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## **Executive Committee of the High Commissioner's Programme**

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**Consideration of reports on the work of the Standing**

**Committee: programme budgets, management,  
financial control and administrative oversight**

## **Financial statements for the year 2022 as contained in the Report of the Board of Auditors to the General Assembly on the audited financial statements of the voluntary funds administered by the United Nations High Commissioner for Refugees for the year ended December 2022**

### **Report by the High Commissioner\***

#### **Addendum**

### **Key issues and measures taken in response to the Report of the Board of Auditors for 2022**

## **I. Introduction**

1. This report provides an overview of the key findings of the United Nations Board of Auditors (the Board) from its audit of the financial statements of the voluntary funds administered by the Office of the United Nations High Commissioner for Refugees (UNHCR) for the year ended 31 December 2022,<sup>1</sup> as well as the measures taken or proposed by UNHCR in response to the key recommendations issued in 2022 and those outstanding from previous years.

2. UNHCR prepared the financial statements for the year ended 31 December 2022 in accordance with the International Public Sector Accounting Standards (IPSAS). The audit was conducted primarily to enable the Board to form an opinion on the financial statements of UNHCR and included a general review of financial systems and internal controls, as well as a test examination of the accounting records and other supporting evidence to the extent that the Board considered it necessary to form an opinion on the financial statements. During the course of the audit, the Board physically visited UNHCR headquarters in Geneva, Switzerland and its Global Service Centre in Budapest, Hungary. It also visited six country operations (Egypt, Colombia, Kenya, Malaysia, Niger (the) and Romania).

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\* As per the decision contained in paragraph 19 of A/71/12/Add.1, this report is not subject to the standard submission pattern for official documents and is excluded from simultaneous distribution.

<sup>1</sup> See [A/AC.96/74/4](#).



3. Following its examination, the Board concluded that the financial statements fairly presented, in all material aspects, the financial position, financial performance and cash flows of UNHCR for the year ended 31 December 2022, in accordance with IPSAS.
4. As per United Nations financial regulation 7.5, the Board also reviewed UNHCR operations to make observations on the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the organization.
5. The Board reported key findings and issued 17 new recommendations in the following areas: (a) finance and budget, (b) risk management, and (c) procurement.
6. The Board noted that out of the 77 outstanding recommendations issued for 2021 and previous years, 36 recommendations (47 per cent) had been assessed as implemented or overtaken by events and closed, and 41 recommendations (53 per cent) were in the process of implementation at the time of the review. Of the latter, 27 recommendations related to 2021, 7 recommendations related to 2020, and 7 to 2019. The Board noted continued progress in implementing recommendations that were pending. Some recommendations under implementation related to projects and initiatives that were still being rolled out or developed, such as the implementation of a new enterprise resource planning system.
7. This document outlines the Board's key findings for 2022 and the measures that UNHCR plans to take to address them. The annex provides a list of the 14 new key recommendations issued in the 2022 audit report, as well as those key recommendations outstanding from prior years, together with the actions taken to implement them.
8. A matrix containing additional information on measures taken by UNHCR, and target dates estimated for the implementation of the new 17 recommendations issued in 2022 and the 41 recommendations outstanding from previous years, will be made available on the Standing Committee webpage under documentation for the eighty-eighth meeting of the Standing Committee.

## **II. Key findings relating to the 2022 audit**

### **A. Finance and budget**

9. The Board made observations on finance and budget, including on the presentation of the statement of financial position and comparison of budget and actual amounts, inventories, employee benefits liabilities, property, accounting for assets and internal control.

#### **Presentation of statement of financial position regarding the "staff benefits fund"**

10. The Board noted that the statement of financial position of UNHCR (statement I) departed from IPSAS 1 § 95 and 39 §§ 8-65, as the employee benefits fund balance offset the associated liabilities rather than showing a cash position. This issue had also been noted in 2019 in the Board's report [A/74/5/Add.6](#). In line with IPSAS 1 §31 and 32, UNHCR enhanced the disclosure notes of its 2022 financial statements to state that it exceptionally departed from IPSAS 1 § 95 to comply with its internal financial rules that deviated from these standards.
11. The Board considered that the disclosures made addressed the prior audit recommendation on the staff benefits fund. While no further recommendation was made in this respect, the Board considered that, beyond technical aspects regarding IPSAS compliance, the current presentation did not reflect in statement I, but only in the notes to the financial statements, two major facts:
  - The staff benefits fund, as at 31 December 2022, had a positive reserve amounting to \$737.7 million (and not a "negative reserve" of \$351.2 million) and correspondingly, the accumulated surplus amounted to \$2,765.1 million (and not \$3,854.1 million);
  - The fund's assets were not "ring-fenced" from other UNHCR assets, as the staff benefits fund was not a legally separated "long-term employee benefits fund"

