



**OIOS**

Office of Internal Oversight Services

## **INTERNAL AUDIT DIVISION**

# **AUDIT REPORT**

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### **The UNHCR Headquarters Asset Management Board (HAMB)**

**The overall governance and functioning of HAMB is adversely affected by imbalances in its composition and the lack of capacity for monitoring and policy development**

**14 November 2008**

**Assignment No. AR2007/161/03**

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United Nations  Nations Unies

INTEROFFICE MEMORANDUM

MEMORANDUM INTERIEUR

OFFICE OF INTERNAL OVERSIGHT SERVICES - BUREAU DES SERVICES DE CONTRÔLE INTERNE  
INTERNAL AUDIT DIVISION - DIVISION DE L'AUDIT INTERNE

TO Mr. António Guterres, High Commissioner  
A United Nations High Commissioner for Refugees

DATE 14 November 2008

REFERENCE IAD: 08- 01952

FROM Dagfinn Knutsen, Director  
DE Internal Audit Division, OIOS



SUBJECT **Assignment No. AR2007/161/03 - Audit of UNHCR Headquarters Asset Management Board**  
OBJET:

1. I am pleased to present the report on the above-mentioned audit.
2. Based on your comments, we are pleased to inform you that we will close recommendations 2, 3, 5, 6 in the OIOS recommendations database as indicated in Annex 1. In order for us to close the remaining recommendations, we request that you provide us with the additional information as discussed in the text of the report and also summarized in Annex 1.
3. Please note that OIOS will report on the progress made to implement its recommendations in its annual report to the General Assembly and semi-annual report to the Secretary-General.

cc: Mr. L. Craig Johnstone, Deputy High Commissioner, UNHCR  
Ms. Judy Cheng-Hopkins, Assistant High Commissioner, UNHCR  
Ms. Karen Farkas, Controller and Director, DFAM, UNHCR  
Ms. Maha Odeima, Audit Coordinator, UNHCR  
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Mr. Byung-Kun Min, Programme Officer, OIOS  
Mr. Anders Hjertstrand, Chief, Geneva Audit Service, OIOS

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## INTERNAL AUDIT DIVISION

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### FUNCTION

*“The Office shall, in accordance with the relevant provisions of the Financial Regulations and Rules of the United Nations examine, review and appraise the use of financial resources of the United Nations in order to guarantee the implementation of programmes and legislative mandates, ascertain compliance of programme managers with the financial and administrative regulations and rules, as well as with the approved recommendations of external oversight bodies, undertake management audits, reviews and surveys to improve the structure of the Organization and its responsiveness to the requirements of programmes and legislative mandates, and monitor the effectiveness of the systems of internal control of the Organization” (General Assembly Resolution 48/218 B).*

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## **EXECUTIVE SUMMARY**

### **Audit of UNHCR Headquarters Asset Management Board**

OIOS conducted an audit of the Headquarters Asset Management Board in the Office of the United Nations High Commissioner for Refugees (UNHCR). The overall objective of the audit was to assess the governance structure of the UNHCR Headquarters Asset Management Board, and more specifically to: determine compliance with UNHCR Regulations and Rules governing Asset Management Boards; evaluate the adequacy of guidance and procedures; and assess the adequacy and effectiveness of internal controls and UNHCR's arrangements for administering the Headquarters Asset Management Board. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

OIOS found that the overall governance structure and functioning of the HAMB could be improved. The current official HAMB composition does not provide for a balanced representation of UNHCR divisions; members have been appointed on a personal rather than an ex officio basis. In practice, the composition of the HAMB is even less balanced as members and their alternates do not frequent HAMB meetings and are often not informed about the availability, or non-availability of their counterparts for the meetings.

The composition of the HAMB should be kept under continuous review with a view to ensuring as early as possible wider representation of UNHCR divisions/bureaux, consistent with the need for proper representation of women.

The attendance of the chairperson and members or their alternates at the meetings of the HAMB could be improved and the minutes of the meetings should be approved and signed in a timely manner.

The roles and responsibilities of the HAMB are currently limited to the review of cases and recommendations and do not include important function of reviewing the monitoring and policy development in regard to asset management, with a view to suggesting improvements.

