

1. Protect

33. As in prior reporting periods, protection remained the highest-rated risk identified at the level of field operations and regional bureaux.

34. The audits in Chad (2025/074), Mexico (2026/002) and Pakistan (2025/046) identified significant backlogs in refugee registration, status determination and documentation processes, despite the extensive capacity-building support provided to the relevant government entities over time. Consequently, unregistered asylum-seekers faced protection risks such as arbitrary arrests, limited access to services, labour exploitation, as well as forced repatriation. These findings highlight the need for UNHCR to reassess its approach to strengthening capacity-building support for government entities, while intensifying engagement and advocacy to address identified protection gaps.

35. The audit in Pakistan (2025/046) also identified issues with the timeliness and quality of support provided to survivors of gender-based violence and children at risk. Key challenges were identified in the areas of strategic planning, inter-agency and sector coordination, case management, and the reporting of programme data related to gender-based violence survivors and children at a heightened protection risk.

2. Respond

36. Shortcomings in programme planning, management and monitoring resulted in the delivery of sub-optimal quality services by the audited operations and in a manner that was not timely and cost-effective. Identified weaknesses in the health programmes in Bangladesh

(2025/084), Chad (2025/074) and the Islamic Republic of Iran (2025/055) contributed to malnutrition, morbidity and mortality noted among displaced persons. Furthermore, the audits found that the effectiveness of shelter programmes in Chad and Mexico (2026/002) was impacted by limited coverage of those in need, sub-standard construction quality, delays in delivery of shelters, failure to deliver contracted numbers, inequitable shelter distributions and costly shelter constructions.

37. The audits found that the ineffectiveness of the water, sanitation and hygiene programmes in Bangladesh (2025/084) and Chad (2025/074) was constrained by insufficient water supply, low latrine coverage and insufficient distribution of key essential items such as jerrycans and soap for displaced persons. Inappropriate latrine sites and poor construction contributed to rapid structural failures, while weaknesses in sanitation and waste management practices adversely affected camp conditions and heightened public health risks. These findings highlighted the urgent need for strengthening planning, coordination, sustainability, and cost-effectiveness of water, sanitation and hygiene solutions.

38. The effectiveness of cash and non-food item programmes in Bangladesh (2025/084), Chad (2025/074), Mexico (2026/002) and Pakistan (2025/046) was also impacted by: (a) inadequate support to displaced persons due to resource constraints; (b) weaknesses in targeting the most vulnerable; (c) inadequate monitoring to ensure that support reached and met the needs of intended beneficiaries; and (d) weak controls over the receipt, storage, distribution, warehousing, and monitoring of non-food items and cash. These findings also highlighted the need for UNHCR to reinforce measures for the detection and prevention of duplicate payments, while enhancing its processes to identify and manage financial service providers.

3. Empower

39. Progress in transitioning operations from assistance-focused interventions towards approaches that enable displaced persons to pursue sustainable solutions and achieve self-reliance remained limited. As a result, beneficiaries continued to be dependent on humanitarian assistance, highlighting the importance of accelerating efforts to promote self-reliance in the context of increasingly constrained resources. As noted in the country audits of Bangladesh (2025/084), the Islamic Republic of Iran (2025/055) and Pakistan (2025/046), further efforts were needed to operationalize the new Strategic Directions by prioritizing sustainable responses and, where appropriate, preparing exit strategies to facilitate the responsible and gradual transition of UNHCR assistance in selected contexts.

40. As highlighted in the audits of operations in Bangladesh (2025/084), the Islamic Republic of Iran (2025/055) and Pakistan (2025/046), design and implementation challenges in livelihoods programming resulted in them making limited progress towards self-reliance and increasing the resilience of displaced persons. These included: (a) lack of comprehensive measures to address barriers faced by displaced persons to access labour markets and business opportunities; (b) gaps in criteria for the selection of beneficiaries; (c) inadequate alignment of skills development activities with market demands; (d) insufficient mapping of livelihood activities to mitigate duplications in programming and beneficiaries; and (e) weaknesses in controls over programme payments, sales, stock management and record-keeping.

