



## **INTERNAL AUDIT DIVISION**

### **REPORT 2023/090**

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#### **Audit of affiliate workforce arrangements in the United Nations High Commissioner for Refugees**

**There was need for strategic direction and strengthening of regulatory framework in the use of affiliated workforce to ensure it remains cost-effective**

**26 December 2023**

**Assignment No. AR2023-162-01**

# **Audit of affiliate workforce arrangements in the United Nations High Commissioner for Refugees**

## **EXECUTIVE SUMMARY**

The Office of Internal Oversight Services (OIOS) conducted an audit of affiliate workforce (AWF) arrangements in the United Nations High Commissioner for Refugees (UNHCR). The objective of the audit was to assess the adequacy and effectiveness of arrangements for managing AWF and consultants. The audit covered the period from January 2021 to June 2023 and included (i) strategic and operational planning including best value determination; (ii) recruitment and management; (iii) supporting framework (structures, systems, policies, tools and data); (iv) management of strategic partnerships; and (v) support and oversight.

UNHCR deployed the AWF to temporarily increase its HR capacity to deliver services to forcibly displaced persons. The AWF offered UNHCR the flexibility to rapidly expand, contract, or shift its workforce as conditions changed and their use was more efficient. However, AWF numbers in UNHCR have steadily increased over the years as operational needs rose against the backdrop of relative reductions in funding and regular staff posts. This trend is projected to continue in the coming years, indicating the need for a strategic direction and an adequate regulatory framework to ensure that the use of AWF remains cost-effective in meeting its intended objective.

The effectiveness of UNHCR policy on AWF was impacted by non-compliance by the first line and inadequate oversight and support by the second line. This not only weakened the control environment but raised questions on the cost-effectiveness of these arrangements in supporting the delivery of UNHCR's mandate. The implementation of the HR Workday system presented opportunities to strengthen the AWF control framework as well as related risk management processes and accountability mechanisms.

OIOS made eight recommendations. To address issues identified in the audit, the UNHCR Division of Human Resources needed to:

- Develop the regulatory framework to direct AWF arrangements and strengthen related planning processes.
- Strengthen AWF planning processes conducted by hiring entities by reinforcing available guidance.
- Enhance guidelines to ensure that hiring entities manage affiliated workforce in accordance with the related Administrative Instruction.
- Strengthen the guidance provided to hiring entities on the conditions under which AWF personnel are deployed.
- Review and update the AWF Administrative Instruction and implement systems and tools to provide reliable information for related decision making.
- Create mechanisms that strengthen the collection, classification and reporting of financial information related to the management of the affiliated workforce strategic partnerships.
- Conduct a feasibility study to inform its decision to continue, adjust or cancel its AWF strategic partnerships.
- Clarify the roles of the second line regarding support and oversight of AWF arrangements.

UNHCR accepted all recommendations and has initiated action to implement them. Actions required to close the recommendations are indicated in Annex I.

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# Audit of affiliate workforce arrangements in the United Nations High Commissioner for Refugees

## I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of affiliate workforce (AWF) arrangements in the United Nations High Commissioner for Refugees (UNHCR).

2. UNHCR uses supplementary human resources (collectively referred to as AWF/ affiliates) to fill the gaps that cannot be addressed by its staff component in delivering services to forcibly displaced persons. Affiliates provide UNHCR with a flexible option for: (i) short-term operational or highly technical skilled and strategic roles in non-emergency situations; and (ii) supporting emergencies, i.e., where the lives or well-being of forcibly displaced persons is threatened if immediate and appropriate action was not taken. AWF is comprised of: (i) United Nations Volunteers (UNVs); (ii) individual contractors (including those under arrangements with a United Nations agency or affiliate partner organization); and individual consultants, fellows and deployees. They are not managed under the United Nations staff regulations and rules, but by an administrative instruction and related guidelines.