The HAMB support functions provided by the Asset Management Unit and the HAMB secretariat could be strengthened and better streamlined. OIOS further recommends creating and regularly distributing an outline of a jurisprudence database; improving the practice of signing and dating minutes within the applicable timeframes; and reviewing the HAMB's decision making policy relating to staff liabilities.

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## I. INTRODUCTION

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the Headquarters Asset Management Board (HAMB) in the Office of the United Nations High Commissioner for Refugees (UNHCR). The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

2. The UNHCR HAMB was established in accordance with Article 10.8 of the United Nations Financial Rules for Voluntary Funds Administered by the High Commissioner for Refugees (A/AC/96/503/Rev.7, dated 7 October 1999 - latest update /Rev.8, dated 10 October 2007) "to advise the High Commissioner on questions arising from the management of equipment and supplies purchased out of UNHCR voluntary funds, and the ownership of which is vested in UNHCR."

3. The Rules and Procedures governing the UNHCR Asset Management Boards are set out under IOM/69/2002-FOM/64/2002, dated 17 December 2002 (referred to as 'the 2002 IOM/FOM' hereafter), which defines the composition, roles and responsibilities and the authority of the HAMB and other Asset Management Boards (AMBs).

4. The HAMB is responsible for reviewing the Asset Management system in UNHCR. The Controller, also chairperson of the Board, is authorized to make decisions and/or recommendations, as advised by the members of the Board and as required in order to maintain the asset inventory of UNHCR in a well-managed manner.

5. In 2006 the HAMB decided on 306 cases, relating to 42 countries and a total depreciated/residual asset value of \$3,768,902. Between 1 January 2007 and 1 November 2007 the HAMB decided on 186 cases, relating to 33 countries and a total depreciated/residual value of \$5,475,470.

6. Comments made by UNHCR are shown in *italics*.

## II. AUDIT OBJECTIVES

7. The main objectives of the audit were to:

(a) Determine compliance with UNHCR Regulations and Rules governing AMBs;

(b) Evaluate the adequacy of guidance and procedures; and

(c) Assess the adequacy and effectiveness of internal controls and UNHCR's arrangements for administering the HAMB.

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### **III. AUDIT SCOPE AND METHODOLOGY**

8. The audit reviewed the Regulations and Rules governing the HAMB and assessed the efficiency and adequacy of the Board's composition, its roles and responsibilities and its authority.

9. The Asset Management Unit (AMU) supporting the HAMB was reviewed in as much as it had an impact on the role and functioning of the HAMB. The asset management functions per se, i.e. the tracking, recording and validation of assets, were not included in the scope of the audit.

10. The audit methodology comprised: (a) a review of policies and procedures, administrative guidelines and the applicable regulations and rules; (b) an analysis of data available from Livelink and other sources; (c) interviews with HAMB members, their alternates and other relevant UNHCR staff; and (d) observations and verification of HAMB meetings, minutes and processes, as appropriate.

### **IV. AUDIT FINDINGS AND RECOMMENDATIONS**

#### **A. Composition of the HAMB**

##### Need to reconsider the composition of the HAMB

11. Based on paragraph 25 of the 2002 IOM/FOM (Asset Management Policy in UNHCR and Rules and Procedures Governing Asset Management Boards), "the Boards are to be composed of Members and Alternates selected from staff members in the professional categories and national officers, including JPOs and senior General staff". Based on table 1 set out in the same IOM/FOM, the UNHCR HAMB should consist of the following members and alternates respectively:

- a. The Controller (also chairperson) and (alternate) the Chief of the Treasury Section (also 1<sup>st</sup> alternate chairperson);
- b. The Head, Supply Management Service (SMS) and (alternate) a Senior Supply Officer;
- c. The Chief, User Services Unit, Information Technology and Telecommunication Service (ITTS), and (alternate) a Senior Information and Telecommunications Systems Officer;
- d. The Chief, Programme Co-ordination Section (PCOS) and (alternate) a Senior Programme Coordinating Officer;
- e. The Chief, Legal Affairs Section (LAS) (also 2<sup>nd</sup> alternate chairperson), and (alternate) a Legal Advisor (LAS); and
- f. The Secretary to the HAMB as designated by the Head of SMS.