4. Solve

41. As highlighted in the audits of operations in Bangladesh (2025/084), the Islamic Republic of Iran (2025/055), Mexico (2026/002), and Pakistan (2025/046) progress towards advancing solutions-oriented approaches remained constrained, with most resources continuing to be allocated to immediate response activities. In the Islamic Republic of Iran, for example, available resettlement quotas remained significantly below identified needs, while opportunities for complementary pathways, to third countries, such as including family reunification, remained inadequate. The operation also experienced substantial backlogs of resettlement decisions due to staffing constraints which further impacted the number of departures through complementary pathways.

42. To ensure the effectiveness and sustainability of its local integration programme, the operation in Mexico (2026/002) had identified as far back as 2023 the need to transition the programme towards a government-led scheme with national institutions assuming a larger role and exploring concessional financing options. At the time of the audit, the transition had not yet materialized, leaving UNHCR responsible for implementing the programme that remained resource-intensive while not fully achieving is intended impact.

C. Emergency preparedness and response

43. The audit of the emergency response in Chad (2025/074) found that the timeliness and effectiveness of assistance were affected by inadequate preparedness arrangements and challenges in coordinating the response. Coordination mechanisms were used primarily for information sharing, with limited focus on optimizing the use of scarce resources by minimizing duplication, addressing gaps in assistance, and resolving operational issues. Consequently, most displaced persons did not receive timely assistance following their displacement. For instance, displaced persons remained at the border for extended periods, without access to basic needs such as shelters, food and non-food items which were generally provided after relocation to the settlements. The rapid expansion of programmes in response to the emergency, without a corresponding reassessment of the implementation capacities of partners negatively affected service quality, contributed to delays in programme delivery and weakened accountability for programme inputs.

D. Strategic partnerships

1. UNHCR engagement within the Global Compact on Refugees

44. The United Nations General Assembly affirmed the Global Compact on Refugees as a framework for more predictable and equitable responsibility-sharing in refugee situations. However, audits across the reviewed operations indicated that progress in translating stakeholder pledges into tangible commitments and actions remained uneven, with most of pledges made in support of the objectives of the Global Compact on Refugees remaining outstanding in the countries audited. The audits highlighted the need for stronger support from regional bureaux in advocating the fulfilment of pledges.

45. Limited progress in fulfilling pledges in the audited operations resulted in inadequate burden- and responsibility-sharing among stakeholders, including governments and at a time when operations were facing severe funding constraints. Beyond the transfer of sectors to government counterparts in Bangladesh (2025/084), Chad (2025/074), the Islamic Republic of Iran (2025/055), Mexico (2026/002) and Pakistan (2025/046), UNHCR continued to finance assistance and service delivery, and forcibly displaced persons remained heavily dependent on its support to meet their basic needs. There was limited evidence of broader, systematic efforts to adapt the operations overall response models, structures, and delivery mechanisms to evolving funding realities.

46. Conflict also led to a significant increase in internal displacement in Mexico (2026/002) whose coordination fell under the responsibility of government. However, limited government capacity and resources constrained the response coordination and operationalization of the cluster system. As a result, UNHCR assumed the role of “provider of last resort” in delivering services to internally displaced persons within an already limited resource envelope. UNHCR needed to advocate for stronger government leadership of the response and to enhance inter-agency collaboration through the cluster approach to better meet the needs of internally displaced persons.

2. Accountable partnerships aligned with operational requirements

47. UNHCR relied extensively on funded partners for programme implementation and service delivery to displaced populations without conducting the required comparative advantage assessments to determine whether this approach was more cost-effective than direct implementation. This was particularly significant given the sizeable staff and affiliated workforce maintained by the operations.