as defined by IPSAS 39 § 8. The decision to establish this fund did not imply that it was available to be used only to fund employee benefits, since they remained available to the reporting entity's own creditors.

### **Comparison of budget and actual amounts**

12. The Board considered that UNHCR improved in 2022 the comparison of budget and actual amounts (statement V and note 7) by addressing all the requirements of the presentation of the budget information in the financial statements (IPSAS 24). The Board observed that in previous financial statements, this comparison was not made between available budget resources and actual expenses, as required by IPSAS 24, but between the "approved needs-based assessment", built on an estimate of their needs. The Board, therefore, concluded that the introduction of the information on available funding for the year corresponded to the definition of an "approved budget" for the purposes of IPSAS 24 § 7.

13. While UNHCR made adjustments for IPSAS purposes to its presentation of Statement V and note 7 in response to feedback from the Board, it reiterates that its needs-based budget remains the budget reviewed and approved by the Executive Committee of the High Commissioner's Programme) and that this continues to be the budget reported, together with the funds available, in statement V of the financial statements.

### **Inventories, employee benefits liabilities and property, plant and equipment accounting**

14. The Board found several weaknesses in the accounting for stocks, inventories and consumables. In particular, the Board noted (a) some shortcomings in the calculation method for the capitalized freight costs, and (b) the use of the same identifiers for items that were sometimes different in nature, which did not allow for a reliable valuation of the average costs. The Board, therefore, recommended that UNHCR apply specific inventories identifiers, instead of generic ones, for items which are not similar in nature and also that it take the opportunity of the new Cloud enterprise resource planning system to improve the quality of the freight costs calculation. UNHCR will implement these recommendations through functionalities in the new Cloud enterprise resource planning system, where items will be recorded under the same item identifier if they are by nature substantively the same or substitutable. The use of generic items will be minimized. UNHCR will also implement a new and more accurate approach for calculating freight costs to be capitalized.

15. Regarding the valuation of employee benefits liabilities, the Board noted that the respective responsibilities between UNHCR and its external actuary needed to be defined in a clearer manner, in performing key controls on complex parameters such as assumptions, census data, and sensitivity analysis. The Board, therefore, recommended that UNHCR issue a policy on employee benefits liabilities valuation describing the controls attributable respectively to UNHCR and its actuary. In response, UNHCR is drafting instructions that describe the key controls that must be applied in the calculation of employee benefits liabilities, both by UNHCR and by its actuary.

16. The Board reviewed the asset valuation of UNHCR and was of the view that some assets were probably overvalued and that an impairment should be carried out at year end for vehicles kept over a long period in a global stockpile warehouse before dispatchment, in order to comply with IPSAS 21. The Board, therefore, recommended that UNHCR carry out all necessary impairments through an annual review of all assets older than one year, especially of vehicles held in specific warehouses. In response, UNHCR has initiated a policy to depreciate vehicles held for more than one year at major storage locations where the impact of depreciation would be material.

### **Internal control and access rights to the enterprise resource planning system**

17. The Board reviewed the process for preparing the statement of internal control of UNHCR and was of the view that the self-assessment issued by each country office should be cleared by the regional bureaux, which had in-depth knowledge of the strengths and weaknesses of the entities under their oversight, before being forwarded to headquarters. The Board also considered that the statement of internal control and the enterprise risk

management policy processes would benefit from enhanced coordination and information-sharing in order to focus on the most useful needs in terms of oversight and accountability and to lighten the burden on managers. The Board, therefore, recommended that UNHCR enhance the role of the regional bureaux in the internal control process. In response, UNHCR clarified that its regional bureaux are consulted initially when the questionnaire is reviewed to capture particularities of the cycle and that they have the opportunity to flag new risks and controls that could be included in the questionnaire. The regional bureaux also have a role in analysing the results of the UNHCR internal control questionnaires and discussing these results and the remediating actions that could be taken in their respective region, based on the results of the annual exercise. UNHCR will further explore steps to involve the bureaux to a greater extent in the review and endorsement of the initial ratings made by countries in their region.