3. UNHCR had 5,032 affiliates as at 31 December 2022, which represented 25 per cent of UNHCR's workforce across country offices, regional bureaux and headquarters as reflected in table 1 below:

**Table 1: AFW by region and Division on 31 December 2022**

<b>Region</b>	<b>Number of AFW by Region</b>	<b>Percentage</b>
Americas	1,075	21%
Middle East and North Africa	1,132	22%
Asia & the Pacific	895	18%
Eastern Horn of Africa & Great Lakes	817	16%
Europe	381	8%
UNHCR HQ Divisions	313	6%
West & Central Africa	243	5%
Southern Africa	171	3%
Americas Liaison Office	5	0%
<b>Total</b>	<b>5032</b>	

4. The Division of Human Resources (DHR), through its Affiliate Partnerships and Recruitment Section (APRS) provided policy guidance, advice, support, and oversight over the management of AWF arrangements. The Partnerships and Affiliate Workforce Unit (PAW) under the APRS oversaw related partnerships and affiliate schemes responsible for sourcing and deploying over 4,500 affiliates globally. Under the decentralization structure, Human Resources (HR) partners at division, regional bureau and country office levels planned, selected and managed AWF in accordance with UNHCR rules.

5. The PAW Unit was headed by a Professional at the P-4 level and at the time of audit had two National Officers, 10 national staff and one intern, with two of these national staff specifically responsible for managing the Junior Professional Officers programme. The Unit head reported to the Chief of the APRS at P5 level. UNCHR's annual expenditure on individual consultants and AWF between 2020 and 2022 was in the range of \$240 million to \$247 million and it was classified under operations.

6. Comments provided by UNHCR are incorporated in italics.

## **II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY**

7. The objective of the audit was to assess the adequacy and effectiveness of arrangements for managing AWF to support the delivery of its mandate.

8. This audit was included in the 2023 risk-based work plan of OIOS due to the organization's increased use of the AWF in UNHCR and associated risks thereof.

9. OIOS conducted this audit from June 2023 to September 2023. The audit covered the period from January 2021 to June 2023. Based on an activity-level risk assessment, the audit covered higher and medium risks areas in the use of AWF, which included: (i) strategic and operational planning including best value determination; (ii) recruitment and management; (iii) supporting framework (structures, systems, policies, tools and data); (iv) management of strategic partnerships; and (v) support and oversight.

10. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of data from WorkDay, and MSRP system; (d) random and stratified sampling test of controls around AWF planning, recruitment and contract management; (e) survey of a sample of affiliates; (f) physical and virtual reviews in 15 selected UNHCR offices in Angola, APRS, Democratic Republic of Congo, Egypt, Greece, Headquarters (Budapest and Geneva), Iran, Multi-Country Office Panama, Mexico, Niger, Republic of Congo, Somalia, Thailand, Uganda; and (g) benchmarking with other United Nations agencies.

11. This thematic audit report focuses on strategic, systemic and recurring issues addressed to second line entities, while observations relating to the first line will be included in reports addressed to the respective country operations.

12. The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

## **III. AUDIT RESULTS**

### **A. Strategic and operational planning**

#### Need to strengthen strategic and operational planning to optimize the use of AWF

13. UNHCR had almost 5,000 AWFs in the period under audit and this represented about one quarter of its staff as of December 2022. The extensive use of AWFs was attributed to a systematic cut in regular positions at a time when the workload of hiring entities was increasing. The need for and use of affiliates was bound to increase due to further reductions to UNHCR staff component due to budget cuts. To effectively manage AWF, UNHCR required that hiring entities conduct staffing needs assessments to inform related operational planning and decision-making processes. This included conducting cost-benefit analyses to ensure best value is obtained from the use of various AWF arrangements.

## **Strategic and operational planning**

14. The DHR's people strategy (2016-2021) detailed how staff would support the achievement of the UNHCR's strategic objectives. The fact that one of the six principles related to flexible workforce arrangements (of which AWF was one) evidenced their critical importance in UNHCR's people strategy. However, UNHCR had not updated nor evaluated this strategy to determine its effectiveness in meeting its intended objectives. Specifically for flexible workforce arrangements, actions proposed in the strategy were not implemented: (i) the development of an AWF strategy; and (ii) collection and recording of information including performance. Further, until 2022 when UNHCR rolled out Workday, the MSRP system was used for reporting trends on AWF arrangements. However, the audit was not provided with these reports and the reporting framework under Workday was still under development. In the absence of strategic direction, UNHCR's increased use of affiliates was not consciously directed through comprehensive analyses of resource options, related costs, benefits and risks.

15. At the operational level, all hiring entities reviewed the staff plans (including affiliates) as part of the annual budget preparation processes. However, most hiring entities adjusted their staff structures and levels primarily based on available resources and not informed by workforce planning. UNHCR's development of robust strategic workforce planning processes for analyzing, determining and forecasting current and future HR needs within available resourcing was especially important as it went through the decentralization and regionalization process. These planning processes would inevitably include identifying numbers and skills of required AWF to fill staffing gaps so as to effectively deliver services to forcibly displaced persons.