48. Further, in Bangladesh (2025/084) and Chad (2025/074), replacement of international partners with local partners in line with the localization agenda, did not reduce costs, as capacity gaps among local partners required the engagement of multiple partners to deliver the same outcomes. For example, the combined costs of three national shelter partners in Chad were significantly higher than those of the sole international partner they replaced. In addition, most local partners remained heavily reliant on UNHCR funding, thereby undermining the principle of cost-sharing.

49. The operations in Bangladesh (2025/084), Chad (2025/074), Mexico (2026/002) and Pakistan (2025/046) also relied on funded partners for programme implementation, with limited consideration given to involving refugees in programme delivery. This represented not only a missed opportunity to support refugee livelihoods but also resulted in more costly programmes with partner costs accounting for up to 70 per cent of project budgets. Further, where refugees were engaged, payments were often made in cash and without proper accountability, thereby increasing security and fraud risks, particularly where systems to track payments were not in place.

50. The audits identified systemic weaknesses in the selection, management and monitoring of funded partners in Bangladesh (2025/084), Chad (2025/074), Mexico (2026/002) and Pakistan (2025/046), impacting the timely, efficient and cost-effective delivery of services to beneficiaries. In Bangladesh, Chad and Pakistan, funded partners did not consistently deliver contracted services or account for funds in accordance with UNHCR requirements. In Chad, the audit identified irregularities, unsupported expenditures, and ineligible payments by funded partners that were indicative of potential fraud. These issues underscored the need to strengthen the capacity of field-level programme units responsible for partnership management.

E. Culture and workforce

1. Organization-wide accountability, integrity and ethical conduct

51. UNHCR funding cuts resulted in significant staff reductions and downgrading of positions in 2025. The audit of Occupational Health and Safety (2025/066) noted that the staff cuts and downgrades took place over a short period of time, were not well coordinated and managed thereby weakening the control environment. This was evident across all the audited operations where reductions in staffing levels and position downgrades weakened the delegation of authority. These developments highlighted a need for UNHCR to assess the continued relevance of its accountability instruments in a significantly changed operating environment.

52. Occupational Health and Safety (OHS) initiatives launched following the 2025 restructuring were conducted within resource constraints. The audit (2025/066) found the support provided to staff to be fragmented, largely reactive, and insufficient to adequately address their mental health and psychosocial needs. Most OHS activities remained at a foundational level of maturity despite progress in implementing the UNHCR framework since 2021. As a result, the UNHCR ability to effectively prevent and respond to OHS related risks including incidents management, remained limited.

53. The implementation of UNHCR Roles, Accountabilities, and Authorities (RAAs), a cornerstone of its accountability framework, was no longer feasible due to significant resource cuts and restructuring. This weakened the control environment within which programmes were implemented across the audited operations (2025/046, 2025/055, 2025/074, 2025/075, 2025/084 and 2026/002) in the areas of finance, assets, inventory, and supply management.

54. While audits conducted during the reporting period found established policy frameworks to be generally adequate, they identified systemic non-compliance with established policies, reflecting gaps in implementation, oversight, and accountability. A consistent finding across all country audits (2025/046, 2025/055, 2025/074, 2025/075, 2025/084 and 2026/002) was the limited effectiveness of the second line oversight functions in promoting compliance with established controls and ensuring consistent application of

service standards. The second line also came under increasing strain, as resources were reduced without corresponding adjustments to its roles.

55. The effectiveness of project control function as noted in the related audit (2025/073) was impacted by its unclear positioning within the UNHCR overall assurance framework. Additional challenges, including inadequate staff capacity, limitations in scope, methodology, approach, and guidance, and PROMS system issues further weakened the quality and effectiveness of the project control function outputs. There was a need for UNHCR to redefine the project control function to ensure more effective use of assurance resources.

56. While UNHCR established governance structures to oversee key processes such as procurement and partnership management, there were systemic weaknesses in the oversight provided by the relevant oversight committees, as evidenced in the related country operation audits (2025/046, 2025/055, 2025/074, 2025/075, 2025/084 and 2026/002). The need to reinforce governance structures over OHS was also identified in the related audit (2025/066).

