

**71st meeting of the Standing Committee
6-8 March 2018**

**Agenda item 4
Oral update on the work of the Inspector General's Office**

I. Update on the oversight reform

- A review of UNHCR's oversight functions was undertaken in 2016 by an external consultant, following which the High Commissioner endorsed many of the recommendations. The review called for the rationalization of UNHCR's oversight functions in order to maximize efficiency, and strengthen coherence and coordination among the different oversight entities. Several recommendations were related to or affected the Inspector General's Office (IGO), with implementation ongoing. In this regard, key activities undertaken by the IGO are set out below.

Internal audit

- Internal audit services in UNHCR are provided by the Office of Internal Oversight Services (OIOS) through its UNHCR Audit Service. In August 2017, the UNHCR internal audit interface was transferred from the Division of Financial and Administrative Management (DFAM) to the IGO. This will allow for streamlined and simplified processes as well as redefined roles and responsibilities, as outlined in a new memorandum of understanding for the provision of internal audit services, which is expected to be signed by OIOS and UNHCR in the first quarter of 2018.
- Since the dissolution of UNHCR's audit coordination unit in DFAM, internal audit planning, execution and reporting is carried out directly by the OIOS UNHCR Audit Service. More direct contact between the OIOS UNHCR Audit Service and UNHCR management is expected to improve the internal audit execution processes and the overall quality of internal audits over time.
- Closer collaboration among the IGO, the Division of International Protection and the OIOS UNHCR Audit Service is also helping update risk-based audit tools and strengthen the capacity of internal audit staff on protection systems and processes.

Mapping of risk management and control processes

- The external review also recommended that the Office undertake a comprehensive mapping of its risk management and control processes to ensure there are no gaps and avoid duplication. In follow-up, UNHCR adopted a model of "three lines of defence"¹ in July 2017, in accordance with a decision of the United Nations High-Level Committee on Management. The OIOS UNHCR Audit Service was then commissioned to conduct an advisory review on the second line of defence, which was undertaken in collaboration with the IGO, UNHCR management, regional bureaux, divisions and regional offices. The first and third lines of defence will be reviewed at a later stage.

Training programmes

- Three new training programmes on changes arising from the oversight reforms are under way with a view to improving the understanding, knowledge and skills of UNHCR staff in related processes and the three lines of defence. The IGO is taking the lead in developing these trainings with the support of the OIOS UNHCR Audit Service, UNHCR's Global Learning Centre, DFAM and the Enterprise Risk Management Unit.

Data management tools

- The development of a data management solution for the Strategic Oversight Service progressed well in the second half of 2017. Requirements are being reviewed by the Service with input from the Division of Information Systems and Telecommunications. Following refinement, the tool will be functional in 2019.

¹ The first line of defence is operational management, including through programme support. The second line is monitoring and compliance, mainly exercised by regional bureaux and divisions at Headquarters, and the third line is internal oversight, such as internal audit, investigation and evaluation functions.

Focus for 2018

- In 2018, the consolidation of the reforms implemented in 2017 and the completion of the remaining recommendations relating to the IGO will be the main focus. Updated administrative instructions for investigations, ad hoc inspections and ad hoc inquiries are also being developed. These as well as an overarching oversight policy will be issued in the course of the year.

II. Inspection

- The Inspection Service was dissolved in July 2017. No new inspections were conducted in 2017, although three inspection reports on UNHCR's Regional Representation in West Africa, UNHCR's Representation in Morocco, and UNHCR's policies and procedures on recruitment and postings in the international professional category were issued. Following consultations with concerned operations, regional bureaux and divisions, four inspection cycles were closed, with four inspection cycles remaining open at year end. A total of 45 recommendations were open at the end of 2017, with 170 recommendations considered implemented and 13 closed as they were no longer applicable.