12. On 24 April 2007, through IOM/FOM/01/2007 the HAMB's composition was revised as follows:

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- a. The Controller, (Chairperson);
  - b. The Deputy Controller as 1<sup>st</sup> alternate Chairperson and the Director, Infrastructure and Telecom Service as alternate as well as the 2<sup>nd</sup> alternate Chairperson;
  - c. The Chief, Finance Section as member and 3<sup>rd</sup> alternate Chairperson with the Chief, Telecommunication Section as alternate member;
  - d. The Senior Programme Coordinating Officer as member with the Senior Budget Officer, Budget Section as alternate;
  - e. A Senior Legal Affairs Officer as member with the Chief, Legal Affairs Section as alternate; and
  - f. The Supply Officer of Asset Management as member with the Chief, General Services Section as alternate.

13. OIOS noted that SMS is only represented by a Supply Officer while the Chief, Programme Co-ordination and Operations Section (PCOS) does not serve as a member; the section is represented by a Senior Programme Coordinating Officer, who in turn has a Senior Budget Officer as alternate. Finally, LAS is represented by a Senior Legal Affairs Officer, while the Chief of LAS serves as an alternate.

14. A comparative analysis of the original composition and the current one reveals that while the Division of Financial and Administrative Management (DFAM) might seem overrepresented, with four full members and one alternate, SMS' obvious under-representation turned into non-representation, as the only representative of the Section, a Senior Supply Officer (also Head of the AMU), served, during the period under review, as 'Acting Secretary of the HAMB' (due to extended sick leave of the HAMB Secretary). The HAMB Secretary is not regarded as a member of the HAMB and is even specifically excluded from voting to avoid conflict of interest.

15. In addition, at least two of the current alternates (the Director of Infrastructure and Telecommunications Systems and the Chief, General Services Section) retained their alternate membership of the HAMB after they changed functions thereby no longer serving ex officio, but rather on a personal basis.

16. OIOS is of the opinion that the current HAMB composition has drifted too far from the original composition laid out in the 2002 IOM/FOM, which has led to an unbalanced representation of Divisions, participation of members on a personal rather than an ex officio basis, and a specific conflict of interest with regard to the unofficial representation of SMS by the Secretary of the HAMB. The composition of the HAMB could also be further improved by creating ex officio membership of the Bureaux. While agreeing with the imbalanced representation, UNHCR stated that the required 50 per cent gender balance representing the HAMB could only be obtained through the 2007 structure of the HAMB.

17. In order to hold a HAMB meeting a quorum is required, consisting of the chairperson, or alternate, and two of the HAMB members or their alternates (paragraph 29 of the 2002 IOM/FOM). Based on paragraph 33 of the 2002

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IOM/FOM members are to confirm their attendance to the Secretary of the HAMB to ensure a quorum.

18. The quorum required was met for all minuted meetings. Of the 24 meetings that took place in 2006, OIOS found that 29 per cent were only just quorate. In 2007, of the 15 meetings 13 per cent of the meetings had only the quorum present.

19. Of the five Sections that should be represented in the HAMB based on its current composition (DFAM, Division of Information Systems and Telecommunications (DIST), SMS, LAS, PCOS) 'complete' representation occurred only once in both 2006 and 2007. In 54 and 40 per cent of the cases in 2006 and 2007 respectively, only two or three of the above-mentioned sections were represented.

20. In light of the already unbalanced composition of the HAMB, it seems essential that HAMB meetings are held with as complete as possible representation of its members, or their alternates. The aim should not be to obtain the minimum presence necessary but rather to take into account the views of all the UNHCR divisions concerned.

#### **Recommendation 1**

**(1) The UNHCR Division of Financial and Administrative Management in conjunction with the Division of Operational Services should reconsider the current composition of the Headquarters Asset Management Board (HAMB) in order to ensure the widest possible representation of Divisions and to ensure that the respective divisions and Bureaux of UNHCR are also equally represented on an ex officio basis, to increase the impact and effectiveness of HAMB decisions.**

21. *UNHCR accepted recommendation 1 and stated that the HAMB 2008 now includes senior staff from the Bureaux as members/alternates. Also, as part of implementing the International Public Sector Accounting Standards (IPSAS), UNHCR is reviewing the roles and responsibilities of Asset Management Boards. UNHCR will take the recommendation into account during this review. Recommendation 1 remains open pending the outcome of the above-mentioned review.*

#### Need for clarity in relationship between members and their alternates

22. While the relation between the members and their alternates was still very clear in the 2005 HAMB composition (similar to the original 2002 composition), in 2006 and 2007 such clear relationship could no longer be established. Some members and their alternates represented completely different sections, or even divisions, which seemed to have an effect on their participation. On several occasions, neither the member, nor his or her alternate were present at the HAMB meeting. Moreover, they didn't always communicate their presence

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or absence with each other and/or with the Secretary of the HAMB. OIOS also noted that on some occasions not officially appointed alternates had been attending the meetings in 2006 and 2007.