2. Alignment of staff skill sets with requirements needed to meet challenges

57. The audits of country operations (2025/046, 2025/055, 2025/074, 2025/075, 2025/084 and 2026/002), audits of OHS (2025/066) and the project control function (2025/073) indicated that country staff structures were primarily driven by available funding rather than assessments and proper work planning to determine the optimal structure and capacity required to deliver mandated activities. Thus, organizational arrangements did not always align with operational requirements, risk exposure, or the capacities needed to deliver programmes and safeguard resources.

58. Despite the increasing OHS risks, UNHCR maintained only three OHS positions at headquarters level. While support was provided through focal points, their numbers declined by 30 to 40 per cent following the 2025 restructuring, as noted in the audit report (2025/066). Similarly, the audit of the project control function (2025/073) found that UNHCR had not established guidance on the staffing levels required to perform project control functions across operations of varying sizes, complexities, operational context, risks and mandate. Consequently, project control function positions were among the first to be abolished during periods of financial constraint. UNHCR had not yet assessed the impact of staff reductions and position downgrades on its activities.

59. Across all audited country operations, restructuring contributed to unclear reporting lines, ambiguous roles and responsibilities and staffing shortages in key functions. The audits identified the need for strategic workforce planning to ensure that entities are appropriately structured and staffed to deliver programmes. Also, the continued extensive use of affiliated workforce personnel in place of regular staff further reflected weaknesses in human resources planning. This needed to be addressed as UNHCR moves to a new operating model where operations maintain a core structure which is adapted to incorporate projects.

F. Transformation

1. Business transformation programme

60. The audit of the project control function (2025/073) highlighted the need for UNHCR to reinforce its data management to ensure integrity, accuracy and completeness of data across different systems in the Business Transformation Programme landscape. The audit found that manual interventions were required to address integration gaps between the Cloud ERP and other corporate systems such as PROMs and COMPASS. This increased risks, such as the inability to detect matches between vendors and employee bank accounts and control failures such as segregation-of-duties violations.

61. During the reporting period, all audited country operations had rolled out PROMS, a system meant to provide an end-to-end solution for establishing, managing and closing projects. However, the audit of the project control function (2025/073) noted that PROMS functioned more as a repository of documents and lacked analytical capabilities meant to support project monitoring and reporting. The system also could not facilitate online

collaboration and digital document management as envisaged and thus required manual interventions. In addition, some design limitations reduced its effectiveness, including the inability to modify uploaded documents and restrictions in processing negative amounts and decimal points in Project Financial Reports.

62. Audits of all country operations (2025/046, 2025/055, 2025/074, 2025/075, 2025/084 and 2026/002) identified limited capacity of staff to use the UNHCR core information technology systems. This impacted the reliability and availability of data for programme management and decision-making in core systems such as Cloud ERP as was noted in Pakistan (2025/046).

2. Results-based management

63. Despite the implementation of COMPASS, UNHCR continued to face challenges in the quality of performance data reported by its entities. Field operations in all the operations audited during the reporting period (2025/046, 2025/055, 2025/074, 2025/075, 2025/084 and 2026/002) faced challenges in setting realistic baselines and targets, as well as collecting and reporting reliable results. They also did not analyze the programme non-performance for rectification.

G. Data and technology

1. Secure information and communications technology systems and processes

64. The UNHCR transition to cloud-based infrastructure created opportunities and risks, underscoring the need for UNHCR to update its information technology strategy and cloud framework to reflect evolving cloud environments and provide adequate guidance to stakeholders, as outlined in audit of optimization of cloud services (2025/087). The audit also identified the need to strengthen cloud operations through vulnerability remediation, incident classification and asset data quality.