III. Strategic oversight

- A new Strategic Oversight Service was successfully established in the IGO in August 2017. This was achieved at no additional cost to UNHCR as resources were transferred from the discontinued Inspection Service. The six staff positions of the former Inspection Service are also being gradually reclassified to ensure that job profiles meet the needs of the new Service. The recruitment of two experts has been completed, and the successful candidates are expected to join the Service in the course of 2018.
- The Service will assist the Inspector General and UNHCR management in enhancing the organization-wide response to oversight findings; improving the Office's performance by enhancing accountability and integrity; strengthening oversight functions by promoting best practices; and building the confidence of UNHCR staff in the work of the IGO and the oversight functions. In particular, the Service is responsible for analysing oversight findings; identifying root causes and recurring systemic issues; providing recommendations on significant oversight matters requiring management action; and conducting ad hoc inspections in response to specific management problems or needs. It coordinates matters related to the work of the Joint Inspection Unit of the United Nations (JIU) as well as provides secretariat support to the Independent Audit and Oversight Committee (IAOC), with a view to enhancing coherence while consolidating oversight functions. The Service is expected to be fully operational in the course of 2018.
- Since the transfer of the responsibility for the IAOC Secretariat from DFAM to the IGO in April 2017, the IGO has provided secretariat support for two IAOC sessions. As the tenures of three committee members come to an end in May 2018, the IAOC Secretariat is currently coordinating the recruitment of new members in consultation with the Executive Committee Bureau.
- The IGO continued to coordinate UNHCR's inputs to the JIU and collaborated with its Secretariat on six system-wide reviews, submitting comments on relevant draft reports. After follow-up with various regional bureaux and divisions at Headquarters, the IGO also updated the acceptance and implementation status of open JIU recommendations issued between 2011 and 2016, and succeeded in decreasing the number of open recommendations from 53 to 5.

IV. Investigation

- In 2017, the Investigation Service received 664 complaints related to misconduct² (60 per cent involved UNHCR's workforce, 22 per cent implementing partner staff, 5 per cent contractors and vendors, 1 per cent national authorities, 1 per cent persons of concern, and 11 per cent other or unknown parties). This represented a 60 per cent increase compared to 2016, when 399 misconduct complaints were received. This may be attributable to the growing confidence resulting from a strengthened Service as well as improved awareness of fraud-reporting mechanisms.
- In 2017, the Investigation Service opened 112 investigations and concluded 134 cases, some of which were carried over from 2016. Allegations of misconduct were substantiated in 50 per cent of the cases, which was higher than in previous years when the substantiation rate was between 35 and 40 per cent.
- Fifty-seven investigation missions into allegations of misconduct were conducted in 2017 as compared to 37 missions the year before. This can be attributed to the rise in the number of allegations of misconduct and supplementary capacity due to an increase in temporary staffing.

Sexual exploitation and abuse

- The number of allegations relating to sexual exploitation and abuse of persons of concern to UNHCR grew from 37 in 2016 to 64 in 2017, representing a 73 per cent increase. Of the 64 allegations received, 39 were found to have reached the threshold of "sufficient evidence" to investigate. Of these, 19 concerned members of UNHCR's workforce and 20 involved personnel from implementing partners or others with which UNHCR has a contractual link. Allegations related to the exchange of money, goods or services for sex, promises of employment, as well as rape and sexual assault. Twenty-two allegations originated from Africa, 12 from the Middle East and North Africa region, 3 from Europe, 1 from Asia, and 1 from the Americas. The remaining 25 out of 64 allegations concerned either other entities or situations in which insufficient information was available to detect an act of sexual exploitation and abuse. The reasons for the increase are unclear; however, several activities were undertaken in 2017 to raise awareness of sexual exploitation and abuse among UNHCR's workforce, including training and the dissemination of information on UNHCR's zero-tolerance policy and on how to report sexual exploitation and abuse. In 2017, 9 new investigations were opened and 11 were concluded, of which 5 had been opened in 2015 and 2016. Seven cases were closed in 2017 as unsubstantiated, while four were substantiated and referred to the Division of Human Resources Management for disciplinary action. Three investigations that were opened in 2017 are ongoing. The IGO is actively engaged in the work of the high-level steering group and inter-agency task force on improving the response to sexual exploitation and abuse at the United Nations.

Sexual harassment

- The IGO received a total of 18 sexual harassment allegations in 2017. Thirteen allegations were received between October and December 2017, an increase from the five allegations received in the first nine months of the year. The IGO continues to be involved in UNHCR's prevention against sexual harassment working group and contributes to the development of an intra-organizational prevention and response workplan. An integral part of the plan is to strengthen investigative capacity to ensure a rapid and professional response. The IGO is currently assessing its capacity to respond to sexual harassment and other allegations of misconduct, and will shortly make a request for additional resources from senior management.