16. UNHCR instituted processes to support hiring entities in their operational planning for AWFs. However, the processes were not consistently implemented across the 15 hiring entities reviewed at division and country operation levels. For instance, hiring entities reviewed by this audit did not have documentation to evidence that they, as part of their annual planning processes, conducted comparative advantage assessments to inform their continued use of AWF. This was a missed opportunity for hiring entities to determine the optimal staffing modality for different offices. Additionally, 14 of the 15 hiring entities reviewed did not conduct needs assessment and cost analyses to evidence that best value was obtained from the use of AWF compared to the other available modalities for the hired affiliates.

## **Risk management**

17. Affiliates brought flexibility to staffing issues especially in resource-constrained environments since they normally had lower cost as well as less administrative implications for UNHCR. However, if not effectively managed, they carried the risk of disrupting the continuity of programmes. Included in UNHCR's corporate risk register was a major risk related to the misalignment between the current skillset of personnel and future requirements to meet the challenges UNHCR was facing. Such misalignments included: (i) having a high percentage of AWFs in the entities; (ii) contracting them for long periods of time; and (iii) assigning them to critical roles that required regular staff.

18. In addition to the staffing risks identified under DHR, 8 of 15 of the hiring entities reviewed identified staff related issues in their risk registers. These related to a lack of workforce stability and inadequate human resource capacity emanating from uncompetitive and tardy selection processes, time consuming administrative tasks, inadequate and inconsistent people management, challenges in matching right people to functions, inadequate accountability mechanisms, and inability of UNHCR to adapt to new ways of working. However, the proposed actions were inadequate to mitigate the risks and as reflected in the sections below, many of these risks materialized.

- (1) The UNHCR Division of Human Resources should develop a regulatory framework to direct affiliated workforce arrangements and strengthen related planning processes.**

*UNHCR accepted recommendation 1 and stated that it commits to enhancing the current framework to facilitate improved strategic workforce planning for its Affiliate Workforce. Further, revision of the Affiliate Workforce Administrative Instruction is underway, with an anticipated completion date in Q1 2024, with a more comprehensive revision scheduled for 2026.*

- (2) The UNHCR Division of Human Resources should reinforce available guidance to enable hiring entities to strengthen their affiliated workforce management.**

*UNHCR accepted recommendation 2 and stated that the Division of Human Resources and the Division of Strategic Planning and Results will collaborate in executing this recommendation to assist with AFW use and management. UNHCR further commits to engage in consultations by Q2, 2024, and complete the implementation by Q4, 2025.*

## **B. Recruitment and management of affiliate workforce**

### Need for strengthened controls over recruitment and management of affiliate workforce

19. UNHCR had recruitment and management processes in place to ensure the efficient and cost effectiveness of the arrangements in supporting UNHCR's delivery of services to forcibly displaced persons. The recruitment and selection of the AFW was decentralized to hiring entities at country, regional or divisional levels, with background checks provided by APRS.

#### **Recruitment**

20. The audit reviewed 93 recruitments sampled from across the hiring entities in country operations and Headquarter Divisions for affiliates directly hired by UNHCR and noted that selected candidates generally were a good fit for the roles and contexts they were hired for. Additionally, 63 of the 93 (68 per cent) affiliate recruitments followed the required competitive processes. There were six waivers from competitive recruitment, two of which did not have the required approval from the Regional Bureau Director. Additionally, one recruitment case lacked justification for the selection of the second candidate instead of the first; and the only available documentation for the last two was email exchanges on processes followed. The remaining 30 cases (32 per cent) did not have any recruitment documentation on file. The audit also noted that hiring entities could not justify the preferred AFW modality used by the hiring entities, including decision to either use United Nations Volunteers, consultants, directly managed individual contractors, or contractors managed by another United Nations Agency.

21. UNHCR rules required that the APRS approve all individuals before they were engaged as affiliates. However, the centralization of the approval process under APRS runs counter to UNHCR's decentralization agenda. Additionally, the audit only saw evidence of APRS' approval in 61 (66 per cent) out of the 93 AFW files sampled (9 were hired before the policy took effect and 1 approval was retroactive). Even then, there were delays of up to three months in providing clearances. The delays were attributed to, amongst other things, the absence of enforcement of timelines that were part of a service level agreement between APRS and the hiring entities.