65. The audits of arrangements for OHS (2025/066), project control function (2025/073) and all audited country operations (2025/046, 2025/055, 2025/074, 2025/075, 2025/084 and 2026/002) identified weaknesses in the relevant systems and tools which impacted the reliability of data used for decision making. Furthermore, data completeness and accuracy in core UNHCR systems such as COMPASS, Cloud ERP, PROMS, ProGres and CashAssist affected the quality of information available for decision-making as was noted in the audits of the field operations in Bangladesh, Chad, the Islamic Republic of Iran and Pakistan. Also, the operations in Mexico and Pakistan did not consistently use CashAssist and this compromised instituted internal controls over the management of cash assistance.

2. Reliable data to support decision-making and demonstrate results for affected populations

66. Field operations in Bangladesh (2025/084), the Islamic Republic of Iran (2025/055) and Pakistan (2025/046) lacked reliable population data for planning, programme design and identification of the most vulnerable populations for targeting. These weaknesses were primarily attributed to not having conducted recent population verifications and/or inadequate mechanisms for continuous registration. The audits of Bangladesh, the Islamic Republic of Iran, Mexico (2026/002) and Pakistan also identified gaps in the quality of registration records in the proGres system used for decision making in core programme areas such as resettlement and cash-based interventions. These findings highlighted the need for stronger second line oversight and support to field operations to maintain reliable data in proGres.

H. Climate-related risks

67. The audit of the Chad operation (2025/074) highlighted the country’s high exposure to climate-related risks, which significantly affected operational effectiveness. Settlements were established in flood-prone areas, and critical infrastructure such as shelters, latrines and

dykes were frequently damaged or destroyed during rains, exacerbating health risks from waterborne diseases. The audit found that the operation had not developed strategies to mitigate climate-related risks, nor had it conducted rapid environmental assessments to inform decisions on the locations of camps and settlements visited. Given the increasing frequency and severity of floods, there is an urgent need to strengthen climate resilience planning including identifying high-risk areas and engaging the government to identify safer settlement locations.

68. Despite significant investments in solar energy as an alternative power source in the Bangladesh (2025/084) and Chad (2025/074) operations, suboptimal use of the solar systems led to increased energy costs. The continued use of generators also increased gas emissions.

IV. Cooperation and coordination

69. OIOS received effective cooperation from UNHCR management and staff during the reporting period. OIOS representatives 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, the implementation of the workplan and the status of outstanding recommendations.

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

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

72. OIOS 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. Budget

73. OIOS presented a budget of $5.5 million to UNHCR for internal audit services for 2026. UNHCR confirmed funding of $4.15 million after two consecutive rounds of funding cuts amounting to 25 per cent of the requested amount. Table 5 shows the budgets for internal audit from 2023 to 2026.

Table 5
Internal audit budgets from 2023 to 2026

Cost category	2023	2024	2025	2026
Staff costs	$4,662,323	$5,007,500	$4,918,000	$3,942,600
Non-staff costs	$547,500	$452,500	$269,000	$207,000
Total	**$5,209,823**	**$5,460,000**	**$5,187,000**	**$4,149,600**

74. To mitigate the impact of budget reductions, OIOS implemented cost-cutting measures from September 2025, including: (a) deferring recruitment of four positions (b) relocation of four Geneva-based staff to lower cost duty stations, i.e., Budapest and Nairobi; (c) moving the four staff that remained in Geneva from the Palais des Nations to UNHCR headquarters, thereby saving on rent and other related costs; and (d) reducing the travel budget by 50 per cent. As a result, the number of staff reduced from 21 to 16, bringing the

number of vacant posts to 9 since 2023; representing 33 per cent of the approved structure. Despite these measures, the 2026 budget continued to project a deficit of $366,000.

B Staffing

75. As of 30 June 2026, the OIOS staffing for UNHCR internal audit activity comprised 27 positions. Two of the 27 positions remained vacant since 2023 owing to funding constraints and were abolished in April 2026 following extended delays in recruitment.