### **Recommendation 2**

**(2) The UNHCR Headquarters Asset Management Board (HAMB) should ensure a clear liaison between the HAMB members and their alternates, allowing for informed participation of at least one of them and preventing ad hoc participation of not officially appointed third parties.**

23. *UNHCR accepted recommendation 2 and stated that in the new HAMB there is now a clear liaison between the members and their alternates, which allows informed participation of at least one of them.* Based on the action taken by UNHCR, recommendation 2 has been closed.

### Need to limit the number of chairpersons

24. In its current composition the HAMB has three alternate chairpersons (two in 2006). OIOS found that the chairperson presided over the HAMB meeting on 11 of the 24 times in 2006, while in 2007 he only presided over the meeting once out of 15. Moreover, in 2006, the meeting was presided over twice by another ad hoc or at least not officially appointed chairperson.

25. In addition, OIOS found that the HAMB minutes were not always clear as to who was attending in what capacity. In 2006, a HAMB member presided over two of the meetings before she was actually officially appointed as second alternate chairperson. In two other meetings this created conflicting minutes when the actual second alternate chairperson of that period was presiding as the former was also referred to as the 'second alternate chairperson'. Similarly, in 2007, the third alternate chairperson was already presiding over the HAMB meeting before she was officially appointed as such, and the previous second alternate chairperson, who no longer attended the meetings in this capacity, was still referred to as such in several minutes.

26. The current HAMB members have indicated to OIOS that they feel confident with all chairpersons that their input will be taken seriously, and that the outcome of deliberations will be the same irrespective of the person chairing. However, considering the executive decision-making authority given to the Chairperson of the HAMB in the 2002 IOM/FOM, and in light of the desired 'uniformity of interpretation of the Rules', the Chairperson of the HAMB should preside over the meetings as frequently and consistently as possible. Only in exceptional cases should the chair be passed on to an officially appointed first or second alternate. Appointing a third alternate should not be necessary, and more importantly, to have a not officially appointed 'fifth' person chairing on an ad hoc basis constitutes a clear violation of the Rules and Procedures governing the HAMB, and creates a potential accountability problem.

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### **Recommendation 3**

**(3) The UNHCR Headquarters Asset Management Board (HAMB) should limit the number of chairpersons to three (a chairperson and two alternates) and ensure that HAMB meetings can under no circumstances be chaired by not officially appointed chairpersons.**

27. *UNHCR accepted recommendation 3 and stated that the above statements have been taken into consideration in the 2008 HAMB membership. Apart from relevant Desk officers, no unauthorized persons have been present at 2008 HAMB meetings. Based on the action taken by UNHCR, recommendation 3 has been closed.*

### **B. Roles and responsibilities of the HAMB**

Roles and responsibilities of the HAMB need to be updated

28. Based on paragraph 31 of the 2002 IOM/FOM the HAMB advises the Chairperson on questions pertaining to:

- a) The monitoring, co-ordination and oversight of the asset management system as it relates to strategic planning and utilization of the inventory of assets;
- b) The development of policies and procedures in relation to strategic planning and the implementation of the asset management system and the disposal of consumable supplies;
- c) The review and recommendations made on all cases involving the loss of liquid assets and those requiring the authority of the High Commissioner to write-off, as well as
- d) All cases submitted by LAMBs and Headquarter units;
- e) The monitoring of action taken on HAMB decisions;
- f) The monitoring of protection of UNHCR interests in all cases;
- g) The monitoring of the establishment and composition of LAMBs and their performance, and
- h) The review of the reconciliation of newly procured assets with records based on quarterly reports provided by the AMU.

