



MATRIX: Follow-up to the recommendations of the  
United Nations Board of Auditors in its report on  
UNHCR's 2016 financial statements

This matrix has been prepared by the Office of the United Nations High Commissioner for Refugees for the United Nations Board of Auditors. It is being shared with the Executive Committee of the High Commissioner's Programme for informational purposes only.

UNHCR

1 August 2017

The Board issued 17 recommendations in its report on the 2016 financial statements, of which 10 have been assessed as main recommendations and are reflected **in bold** in paragraphs 32, 39, 42, 47, 58, 82, 83, 90, 99, 106 and in the matrix below.

Para.	UN Board of Auditors' recommendations (Report of the Board A/72/5/Add.6)	Estimated time for completion	Division / Service leading the process	Actions intended to be taken to address the recommendation
25	The Board encourages UNHCR to further explore and implement measures to reduce the scope of manual work steps for distinguishing between current and non-current contributions receivable. The Board recommends an improved utilization of data that is available in MSRP.	1st quarter 2018	Division of Financial and Administrative Management / Accounts and Financial Service	This recommendation is being addressed through the implementation of the upgraded MSRP. Since May 2017, the due dates of pledged contributions are automatically transferred to the accounts receivable sub-module of MSRP without manual intervention. As a second step, UNHCR intends to simplify the receivables schedule so that it can be produced in a more direct manner from MSRP.
<b>32</b>	<b>The Board recommends that UNHCR liaise with the Copenhagen warehouse management to review the appropriateness of the procedures applied and the actual handling of shipping documents for items owned by UNHCR and stored at the warehouse in Copenhagen. The procedures used for shipping documents should be harmonized at the seven global warehouses. The local context (including local requirements) should be adequately addressed when harmonizing the procedures.</b>	4th quarter 2017	Division of Emergency, Security and Supply / Supply Management Logistics Service	UNHCR concurs with the recommendation and has begun establishing a process that addresses the weakness in control and monitoring identified by the Board. UNHCR is developing an acceptable solution for the handling of the shipping documents in agreement with the external warehouse manager in Copenhagen.
<b>39</b>	<b>The Board recommends that country operations determine the numbers and types of vehicles needed to meet operational needs and document the underlying assumptions and how country operations arrived at their estimates. In case country operations need assistance with respect to an accepted methodology to estimate the number and types of vehicles needed for the operation, the Board encourages them to liaise with global fleet management (GFM) for advice or additional guidance.</b>	4th quarter 2017	Division of Emergency, Security and Supply / Supply Management Logistics Service  Regional Bureaux	UNHCR has already issued a guidance note on fleet planning as part of the Administrative Instruction on 2016 year-end closing regarding property, plant and equipment and global fleet management planning (UNHCR/AI/2016/12, Annex A). In addition, UNHCR is currently working with a consultant to develop a fleet-sizing tool, expected to be made available for use by the operations, ahead of the 2018 detailed budgeting exercise. UNHCR is also developing a checklist on fleet sizing and fleet planning, which will also be made available ahead of the 2018 detailed budgeting exercise.
<b>43</b>	<b>The Board recommends that UNHCR establish a process to actively monitor the status of assets under construction. When construction projects</b>	1st quarter 2018	Division of Financial and Administrative Management /	UNHCR concurs with this recommendation and is reviewing the process related to recording of assets under construction, to ensure that such assets are recorded in the system in a timely and accurate manner.