22. Hiring entities also raised the following challenges in recruiting the AFW reflecting a need to review AFW recruitment processes to ensure greater timeliness, efficiency and effectiveness:

- High administration costs arising from the processing of high numbers of applications (sometimes over 700 applicants);
- Lengthy recruitment processes including background checks, onboarding, and approvals, which delayed the placement of affiliates and adversely impacted the hiring entities' operations; and
- Lack of access to UNHCR systems and tools used for staff management, e.g., WorkDay which did not fully support the recruitment and management of AWF workforce.

## Management of AWF

23. A review of 93 AWF records confirmed that in line with UNHCR rules, none of the sampled affiliates held supervisory positions, exercised direct spending authority, was engaged in diplomatic duties, approved official UNHCR policies, nor was a member of established committees. To ensure that hiring entities had adequate continuity and stability, UNHCR rules gave hiring entities an indicative ratio of 70/30 between regular staff and affiliates. Although the ratio was a guide, hiring entities had an obligation to comply with it and justify instances where there were large variances from it. However, this ratio was not adhered to in 6 of the 10 hiring entities whose data was reviewed. For example, in Egypt and Panama, the affiliates constituted 68 and 51 per cent of the total workforce, as shown in table 2 below.

**Table 2: Affiliate workforce statistics as of 31 December 2022**

Country	Total personnel	Total AWF	AWF Percentage to total personnel	Average years on AWF of sampled cases	Longest time served of sampled cases in years
Somalia	189	29	15%	4.3	6.8
Egypt	466	290	62%	4.8	8.6
Uganda	678	68	10%	4.11	6
DRC	441	48	11%	5.24	7.2
Iran	373	172	46%	5.6	9.3
Panama MCO	125	77	62%	3.3	6.7
PSP Copenhagen	658	350	53%	5.4	7.4
Mexico	428	189	44%	4.2	4.9
Niger	224	66	29%	4.4	6.5
Thailand	180	100	56%	7	16

24. The high percentages of affiliates reflected inadequacies in staffing structures and masked staff shortages in critical roles, which if unregulated would affect the continuity of programmes. This therefore indicated the need to assess structures and staffing requirements of core functions in UNHCR entities and reinforce the monitoring of compliance of hiring entities with relevant controls.

25. Further, none of the 93 AWF personnel reviewed were engaged on temporary or short-term contracts nor were their roles highly skilled or strategic in nature as required in UNHCR rules. On the contrary, affiliates were hired for an average of 4.8 years, with the longest contract running continuously for 16 years. For instance, 60, 55 and 10 AWF positions in Thailand, Iran and Uganda, respectively, were created before 2020 and they continued to be occupied by affiliates. Thirteen people in Thailand had been holding AWF positions for more than nine years, with no mechanisms in place to regularize the positions.

26. The maintenance of affiliates on long contract terms raised the risk that personnel could misconstrue this to mean that they are in full employment of UNHCR. This would bring legal, reputational and motivational, dependency and knowledge management risks, all of which would have cost implications. On the other hand, another United Nations agency benchmarked against set the maximum duration AWF contracts could run for as 11 months. This agency monitored and enforced this rule, with processes initiated



to regularize the positions through substantive recruitment when affiliates were required after 11 months. UNHCR needed to assess the financial and other implications of having AWF for long periods of time and institute measures to monitor and regulate the timeframes over which the AWF were hired.

27. UNHCR administrative instructions on management of affiliated workforce required that AWF personnel are deployed under similar working conditions as regular staff. This was in line with one of the actions proposed in the last people strategy. However, this was not always the case, e.g., affiliates in a survey<sup>1</sup> conducted during the audit noted that:

- AWF were not deployed under similar working conditions as regular staff. For instance: (i) medical insurance coverage and benefits were lower for AWF personnel; and (ii) they did not have access to core organization systems, e.g., MSRP, ProGres and WorkDay, required for performance of their duties.
- Hiring entities did not consistently apply UNHCR guidelines. For instance, while 96 per cent of AWF personnel reviewed had attended mandatory training, 46 out of the 93 AWF personnel (50 per cent) had not completed the relevant job training.
- There were inconsistencies in the standards and conditions applied across different offices, e.g., newly recruited affiliates in Thailand started at step one while in Iran and Niger the step depended on assessments of the affiliates' personal circumstances. These inconsistencies were attributed to gaps in implementation of the instruction on the management of AWF.