29. OIOS noted that most of the above issues do not come up before the HAMB:

- The monitoring, tracking and recording of assets, as performed by the Asset Management Unit (AMU) is not considered or reviewed by the HAMB;
- Though several draft IOM/FOMs have been reviewed and approved by the HAMB (e.g. physical verification; establishment of RAMBs; and portable telecom items – none of them issued to date) it can not be stated that the HAMB has been involved in ‘the development of policies and procedures in relation to strategic planning’ (ref. b) above). The HAMB has for instance not been involved in discussions on or the implementation of IPSAS and MSRP (Management System Renewal

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Project) migration, nor does it provide guidance with regard to the development of jurisprudence, all of which have a direct impact on the HAMB functioning with regard to individual cases;

- There is no specific method or process for the review and reconciliation of assets, purchases and write-offs in place (ref. h) to allow for overall control of assets by the HAMB; and
- Monitoring the performance of LAMBs (ref. g) could also be improved. This would ensure accountability of Heads of Offices for the proper recording and maintenance of assets, and could help prevent, or at least address cases where the LAMB exceeded its authority, as established by OIOS in the audit of UNHCR Operations in Guinea (AR/2007/111/01), as well as cases where follow-up was not conducted accurately or in a timely manner, as noted in the audit of UNHCR Operations in Kosovo (AR2005/121/05).

30. UNHCR explained that the chronic lack of staff in 2004, even on a temporary basis did not allow the AMU to conduct all required functions and share its findings with the HAMB, however the monitoring of LAMB composition and LAMB meetings, as well as the follow-up on HAMB decisions and follow-up on liquid asset cases is done by the AMU and is ongoing.

31. It was suggested by several HAMB members that the responsibilities of the HAMB should not include such functions as monitoring and policy development. Most felt that the HAMB's main responsibility was to follow up and decide on individual cases. The role currently fulfilled by the HAMB is indeed limited to the review of, and recommendation on all the individual cases submitted by LAMBs and Headquarters sub-units, as well as cases involving liquid assets and write-offs (ref. c) and d) above).

32. However, OIOS is of the opinion that this 'basic case review' function (paragraph 3 of the 2002 IOM/FOM) calls for the HAMB to ensure the uniformity of interpretation of rules across the organization. Such uniformity of interpretation can only be established through proper monitoring of LAMB cases and the creation of a jurisprudence database. This database would be particularly useful in the more contentious cases involving possible individual liabilities, and increase institutional and individual accountability.

#### **Recommendation 4**

**(4) The UNHCR Division of Operational Services in conjunction with the Division of Financial and Administrative Management should consider updating the roles and responsibilities of the UNHCR Headquarters Asset Management Board, thereby enabling it to review the monitoring of the asset management system, including the performance of Local Asset Management Boards, as set out in IOM/69/2002-FOM/64/2002.**

33. *UNHCR accepted recommendation 4 and stated that the revision of the HAMB/LAMB structure and responsibilities will take place as part of the IPSAS*

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*implementation in 2009. UNHCR recognizes the need for an improved oversight function by the HAMB. The AMU requires additional staff to administer the required oversight on behalf of the HAMB, something also foreseen for 2009 when the AMU moves to Budapest. In the meantime the AMU will start the preparations for the implementation of this system forthwith. Recommendation 4 remains open pending receipt of evidence from UNHCR showing that the AMU has been allocated sufficient resources enabling it to provide the required information to the HAMB.*

#### Strengthening the HAMB support functions

34. Heads of Office are accountable for the assets procured for or redeployed to their offices, including those procured and/or in use by Implementing Partners, and should therefore ensure that the asset management system in their office is functioning well. In Headquarters, SMS under DOS is responsible for this function.

35. In 2006, the HAMB Secretariat was introduced, in order to improve the monitoring of field submissions to the HAMB, while at the same time maintaining a manageable number of HAMB cases, in line with its financial authority. The HAMB Secretariat falls under the Headquarters Asset Management Unit (AMU), which was moved from DFAM to DOS in April 2001. The Secretariat comprises a Senior Supply Officer and the HAMB Secretary, who review all cases to the HAMB that fall under LAMB authority. This also includes all cases from countries without a LAMB, and submissions from within Headquarters.