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	are finalized and assets are in service, a process should be available to ensure that these assets are recorded in the Asset Management Module and that depreciation starts.		Accounts and Financial Service  Division of Emergency, Security and Supply / Supply Management Logistics Service	
48	<b>The Board recommends that UNHCR establish control procedures to identify the point of time when intangible assets are no longer “under development” and become subject to amortization.</b>	1st quarter 2018	Division of Financial and Administrative Management / Accounts and Financial Service	UNHCR will improve its internal information flow to ensure that any change in the status of assets under development is promptly captured and properly reflected in the accounts.
52	The Board recommends that UNHCR establish a process to reliably identify the internal staff costs related to the development of proGres (and other internally developed) software and capitalize such costs where appropriate.	4th quarter 2018	Division of Financial and Administrative Management / Accounts and Financial Service	UNHCR will design a process to identify, capture and, where appropriate, capitalize internal staff costs related to intangible assets under development. The process will be applied to all approved IT projects, based on the capitalization threshold. The new practice is expected to be fully deployed in the financial year 2018 for all relevant development projects.
59	<b>The Board recommends that UNHCR consider the possibility of long-term investments to cover risk-adequate financing of after-service health insurance (ASHI) liabilities.</b>	1 <sup>st</sup> quarter 2018	Division of Financial and Administrative Management / Treasury	UNHCR has agreed to review and assess the investment risk measurement for ASHI reserves. The objective is to devise an investment strategy to match the asset allocations with the liability profiles identified through an actuarial valuation study. In July 2017, UNHCR launched a request for proposal to select a vendor to carry out an actuarial study for this purpose. Inter-agency collaboration is also being explored while taking into account UNHCR's specific ASHI liabilities and funding plan.
71	The Board recommends that UNHCR pay close attention to the fact that high quality reviews and verifications of partner's financial reports are essential to control the implementing partnership expenses when implementing key recommendations of the HQ review.	4th quarter 2018	Division of Financial and Administrative Management / Implementing Partnership Management Service (IPMS)	UNHCR will strive to achieve high quality reviews and verifications of partners' financial reports in order to obtain adequate assurance over expenses incurred. However, UNHCR will address this recommendation taking into account that implementation of the HQ review's recommendations is at an early stage in the process, given the depth and scope of these recommendations.

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76	The Board recommends that UNHCR review certain templates related to partnerships such as agreements, project descriptions, project work plans, monitoring plans and project risk registers/catalogues and asses if they might be enhanced to better assist country operations using them in more consistent way and, where appropriate, with less duplication of information.	4th quarter 2018	Division of Financial and Administrative Management / Implementing Partnership Management Service	<p>UNHCR accepts that there is scope for simplifying and streamlining documents and templates related to partnerships. UNHCR will continue to review and improve the framework for implementing with partners, taking into consideration aspects like operational flexibility and partners' accountability. UNHCR is committed to further refining its tools in order to minimize manual processing and to eliminate inconsistencies or duplications between the partnership agreements and other related templates.</p> <p>In relation to the management of partnerships, and in light of the ongoing HQ review and its outcomes, UNHCR believes that the key need at this point is to define the level of acceptable risks rather than adding additional safeguards to existing processes.</p>
81	The Board recommends that country operations ensure coherent risk assessments within operations and to regularly review the quality of the risk assessments for individual PPAs. The risk assessment template recently provided by IPMS could support such exercises.	4th quarter 2018	Regional Bureaux Division of Financial and Administrative Management / Implementing Partnership Management Service	The country operations, under the supervision of the Bureaux and with the technical support of the relevant divisions, will be urged to continue improving the quality of risk assessments conducted under the project partnership agreement (PPA), with due consideration given to the templates made available by headquarters.
87	<b>The Board reiterates its previous recommendation and encourages country operations enhance the quality of their monitoring activities for PPAs and pay greater attention to developing risk-based monitoring plans for individual PPAs and overall monitoring plans covering all PPAs in an operation. The Board also advised that these plans specifically consider the risk of fraud and extend checks to ensure accountability for the use of assets.</b>	4th quarter 2018	Regional Bureaux  Division of Financial and Administrative Management / Implementing Partnership Management Service	The country operations, under the supervision of Bureaux and with the technical support of the relevant divisions, will continue taking steps to improve the quality of risk-based monitoring. In performing the monitoring exercise, the operations will be advised to pay particular attention to accountability over the use of assets entrusted to partners and to fraud risks. This recommendation will be addressed in conjunction with the next recommendation in paragraph 88.
88	<b>The Board also recommends that management in country operations and the Regional Bureaux regularly review the quality of financial and performance monitoring for projects implemented with partners.</b>	4th quarter 2018	Regional Bureaux  Division of Financial and Administrative Management /	As part of the enhanced framework for implementing with partners, the monitoring of both the financial and performance aspects of projects are conducted by multi-functional teams and have been closely linked in order to obtain a comprehensive overview of the resources used to achieve the expected deliverables specified in the agreements. The country operations,