18. The Board noted that the user's access provisioning, deprovisioning and periodical review in the Managing for Systems, Resources and People system were not thoroughly performed by UNHCR. The Board was of the opinion that key controls on these processes should be implemented and it, therefore, recommended that UNHCR provide access rights in its new Cloud enterprise resource planning system, taking into account the segregation of duties and changes in employee positions. In response, UNHCR will extend the future equivalent of the current delegation of authority plan to roles actively used by UNHCR in the Cloud enterprise resource planning system and will establish procedures to identify and prevent the conflicting roles. UNHCR will also consider embedding automated controls in the Cloud enterprise resource planning system.

## **B. Risk management**

19. The Board observed that the risk management process of UNHCR had achieved a high level of maturity. However, the Board also noted that real margins for improvement remained, in particular with regard to the effectiveness and consistency of risk management in the field. In particular, the Board noted the need to assess the usefulness of the online risk register tool for managing the lowest risks. The Board was also of the opinion that the added value of the regional bureaux in risk management could be improved through multi-country or regional reporting; that the key objective of integrating risk management in the operational cycle was not fully achieved yet; and that greater consistency was needed among operations regarding the prioritization of risks and the practice of risk escalation. The Board further noted that beyond the preparation of a corporate risk appetite statement, which was well underway, experimenting with rolling out and operationalizing this type of tool at the country level required a robust methodology adapted to diverse environments.

20. The Board, therefore, recommended that UNHCR ensure more consistency in the way risks were reviewed and escalated to the level of the regional bureaux, and that it reassess the level of monitoring needed on less critical risks. The Board further recommended that UNHCR adopt, as a complement to the issuance of its corporate risk appetite statement, a consistent methodology for defining internally its tolerance for operational risks at the field level.

21. In response to these recommendations, UNHCR will develop and roll out guidance to ensure more consistent and effective escalation of risks, as well as guidance on handling less critical risks. In addition to developing a corporate risk appetite statement, UNHCR will work with a sample of country operations to pilot the setting of risk tolerance for certain key metrics at the operational level. On the basis of these pilots, UNHCR will then develop a consistent methodology for internally defining tolerance for operational risks that can be rolled out more broadly.

## **C. Procurement**

22. The Board reviewed the UNHCR procurement process and noted that its procurement rules had recently been consolidated and updated. Nevertheless, the Board noted that some shortcomings still needed to be addressed to improve effectiveness and efficiency. Those

shortcomings concerned, notably: (a) the significantly increased threshold for formal solicitation in normal situations, raising the risk of not abiding by the principles of best value for money and of fair competition, as well as the risk of fraud and corruption, and (b) in emergency situations, the submission of contract awards for review and approval by the Regional Committee on Contracts. The Board, therefore, recommended that UNHCR revise the 2021 procurement framework by lowering the threshold of formal solicitations to ensure effective monitoring and oversight over procurement actions, and by addressing key loopholes, particularly in terms of planning, training and staff qualifications.

23. While UNHCR has no evidence that would indicate that its procurement thresholds are too high, it will conduct another in-depth review based on data analysis for all operations, which will be complemented by a review of a sample of procurement actions with values above and below the threshold in selected operations. These reviews will help to assess the experience of working with the current threshold. UNHCR is also revising its policy and administrative instructions on procurement and, as part of this revised policy, plans to reinforce the guidance related to procurement planning, as well as training and qualifications for procurement staff.

### **Procurement leadership, planning, monitoring and allocation of responsibilities**

24. The Board highlighted that UNHCR needs to reinforce its expertise on procurement to ensure that the needs in terms of functions related to procurement were identified precisely at each level of management, and that the proper initial and continuing training was in place. The Board noted that the practice of procurement planning in UNHCR appeared to suffer, on the one hand, from a weak monitoring of the existing tools, notably the country level consolidated procurement plans, and, on the other hand, from the lack of a more comprehensive purchase planning that would allow for the anticipation of the needs of each entity and better alignment of such needs with the budget processes. The Board further noted that UNHCR still needed to finetune the definition of the level – global, regional or country – at which procuring appeared to be the most relevant and efficient.