36. During interviews held with members of the HAMB, OIOS noted that all of them agreed that, in order to improve the functioning of the HAMB, the AMU needed to be strengthened. They all felt that the AMU staffing level was insufficient, that the current AMU posts should be upgraded, and that the number of posts should be increased. However, most also felt equally strongly about its location in the organizational structure. Some felt that AMU should remain under DOS; others were of the opinion that it should be replaced under DFAM.

37. In OIOS' opinion, UNHCR should focus on the requests/proposals for upgrading and increasing AMU staffing levels that have been pending since DOS became responsible for the Unit in 2001. In light of the IPSAS implementation and the specific financial requirements related to the recording of assets, OIOS would agree that UNHCR, when increasing AMU staffing levels, should consider creating 'Finance' as well as 'Supply' posts within the Unit.

38. DOS agreed on keeping the AMU in Headquarters during the period of the IPSAS implementation. However, the Finance Section and SMS' major counterpart for all discussions on assets and IPSAS have moved to Budapest on 1 May 2008. On the basis of the changed situation, DOS proposed the move of the AMU to Budapest without further delay.

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## **Recommendation 5**

**(5) The UNHCR Division of Operational Services in conjunction with the Division of Financial and Administrative Management should, in order to improve the overall functioning of the Headquarters Asset Management Board (HAMB), strengthen the HAMB support functions provided by the Asset Management Unit and the HAMB Secretariat.**

39. *UNHCR accepted recommendation 5 and stated that DOS agreed for AMU to remain in Headquarters for the period of the IPSAS implementation. However, the Financial Control Section and SMS' major counterpart for all discussions on assets and IPSAS moved to Budapest in May 2008. On the basis of the changed situation, DOS proposed AMU's move to Budapest, without further delay. Staffing has been increased from the current two posts to five. Based on the action taken by UNHCR, recommendation 5 has been closed.*

### **C. Authority of the HAMB**

#### Need for establishing a jurisprudence database

40. In accordance with paragraph 37 of the 2002 IOM/FOM, members of the HAMB should review all documentation submitted with each case in order to form an objective opinion. The decision or recommendation made by the Chairperson should be supported by a clear, transparent and concise record of the case as recorded in the appropriate section of the GS45 Asset Disposal Form.

41. It was mentioned during several interviews with HAMB members that the information received from the field and made available for the HAMB meetings in live link was often incomplete. This lack of sufficient information at first instance had created a regular practice of resubmissions, which in turn caused the HAMB to review cases with huge delays and even post facto.

42. However, the consolidated data received from the AMU indicated that 87 and 66 per cent of the LAMB decisions in 2006 and 2007, respectively, were approved by the HAMB at first instance, which makes it hard to claim ungrounded or unjustified decision making on the part of the LAMBs.

43. OIOS would therefore like to reiterate the importance of an updated and detailed jurisprudence database, not only containing the information currently reflected and available in excel sheet format with the AMU, but also containing the dates of submission, review, resubmission and decision of the HAMB on L/RAMB cases, as well as a detailed description of both the L/RAMB and the final HAMB decision. In addition, a mechanism should be put in place to regularly follow up on the implementation of HAMB decisions, especially those relating to recovery in individual liability cases.

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## Recommendations 6 and 7

The UNHCR Headquarters Asset Management Board (HAMB) Secretariat should:

(6) Maintain a detailed and regularly updated jurisprudence database, containing the information currently available in Excel format, complete with the dates of submission, review and resubmission of Local/Regional Asset Management Board (L/RAMB) cases as well as the dates of the related final HAMB decisions, and a detailed description of both the L/RAMB and the final HAMB decisions; and

(7) Distribute an outline of the jurisprudence database to the HAMB on a quarterly basis, or as often as needed, for the proper conduct of regular HAMB meetings and to ensure equity, fairness and transparency of HAMB decisions, especially in individual liability cases.