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			Implementing Partnership Management Service	under the supervision of the Bureaux and with the technical support of DFAM/IPMS and other relevant divisions, will periodically review a sample of the monitoring reports to further guide and improve the process. In order to avoid disruption, any process changes will be introduced in a manner that is consistent with the annual operational cycle.
96	<b>The Board recommends that UNHCR review and, where appropriate, clarify the country SOPs for cash-based interventions with regard to the disbursement term of seasonal support. It should be made clear that the support can be granted as monthly payments but also other payment terms are possible (e.g. one-off payments). In addition, the Board also recommends that the criteria in case of preferred different terms of payments be documented. These criteria might wish to consider different contexts country operations might face.</b>	4 <sup>th</sup> quarter 2017	Regional Bureau for the Middle East and North Africa	The Regional Bureaux will work with those country operations involved in the cash-based interventions programmes to adjust the country SOPs developed for these activities in order to clearly reflect various aspects of managing the seasonal support.
97	The Board also recommends that UNHCR establish clear procedures when country operations want to deviate from their standing operating procedures (SOPs) or have an interpretation of the SOPs that is not covered by the wording of the SOPs. The procedures need to provide for delegation of authorities and formal documentation specifications.	4 <sup>th</sup> quarter 2017	Division of Financial and Administrative Management / Treasury  Division of Programme Support and Management/ CBI section	UNHCR is in the process of issuing a revised administrative instruction regarding the financial management of cash-based interventions. (CBIs) This instruction will include a provision requesting the country offices to document any deviation from the established SOPs and to ensure that such deviation is authorized by the appropriate delegated authority. While working on improving existing processes and controls, UNHCR is seeking to achieve a balance between simplifying these processes and controls and allowing country operations to retain the flexibility to address their operational needs in a timely and efficient manner.
100	The Board recommends that UNHCR ensure the correct use of the new bank charges accounts. The Board intends to follow-up on the correct allocation and disclosure of CBI bank charges in the work of the next financial year.	4 <sup>th</sup> quarter 2017	Division of Financial and Administrative Management/ Treasury	UNHCR confirms that new ledger accounts for bank charges are being utilized starting with the fiscal year 2017. UNHCR is closely monitoring the consistent recording of this category of expenses and takes corrective actions when deviations are detected.

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105	The Board recommends that UNHCR document good practices and lessons learned from the MSRP Upgrade Project and, where appropriate, use them for other IT projects. The Board expects this exercise to assist UNHCR in managing projects in a more efficient way.	3rd quarter 2017	Division of Financial and Administrative Management/ MSRP  Division of Information Systems and Telecommunications	The final deliverable for the MSRP upgrade project is the project closure report, which will document project highlights and best practices, as well as issues and challenges, lessons learned and follow-on actions. UNHCR will review the good practices and lessons learned from the MSRP upgrade project closure report and, where appropriate, implement the findings in other IT projects.  Acknowledging various other issues raised in the audit report relating to data storing and processing tools, UNHCR notes the need to look into data-related tools and issues in a concerted manner across the organization.
113	The Board recommends country operations to monitor non-PO purchases on a regular basis and assess if further efficiency gains may be realized by compiling individual "non-PO purchases" into frame agreements. The Board also advise that headquarters divisions liaise with country operations to explore options how the monitoring of and oversight on "non-PO purchases" could be facilitated.	3rd quarter 2018	Division of Emergency, Security and Supply/ Procurement Service	In line with UNHCR's regulations and rules, certain goods and services with a value which is lower than a certain threshold (currently US\$ 4,000) may be purchased under simplified process where no formal Purchase Order (PO) was required, referred to as "non-PO purchases." UNHCR will introduce additional processes to closer monitor the level of non-PO expenditures based on analytical reviews of the overall non-PO expenditures and on sample reviews of individual non-PO expenditure items.