25. The Board, therefore, recommended that UNHCR enhance its strategic leadership on procurement at the highest level and allocate as efficiently and effectively as possible, the procurement activities to be carried out at the country operation, regional bureaux and headquarters levels. The Board further recommended that UNHCR define and implement a prioritized demand and supply planning for each entity and define tools and additional mechanisms to monitor procurement throughout the year.

26. In response, UNHCR has undertaken a revision of its supply operating model, which is currently being rolled out. This new framework aims to strengthen the procurement leadership and define in a clearer manner the responsibilities at country operation, regional bureaux and headquarters levels. It also aims to enhance procurement capacity at all levels, particularly through the attribution of a stronger role to the bureaux supply teams to coordinate the annual procurement planning at the regional level. The Supply Management Service at headquarters will review which part of the aggregate consolidated procurement plan should be sourced internationally against what must be procured locally (through local or regional supply teams).

### **Managing risks relating to procurement and inventory management**

27. The Board noted that UNHCR had difficulties in making the best use of its stocks and avoiding unnecessary purchases or waste. Consequently, the Board reasoned that more systemic and automated checks were needed to ensure effective articulation between procurement and inventory management. The Board found that, while UNHCR had recently clarified the oversight function of its regional bureaux, a decisive step would be to implement this new framework and effectively empower and make the bureaux accountable in the management of risks related to procurement. The Board further noted that the country offices also needed to strengthen their internal controls on risks, especially on procurement that was not covered by their committees on contracts.

28. The Board found a number of weaknesses concerning the compliance of UNHCR procurement practices with applicable rules including: the absence of purchase order

management; inadequate documentation to support payments; contract award processes departing from the principles of fairness, transparency, best value for money and interest of the organization; and incomplete information provided to the members of committees on contracts.

29. The Board recommended that UNHCR develop a more systemic approach in the way procurement and inventory management was articulated; strengthen the role of the second “line of defence” on key internal controls on procurement processes, including at the regional level; regularly undertake a review of the most frequent cases of non-compliance in procurement and put in place appropriate measures to tackle the root causes of these weaknesses, in order to improve the oversight on procurement processes at all levels.

30. UNHCR plans to address these recommendations through the configuration in the new Cloud enterprise resource planning system, which will enable the evaluation of alternative sourcing options by a category manager or a buyer, including sourcing from existing inventory. Additional checks and alerts will also be included as measures to optimize the inventory on hand or in the pipeline. In addition, UNHCR is introducing a new supply operating model that aims to strengthen the procurement teams in the regional bureaux, giving them responsibility for complex local purchases that in the past were carried out by country teams. International purchasing will also be handled by a strengthened Supply Management Service.

31. Regarding compliance, UNHCR has been reviewing and analysing cases of non-compliance related to procurement activities and will continue to explore how this analysis might be further enhanced, for example through identifying the root causes leading to non-compliance or through conducting additional checks on samples of procurement activities.

### **III. Conclusion**

32. UNHCR reiterates its commitment to addressing the recommendations made by the Board and to further improving procedures, systems and controls in order to mitigate the identified risks. The Board’s findings and recommendations will help the organization prioritize its resources in those areas where it is most exposed to risk.