44. *UNHCR accepted recommendation 6 and stated that with the migration of all offices to People Soft (MSRP), this function exists through an Asset Management query which provides the required information, including all comments on LAMB/HAMB decisions; the query was available as of 3<sup>rd</sup> quarter 2007. Based on the response, recommendation 6 has been closed.*

45. *UNHCR accepted recommendation 7 and stated that the spreadsheet will be updated on a quarterly basis and will be put on LiveLink for all HAMB members to consult. Recommendation 7 remains open pending receipt of evidence from UNHCR showing that the spreadsheets are updated on a quarterly basis and made available for all HAMB members.*

### Minutes of HAMB meetings should be drafted and signed in time

46. The minutes of the HAMB meetings should be drafted within 72 hours (three days) after each meeting (UNHCR Manual Chapter 8, Part 5, Section 4, page10), approved by the Chairperson and countersigned by two other members or alternates of the HAMB no later than seven working days after the meeting (paragraph 40 of the 2002 IOM/FOM). In accordance with paragraph 37 of the 2002 IOM/FOM, action on decisions, with the exception of emergency cases, should await signature of the GS45 and approval of the minutes of the meeting.

47. Based on its review of the minutes, OIOS found that for 2006 and 2007, most of the minutes of the meetings held were signed by the Chairperson without a date. Of the five copies of dated minutes found in 2006, only one was signed within the required seven days after the meeting; the only dated copy found for 2007 was signed two weeks after the meeting. None of the minutes were countersigned by the two HAMB members or their alternates as required. As the date of preparation was not recorded in any of the minutes, it could not be

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established whether minutes were generally prepared within 72 hours after the meeting.

#### **Recommendation 8**

**(8) The UNHCR Headquarters Asset Management Board (HAMB) Secretariat should ensure that all minutes of HAMB meetings are drafted, dated and signed/countersigned in accordance with the applicable Rules and Procedures, to increase transparency and allow for timely and effective implementation of HAMB decisions.**

48. *UNHCR accepted recommendation 8 and stated that the Secretariat now ensures that all minutes of HAMB meetings are drafted, dated and signed in accordance with the applicable rules. Recommendation 8 remains open pending receipt of copies of the minutes of the last 3 meetings held.*

#### The policy concerning staff responsibilities and liabilities should be reviewed

49. In accordance with paragraph 41 of the 2002 IOM/FOM, in cases involving personal liability and/or injury of a staff member or third party, the HAMB should review the investigation reports provided with the case submission. The HAMB is to consider the degree of responsibility of the staff member and indicate whether they should be held grossly negligent.

50. It was suggested during the interviews with HAMB members that recovery rates from staff and Implementing Partners could be improved. OIOS established that in 2006 recoveries were recommended in 10 per cent of the liability cases, while in 2007 this rate slightly increased to 13 per cent. In over 80 per cent of those cases the recoveries recommended related to individual UNHCR staff members.

51. It is OIOS' opinion that a further increase in this percentage could only be justified when liability decisions are based on a uniform interpretation of the rules and regulations (equality and fairness), and thus only after the establishment of an updated and accurate jurisprudence database, including the LAMB cases and follow-up with the Inter-agency Unit (IAU) and the Personnel Administration and Payroll Unit.

52. In light of this, the legal basis used by the HAMB for the determination of liability, 'gross negligence', should be reviewed. It should be noted that the applicable general UN provision, Staff Rule 112.3 (financial responsibility), reads: "Any staff member may be required to reimburse the United Nations either partially or in full for *any* financial loss suffered by the United Nations as a result of the staff members gross negligence *or* his or her having violated any regulation, rule or administrative instruction". The general financial responsibility for UN staff is thus more broadly defined than that of UNHCR staff who can only be held liable in cases of gross negligence as determined by the Board.

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53. Moreover, the role of the HAMB in this regard should be separated from that of (other) oversight bodies. Based on the applicable Rules and Procedures, as well as its consideration of the responsibilities related to the assets concerned, the HAMB may determine liability, irrespective of the availability of a substantiation of such finding by other oversight bodies.

#### **Recommendation 9**

**(9) The UNHCR Headquarters Asset Management Board (HAMB) Secretariat should review its policy concerning staff responsibilities and liabilities – in particular, it should ensure that its liability decisions are based on a uniform interpretation of Regulations and Rules and a clear understanding of the term ‘gross negligence’, as well as their specific role vis-à-vis other oversight bodies.**

54. *UNHCR accepted recommendation 9 and stated that upon request of the HAMB, the Legal Affairs Section (LAS) contacted the Office of Legal Affairs (OLA) with a request for clarification on the interpretation of the term “gross negligence”. However the replies did not provide the clarification sought. UNHCR trusts that promulgation and further improvement of the jurisprudence database as mentioned above will improve on the consistency of the decisions of the HAMB. Recommendation 9 remains open pending receipt of evidence from UNHCR showing a revised staff responsibility and liability policy.*

## **V. ACKNOWLEDGEMENT**

55. We wish to express our appreciation to the Management and staff of UNHCR for the assistance and cooperation extended to the auditors during this assignment.