Table 6
UNHCR internal audit funded posts from 2022 to 2026

Year	2022	2023	2024	2025	2026
Total posts	27	27	27	27	27
Deferred recruitment	0	2	6	8	11
Total funded positions	**27**	**25**	**21**	**19**	**16**
Professional staff	22	22	19	17	14
General service staff	5	3	2	2	2
Percentage of posts funded	100%	93%	78%	70%	59%

76. The UNHCR internal audit activity continues to benefit from OIOS overall support. OIOS provides quality assurance, training and professional development to the UNHCR internal audit activity.

Annex I

Final reports issued from 1 July 2025 to 30 June 2026

Table 1
Headquarters functions, thematic areas and information and communications technology audits

				Number of recommendations	
No.	*Report number*	*Assignment title*	*Date of report*	Important	Critical
1	2025/066	Audit of UNHCR arrangements for Occupational Health and Safety	15-Dec-25	9	0
2	2025/073	Audit of the project control function at the Office of the United Nations High Commissioner for Refugees	23-Dec-25	5	0
3	2025/087	Audit of optimization of cloud services in the Office of the United Nations High Commissioner for Refugees	29-Dec-25	7	0

Table 2
Country operations audits

				Number of recommendations	
No.	*Report number*	*Assignment title*	*Date of report*	Important	Critical
1	2025/046	Audit of operations in Pakistan for the Office of the United Nations High Commissioner for Refugees	30-Sep-25	10	0
2	2025/055	Audit of operations in the Islamic Republic of Iran for the United Nations High Commissioner for Refugees	31-Oct-25	5	0
3	2025/074	Audit of operations in Chad for the Office of the United Nations High Commissioner for Refugees	23-Dec-25	9	0
4	2025/075	Audit of management of funded partners in Chad for the Office of the United Nations High Commissioner for Refugees	23-Dec-25	1	3
5	2025/084	Audit of the operations in Bangladesh for the Office of the United Nations High Commissioner for Refugees	26-Dec-25	8	0
6	2026/002	Audit of operations in Mexico for the Office of the United Nations High Commissioner for Refugees	7-Apr-26	7	0

Table 3
Advisory

No.	*Report number*	*Assignment title*	*Date of final report*	*Number of suggestions*
1	2025/02686	Advisory review of the impact of workforce downsizing on the effective functioning of internal controls at the Office of the United Nations High Commissioner for Refugees	31-Dec-25	5
2	2026/00161	Advisory engagement on the effectiveness of the Regional Bureau for West and Central Africa’s operating model in delivering its mandate within available resources	26-Jan-26	11

Annex II

Long outstanding recommendations as of 30 June 2026[5]

No.	*Assignment title*	*Report date*	*Open for more than 2 years)*	*Past target date by 1 to 2 years*	*Past target date by more than 2 years*	*Total*
1	AR2022-166-02 Audit of cybersecurity preparedness in UNHCR	26-Dec-23		1		1
2	AR2021-165-01 Audit of records and archives management in UNHCR	17-Dec-21			1	1
3	AR2022-168-01 Audit of management of government partners in UNHCR	28-Mar-24		1		1
4	AR2022-113-01 Review of UNHCR procurement in Zambia	21-Dec-22			1	1
5	AR2024-111-02 Audit of UNHCR operations in Central African Republic	26-Dec-24		1		1
6	AR2023-169-01 Thematic audit of livelihood programmes in UNHCR field operations	22-Dec-23			1	1
7	AR2023-162-01 Audit of affiliate workforce arrangements in UNHCR	26-Dec-23	2			2
8	AR2022-160-01 Audit of the progress in implementing the Business Transformation Programme for the Office of UNHCR	05-Apr-24	3			3
9	AR2023-112-01 Audit of UNHCR operations in Somalia	20-Dec-24		4		4
10	AR2023-164-01 Audit of UNHCR arrangements for prevention, risk mitigation and response to gender-based violence	20-Dec-23	4			4
11	AR2023-112-02 Audit of UNHCR operations in Ethiopia, including management of funded partners	30-Dec-24		7		7
	Total		*9*	*14*	*3*	*26*

[5] 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).