## Annex

### Key recommendations issued in 2022 or outstanding from prior years and the measures taken to address them

<i>Recommendations (audit report year/paragraph number)</i>	<i>Measures to address the recommendations</i>
<b>I. Key recommendations issued in the 2022 audit report</b>	
<b>A. Finance and budget</b>	
2022/56 - The Board recommends UNHCR apply specific inventories identifiers, instead of generic ones, for items which are not similar in nature.  (paragraph 56 of the 2022 audit report)	UNHCR is in the process of implementing a new Cloud enterprise resource planning system in which items will be recorded under the same item identifier if they are by nature substantively the same or substitutable. The use of generic items will be minimized.
2022/63 - The Board recommends UNHCR take the opportunity of the new Cloud enterprise resource planning system to improve the quality of the freight costs calculation.  (paragraph 63 of the 2022 audit report)	UNHCR will implement a new approach for calculating freight costs. In the new Cloud enterprise resource planning system, the basis for freight cost capitalization will be the invoiced freight costs. For in-kind donations, the freight costs are recorded as part of the donation value.
2022/83 - The Board recommends UNHCR issue a policy on employee benefit liabilities valuation describing the controls attributable respectively to UNHCR and its actuary.  (paragraph 83 of the 2022 audit report)	UNHCR is drafting instructions that describe the key controls that must be applied in the calculation of employee benefit liabilities, both by the organization and by its actuary. The instructions will be finalized and implemented for the next annual financial reporting cycle.
2022/117 - The Board recommends UNHCR carry out all necessary impairments through an annual review of all assets older than one year, especially of vehicles held in the three warehouses (Rotterdam, the Netherlands (Kingdom of), Chonburi, Thailand, Dubai, United Arab Emirates).  (paragraph 117 of the 2022 audit report)	UNHCR has already initiated a policy to depreciate vehicles held for more than one year at major storage locations where the impact of depreciation would be material.
2022/126 - The Board recommends UNHCR enhance the role of the regional bureaux in the internal control process.  (paragraph 126 of the 2022 audit report)	UNHCR regional bureaux are consulted initially when the questionnaire is reviewed to capture particularities of the cycle. At that stage, bureaux have the opportunity to flag new risks and controls that could be included in the questionnaire. The regional bureaux also have a role in analysing and discussing the results of the UNHCR internal control questionnaires, as well as the remediating actions that could be taken by the region in response.  UNHCR will explore further steps to involve Bureaux in the review and endorsement of the initial ratings made by countries in their region.

<i>Recommendations (audit report year/paragraph number)</i>	<i>Measures to address the recommendations</i>
2022/152 - The Board recommends that UNHCR secure all access rights in its new enterprise resource planning system, taking into account segregation of duties and changes in employee positions.  (paragraph 152 of the 2022 audit report)	UNHCR will extend the future equivalent of the current delegation of authority plan to all roles actively used by UNHCR in the new Cloud enterprise resource planning system and will establish procedures to identify and prevent the conflicting roles. UNHCR will also consider embedding such controls in the new Cloud enterprise resource planning system.
<b>B. Risk management</b>	
2022/201 - The Board recommends that UNHCR ensure more consistency in the way risks are reviewed and can be escalated at the level of regional bureaux, and reassess the level of monitoring needed on the less critical ones.  (paragraph 201 of the 2022 audit report)	UNHCR will develop and roll out guidance to ensure more consistent and effective escalation of risks, as well as guidance on handling less critical risks.
2022/212 - The Board recommends that UNHCR adopt, as a complement to the issuance of its corporate risk appetite statement, a consistent methodology for defining internally its tolerance for operational risks at field level.  (paragraph 212 of the 2022 audit report)	In addition to developing a corporate risk appetite statement, UNHCR will work with a sample of country operations to pilot setting risk tolerances for certain key metrics and the operation level. On the basis of these pilots, UNHCR will then develop a consistent methodology for internally defining tolerance for operational risks that can be rolled out more broadly.
<b>C. Procurement</b>	
2022/267 - The Board recommends that the organization revise its 2021 procurement framework by lowering the threshold of formal solicitation to ensure effective monitoring and oversight over procurement actions, and by addressing key loopholes, particularly in terms of planning, training and staff qualifications.  (paragraph 267 of the 2022 audit report)	While UNHCR has no evidence that would indicate that its procurement thresholds are too high, it will conduct another in-depth review based on data analysis for all operations, which will be complemented by a review of a sample of procurement actions with values above and below the threshold in selected operations. These reviews will help to assess the experience of working with the current threshold.  UNHCR is also revising its policy and administrative instruction on procurement to reinforce the guidance related to procurement planning, training and required qualifications for the procurement staff.
2022/297 - The Board recommends that UNHCR enhance strategic leadership on procurement at the highest level and allocate as efficiently and effectively as possible the procurement activities to be carried out at the level of country operation, regional bureaux and headquarters.  (paragraph 297 of the 2022 audit report)	UNHCR has already undertaken a revision of its supply operating model which is currently being rolled out. This new framework aims to strengthen the procurement leadership, define responsibilities at country operation, regional bureaux and headquarters level more clearly and strengthen procurement capacity at all levels, and specifically at the regional bureau level.