## STATUS OF AUDIT RECOMMENDATIONS

Recom. no.	Recommendation	Risk category	Risk rating	C/O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
1	The UNHCR Division of Financial and Administrative Management in conjunction with the Division of Operational Services should reconsider the current composition of the Headquarters Asset Management Board (HAMB) in order to ensure the widest possible representation of Divisions and to ensure that the respective Divisions and Bureaux of UNHCR are also equally represented on an ex officio basis, to increase the impact and effectiveness of HAMB decisions.	Governance	Medium	O	Outcome of the review of the roles and responsibilities of Asset Management Boards as part of IPSAS implementation.	October 2009
2	The UNHCR Headquarters Asset Management Board (HAMB) should ensure a clear liaison between the HAMB members and their alternates, allowing for informed participation of at least one of them and preventing ad hoc participation of not officially appointed third parties.	Operational	Medium	C		
3	The UNHCR Headquarters Asset Management Board (HAMB) should limit the number of chairpersons to three (a chairperson and two alternates) and ensure that HAMB meetings can under no circumstances be chaired by not officially appointed chairpersons.	Compliance	Low	C		
4	The UNHCR Division of Operational Services in conjunction with the Division of Financial and Administrative Management should consider updating the Roles and Responsibilities of the UNHCR Headquarters Asset Management Board,	Governance	Medium	O	Allocation of sufficient resources to the AMU to provide the required information to the HAMB.	October 2009

Recom. no.	Recommendation	Risk category	Risk rating	C/O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
	thereby enabling it to review the monitoring of the asset management system, including the performance of Local Asset Management Boards, as set out in IOM/69/2002-FOM/64/2002.					
5	The UNHCR Division of Operational Services in conjunction with the Division of Financial and Administrative Management should, in order to improve the overall functioning of the Headquarters Asset Management Board (HAMB), strengthen the HAMB support functions provided by the Asset Management Unit and the HAMB Secretariat.	Operational	Medium	C		
6	The UNHCR Headquarters Asset Management Board (HAMB) Secretariat should maintain a detailed and regularly updated jurisprudence database, containing the information currently available in Excel format, complete with the dates of submission, review and resubmission of Local/Regional Asset Management Board (L/RAMB) cases as well as the dates of the related final HAMB decisions, and a detailed description of both the L/RAMB and the final HAMB decisions.	Operational	Medium	C		
7	The UNHCR Headquarters Asset Management Board (HAMB) Secretariat should distribute an outline of the jurisprudence database to the HAMB on a quarterly basis, or as often as needed, for the proper conduct of regular HAMB meetings and to ensure equity, fairness and transparency of HAMB decisions, especially in individual liability cases.	Operational	Medium	O	Providing evidence that the spreadsheets are updated on a quarterly basis and made available for all HAMB members.	Not provided
8	The UNHCR Headquarters Asset Management Board (HAMB) Secretariat	Operational	Medium	O	Receiving copies of the minutes of the last 3 meetings held.	Not provided

Recom. no.	Recommendation	Risk category	Risk rating	C/O <sup>1</sup>	Actions needed to close recommendation	Implementation date <sup>2</sup>
9	<p>should ensure that all minutes of HAMB meetings are drafted, dated and signed/countersigned in accordance with the applicable Rules and Procedures, to increase transparency and allow for timely and effective implementation of HAMB decisions.</p> <p>The UNHCR Headquarters Asset Management Board (HAMB) Secretariat should review its policy concerning staff responsibilities and liabilities – in particular, it should ensure that its liability decisions are based on a uniform interpretation of Regulations and Rules and a clear understanding of the term 'gross negligence', as well as their specific role vis-à-vis other oversight bodies.</p>	Governance	Medium	O	Revision of policy concerning staff responsibilities and liabilities with regard to assets.	October 2009

1. C = closed, O = open
2. Date provided by UNHCR in response to recommendations.