"Proactive" investigations

- The Investigation Service prioritizes efforts to raise awareness and respond to fraud, corruption, and sexual exploitation and abuse. In 2017, "proactive" investigations³ continued to identify possible misconduct. The focus was on construction projects, and two expert consultants reviewed projects in six UNHCR operations. Reports have been provided for all six locations, drawing attention to areas where control procedures require review.

² With respect to the types of misconduct encountered at UNHCR, the majority of complaints pertained to fraud; fraud relating to refugee status determination or resettlement; and sexual exploitation and abuse.

³ Proactive investigations complement "traditional" investigations based on reported misconduct. The primary goal of a proactive investigation is to actively detect and stop misconduct. It focuses on the collection, collation, processing and analysis of information independent of a complaint.

Collaboration and cooperation

- In carrying out the IGO's work, collaboration and cooperation with other entities, notably with the aim of sharing information within a legal framework, is essential. In 2017, the IGO prioritized engagement with some key partners, including other United Nations agencies, in order to conclude information-sharing agreements.

Regional investigation workshops

- The Investigation Service held six regional investigation workshops aimed at strengthening the capacity of UNHCR's partners to investigate allegations of misconduct of their personnel. Similar workshops are planned in 2018.

Raising awareness in UNHCR

- A series of presentations on UNHCR's response mechanisms for misconduct, as well as the work and methods of the IGO, were conducted throughout the year. Emphasis was placed on serious misconduct (particularly fraud, sexual exploitation and abuse) and sexual harassment. Some 400 members of the UNHCR workforce in 16 field locations attended these presentations.

Lessons learned from key investigations

- *Investigations often rely on witness testimonials from persons of concern; however, the support that UNHCR can provide to witnesses who face security risks when they are involved in investigations is limited.* The IGO, together with UNHCR's Legal Affairs Service, the Division of International Protection and the Field Security Service, developed guidance on the support provided to persons of concern when they cooperate with investigations. The guidance outlines risk mitigation and protective measures as well as the responsibilities of UNHCR personnel, while noting that the primary responsibility for witness protection lies with the host State.
- *UNHCR personnel may face security risks for which mitigation measures are required.* Several members of UNHCR's workforce, including IGO staff, faced security concerns during the Kakuma investigations. Some were relocated, while others had to make additional residential security arrangements. Close cooperation with field-based security officers was also essential throughout these investigations.
- *External reporting of investigations to Member States must be improved.* The Division of External Relations, together with the IGO, the Legal Affairs Service and DFAM, are reviewing current practice, following which recommendations will be submitted to UNHCR management for decision.
- *A joint investigative approach can greatly benefit an investigation.* Due to the complexity of some investigations, the IGO employed a joint investigative approach by creating a task force comprising IGO staff and subject matter experts from UNHCR's various divisions. The approach proved to be effective as it pooled resources and skills, and ensured flexibility. Additional resources were forthcoming to support this approach.

V. OIOS internal audit

- The OIOS UNHCR Audit Service completed 28 audit engagements in 2017. These audits led to 141 recommendations, of which 130 were rated as important and 11 as critical. This represents a decrease in the number of audit recommendations compared to 2016 when 166 recommendations were made. In 2017, the OIOS UNHCR Audit Service carried out fewer audits to increase the resources allocated to each audit, allowing for greater focus and depth in audit work on high-risk areas.
- The average duration of audit engagements was about seven months, which is within the OIOS target of eight months for completion of an audit. This is similar to 2016.
- The OIOS UNHCR Audit Service comprises 26 posts and currently has three vacancies. Staff will fill two posts shortly, and the remaining post is under recruitment.
- In addition to its standard audit engagements, the OIOS UNHCR Audit Service also undertook two advisory engagements in 2017: 1) the final report of the review of implementation of UNHCR's enterprise risk management policy and procedures was issued in November 2017; and 2) OIOS shared the draft report of

the review of the second line of defence with UNHCR management in February 2018, and will finalize and make the review public after receiving UNHCR's comments.

- To assist UNHCR in strengthening risk management, the OIOS UNHCR Audit Service recently prepared a summary report on key issues, root causes and control weaknesses identified in 2017 internal audit reports. This was discussed with UNHCR management in February 2018.
- The 2018 UNHCR risk-based internal audit workplan was developed by the OIOS UNHCR Audit Service in close consultation with UNHCR management and other UNHCR oversight bodies. The workplan was endorsed by the High Commissioner in December 2017 and contains 39 engagements, of which 31 are expected to be completed in the course of 2018.

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