<i>Recommendations (audit report year/paragraph number)</i>	<i>Measures to address the recommendations</i>
<p>2022/315 - The Board recommends that UNHCR define and implement a prioritized demand and supply planning for each entity, and define tools and additional mechanisms to monitor the procurement throughout the year.</p> <p>(paragraph 315 of the 2022 audit report)</p>	<p>The new supply operating model being implemented by UNHCR foresees a stronger role for the regional bureaux supply teams to coordinate the annual Procurement Planning and consolidation at regional level. The Supply Management Service at headquarters, will review which part of the aggregate consolidated procurement plan should be sourced internationally (i.e. through the Supply Management Service), against what must be procured locally (through local or regional supply teams).</p>
<p>2022/352 - The Board recommends that the organization develop a more systemic approach in the way procurement and inventory management are articulated.</p> <p>(paragraph 352 of the 2022 audit report)</p>	<p>UNHCR has configured the new Cloud enterprise resource planning system to enable the evaluation of alternative sourcing options by a category manager or a buyer, including sourcing from existing inventory. Additional checks and alerts are also included as measures to optimize the inventory on hand or in the pipeline.</p>
<p>2022/369 - The Board recommends that UNHCR strengthen the role of the second “line of defence” on key internal controls on procurement processes, including at the regional level.</p> <p>(paragraph 369 of the 2022 audit report)</p>	<p>UNHCR has just introduced a new supply operating model. This new framework aims to strengthen the procurement teams in the regional bureaux, giving them responsibility for complex local purchases, which in the past were carried out by country teams. International purchasing will also be handled by a strengthened Global Service. This framework is supported by the new Cloud enterprise resource planning system which UNHCR intends to implement in September 2023. UNHCR also considers reviewing the criteria for selecting the most appropriate purchasing method.</p>
<p>2022/410 - The Board recommends that UNHCR regularly undertake a review of the most frequent cases of non-compliance in procurement identified by the relevant procurement review authority, and put in place appropriate measures to tackle the root causes of these weaknesses, in order to improve the oversight on procurement processes at all levels.</p> <p>(paragraph 410 of the 2022 audit report)</p>	<p>UNHCR has already been reviewing and analysing cases of non-compliance related to procurement activities in several ways. UNHCR will review how this root cause analysis might be further enhanced, for example through conducting additional checks on samples of procurement activities.</p>

<i>Recommendations (audit report year/paragraph number)</i>	<i>Measures to address the recommendations</i>
<b>II. Key recommendations issued in the 2021 audit report</b>	
<b>A. Reform initiatives</b>	
<p>2021/27 - The Board recommends that UNHCR follow up on the impact and costs of the decentralization and regionalization reform through completing a comprehensive evaluation to establish if the intended results foreseen in the 2019 framework decisions on decentralization and regionalization have been achieved.</p> <p>(paragraph 27 of the 2021 audit report)</p>	<p>A comprehensive evaluation of the decentralization and regionalization reform is included in the 2023 – 2024 work programme of the UNHCR Evaluation Office.</p>
<p>2021/37 - The Board recommends that UNHCR summarize existing documents into one formal accountability framework that defines roles, authorities and accountabilities in the organization in a compulsory manner and that it includes reporting lines and authorities.</p> <p>(paragraph 37 of the 2021 audit report)</p>	<p>UNHCR has revised the roles, accountabilities, and authorities for country offices, regional bureaux, and headquarters divisions. Over the past three years, many lessons have been learned, which are reflected in these latest versions that were re-issued by the High Commissioner in December 2022. The updated roles, accountabilities, and authorities include new content in key areas of work including emergency preparedness, climate action, response to internally displaced persons, protection from sexual exploitation and abuse, and sexual harassment; security management, communication, resource mobilization, data management, evaluation, controls, risk management and oversight.</p>
<p>2021/74 - The Board recommends that UNHCR reshape its results-based management guidance to ensure the intended reorientation of strategic planning and set a focus on the required mind-shift towards the intended added value of the new approach, the multi-year planning and the practical implementation of COMPASS.</p> <p>(paragraph 74 of the 2021 audit report)</p>	<p>UNHCR has revised and consolidated all of its results-based management and programming guidance and policies over the past two years to fully reflect its multi-year strategic planning approach and the transformation brought about through COMPASS, the organization's planning, budgeting and monitoring system. The new programme handbook and policies and procedures of the Division of Strategic Planning and Results on programme and resource management will be issued in 2023. In addition, a capacity development strategy is underway to provide further support to country operations to strengthen the quality of their plans, including enhanced training. In response to demand for training to improve the quality of strategic planning, the Division of Strategic Planning and Results has deployed a number of missions to operations and bureaux to pilot and roll-out training of trainer in the context of ongoing strategic planning exercises which will feed into the capacity development strategy. Furthermore, dedicated capacity-building officers continue to be deployed to all regional bureaux since early 2021 to accompany this process.</p>

<i>Recommendations (audit report year/paragraph number)</i>	<i>Measures to address the recommendations</i>
<p>2021/85 - The Board recommends that UNHCR complement the COMPASS tool with enhanced reporting functionalities based on the identified needs of the users.</p> <p>(paragraph 85 of the 2021 audit report)</p>	<p>UNHCR is developing reporting functionalities which includes a business intelligence tool and a data portal that will allow both global and detailed COMPASS data analysis, as well as the creation of customized reports for specific needs. The majority of the COMPASS content is now on the data portal, which is accessible to UNHCR staff, with the remaining few reports expected to be completed by end of 2023.</p>
<b>B. Budget and finance</b>	
<p>2021/286 - The Board recommends that UNHCR update its financial risk management strategy and guidelines, conduct updates on a regular basis, and specify in the guidelines how UNHCR assesses, monitors and mitigates the credit, liquidity and market risks (in particular, currency and interest risks) at the individual and portfolio levels.</p> <p>(paragraph 286 of the 2021 audit report)</p>	<p>UNHCR will holistically update the strategy and guidelines regarding core treasury management, (liquidity, foreign exchange, investments) and its related treasury risk management, methodologies and assessment. It is expected that the updated guidelines on treasury management would be finalized for endorsement before the end of 2023.</p>
<p>2021/294 - The Board recommends that UNHCR design additional automated key performance indicators that can be objectively calculated on the basis of data recorded in the new enterprise resource planning system and that complement the information used in generating the statement of internal control.</p> <p>(paragraph 294 of the 2021 audit report)</p>	<p>As part of the Cloud enterprise resource planning system, UNHCR will identify relevant key performance indicators that can be extracted from the future system for use in assessing the functioning of various controls. These indicators will be used to complement the information collected through the self-certified internal control questionnaire, as part of the process to prepare the statement of internal control.</p> <p>Once the new Cloud enterprise resource planning system is launched, the design of automated indicators that can be extracted from the system will be refined and tested in practice, in the context of the preparation of internal control questionnaire for 2023.</p>
<b>C. Implementing partnership management</b>	
<p>2021/318 - The Board recommends that UNHCR strengthen the link between performance review and the release of additional instalment payments, and that it enable the documentation of the review in the upcoming software solution.</p> <p>(paragraph 318 of the 2021 audit report)</p>	<p>UNHCR has been improving the link between performance review and financial verification leading to requests for new instalments. The process of requesting instalments is intended to be automated within the Project Reporting, Oversight and Monitoring Solution platform, which is expected to go live in the third quarter of 2023. This automation will contribute to significantly enhancing partnership management in this area.</p>

<i>Recommendations (audit report year/paragraph number)</i>	<i>Measures to address the recommendations</i>
<b>D. Human resources management</b>	
2021/395 - The Board reiterates its recommendation that UNHCR establish an overarching strategy for workforce planning purposes (A/76/5/Add.6, chap. II, para. 288) and emphasizes that the strategy framework should outline how trends could be assessed.  (paragraph 395 of the 2021 audit report)	To further develop the workforce planning approach in UNHCR and leveraging the new human resources system's abilities and options, the Division of Human Resources has initiated the drafting of an overarching strategy and framework for workforce planning in UNHCR.
2021/405 - The Board recommends that UNHCR examine whether to establish sample performance indicators that could be used for monitoring purposes and adapted to the staffing needs of each operation.  (paragraph 405 of the 2021 audit report)	UNHCR has drafted a list of key performance indicators and metrics that can be used to monitor the human resources action plans. The list will be included in the UNHCR handbook for workforce planning, which will be released in the third quarter of 2023.
<b>III. Key recommendations outstanding in the 2020 audit report</b>	
<b>A. Implementing partnership management</b>	
2020/231 - The Board recommends that UNHCR consolidate and complement the guidance material for the implementing partnership management processes in one comprehensive repository, which should also include the regulations in response to previous audit recommendations.  (paragraph 231 of the 2020 audit report)	UNHCR has been working to consolidate and revise its guidance material for all processes around the management of funded partnerships. However, given the ongoing implementation of the new Cloud-based systems under the business transformation programme, the launch of the new programme handbook and partnership management procedure has been postponed to the last quarter of 2023 to allow better capturing of the specific elements derived from the launching of new systems.
<b>B. Human resources management</b>	
2020/279 - The Board recommends that UNHCR further improve the use of enhanced data analytics for additional dashboard reports and in order to facilitate human resources planning analysis. Therefore, UNHCR should define key indicators. This would allow for the benchmarking of the workforce among operations and would enhance knowledge regarding whether the different functional groups of an operation are adequately staffed compared to other operations.  (paragraph 279 of the 2020 audit report)	Since the roll-out of the new human resources system in October 2022, new dashboards have been created to facilitate data analytics and data-driven decision-making processes. Training of human resources practitioners, in partnership with the regional bureaux and divisions, is underway. Staffing indicators are being developed for every function with the aim to include them in the Handbook for Designing Field Presences.

<i>Recommendations (audit report year/paragraph number)</i>	<i>Measures to address the recommendations</i>
<b>C. Global fleet management</b>	
2020/312 - The Board recommends that UNHCR, together with the FleetWave provider, optimize the FleetWave tool to avoid faulty data recording and to enhance usability. (paragraph 312 of the 2020 audit report)	UNHCR has enhanced the data entry functionality by including an automatic data control mechanism that sets the parameters for the different data sets and flags any entries that are outside the expected range to enable correction at entry point. The change in the enterprise resource planning system of UNHCR to a new cloud-based system provided an opportunity to enhance the integration between FleetWave and the new Cloud enterprise resource planning system. The transition from the current tool to the new Cloud enterprise resource planning system will be done in multiple phases; the current interface functionality will be replicated in the Cloud enterprise resource planning system during 2023 and the additional integrations are expected to be implemented during the first quarter 2024.
<b>IV. Key recommendations outstanding in the 2019 audit report</b>	
<b>A. Finance-related findings</b>	
2019/88 - The Board recommends that UNHCR explore the option of an electronic, system-integrated delegation of authority process. The process should encompass all enterprise resource planning modules and ensure an overarching conflict check across the entire enterprise resource planning architecture. (paragraph 88 of the 2019 audit report)	UNHCR is building on the available modules in the new Cloud enterprise resource planning system dedicated to access controls and transaction controls to incorporate in the design various automated processes for the delegation of authority. UNHCR will extend the future equivalent of the current delegation of authority plan to all roles actively used by UNHCR in the new Cloud enterprise resource planning system and will establish procedures to identify and prevent the conflicting roles. UNHCR will also consider embedding various access controls in the new Cloud enterprise resource planning system. The target date for implementation of this recommendation has been revised to align with the scheduled projected go-live date of the new Cloud enterprise resource planning system.
<b>B. Deployment of a new registration case management system and data protection</b>	
2019/343 - The Board recommends that the representatives of country operations confirm to the regional bureaux and to headquarters with their signatures the decommissioning of proGres v3. (paragraph 343 of the 2019 audit report)	UNHCR is developing an administrative instruction which will be more inclusive of policy and procedural aspects related to the population registration and identity management ecosystem (PRIMES). Following the successful migration of the proGres v4 system of UNHCR to the cloud in April 2023, a thorough assessment has been conducted aiming to extend the proposed administrative instruction to encompass proGres v4 itself. The implementation of this recommendation is still ongoing.