28. Hiring entities' non-compliance with UNHCR recruitment and management processes raised the risk that AWF arrangements would not be efficient and cost effective in supporting UNHCR's delivery of services to forcibly displaced persons. This was attributed to the lack of monitoring of compliance by the respective second line entities as well as inadequate guidance by DHR to hiring entities.

**(3) The UNHCR Division of Human Resources in coordination with the Division of Strategic Planning and Results should enhance guidelines to ensure that hiring entities manage affiliated workforce in accordance with the related Administrative Instruction.**

*UNHCR accepted recommendation 3 and stated that the Division of Human Resources and the Division of Strategic Planning and Results (DSPR) will collaborate in reinforcing the monitoring of compliance with policies and guidelines related to the management of Affiliate Workforce by Q4 2024.*

**(4) In accordance with its people strategy, the UNHCR Division of Human Resources should strengthen the guidance provided to hiring entities on the conditions under which affiliated workforce personnel are deployed, thereby ensuring they are befitting of the work they do.**

*UNHCR accepted recommendation 4 and stated that UNHCR is in the process of evaluating the conditions of its Affiliate Workforce to improve the overall offering with plans to implement mandatory health insurance for directly hired individual contract holders as well as a comprehensive approach touching on leave, occupational safety, and health to ensure the well-being of this personnel category, aligning with the principles of duty of care.*

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<sup>1</sup> Survey sent to 53 AWF and received responses from 44 of them (83 per cent response rate).

## **C. Policy framework and management support**

### Need to strengthen the policy framework and implementation of systems and tools for management and monitoring of AWF

29. UNHCR needed to have a comprehensive framework covering policies, people, systems/tools and data to ensure the effective management of the AWF.

#### **Policy on affiliates**

30. The audit noted AWF costs were recorded under operations instead of staffing. This masked HR costs as AWFs filled staff gaps in UNHCR and thus inflated operations costs. Other United Nations agencies reported AWF costs under operations, staffing and support. With the growing use of AWF, there was a need to reclassify the cost as staff cost so as to give an accurate position on the actual staff costs incurred in implementing programmes.

31. UNHCR had an Administrative Instruction (December 2020) which guided hiring entities on the recruitment and management of the AWF. The audit noted that the Administrative Instruction was generally adequate in guiding hiring entities on necessary controls for planning for, recruiting and managing the AWF. However, there were gaps in the implementation of this Instruction in the 13 country operations reviewed as presented in the section above. Moreover, contrary to the Instruction, the PAW did not prepare report on hiring entities' compliance with set guidelines. This was due to inadequate mechanisms by the Regional Bureaux and Divisions to hold the hiring entities to account for non-compliance with set guidelines. It also evidenced the ineffectiveness of the second line's oversight function, i.e., by APRS/PAW and Regional Bureaux. The misalignment of the practices with the existing policies and guidelines impacted the effectiveness of the affiliate arrangements.

#### **Systems and data**

32. UNHCR used the MSRP in the period under audit for the management of HR resources (including affiliates). This was replaced by the WorkDay system in 2022, which was more user-friendly and if fully implemented would support processes from planning, administration, monitoring and performance evaluation of the workforce including AWF. However, as already mentioned, this system did not cover all AWF related processes and thus related processes were conducted manually.

33. Further, contrary to UNHCR's Roles, Authorities and Accountabilities, the audit did not see evidence of DHR's global analysis and availing of information/data on office structures and staffing (including AWF) across regions to inform broader decision-making. Also, despite AWF comprising a large segment of its workforce and therefore being instrumental in the delivery of its mandate, the DHR primarily covered staff with regular contracts, with limited reference made to the AWF in its periodic reporting to governance bodies.

34. The data maintained in MSRP prior to 2022 was also incomplete. This was because affiliates were processed outside the MSRP system and thus the system lacked relevant information for planning and decision-making purposes. The audit also noted that data on affiliates roles and contract details in WorkDay was incomplete. PAW indicated that UNHCR's hiring entities were systematically updating AWF personnel data in WorkDay during contract renewals and anticipated clearing the backlog by the end of 2024.

35. An analysis of AWF personnel data between 2020 and 2022 indicated variations, thereby reducing the reliability of information in the systems. For example, in 2020, the number of AWF personnel as per MSRP was 4,400 while PAW reported a higher number of 4,492 from a manual compilation of AWF data, a trend that was replicated in 2021 and 2022. UNHCR's full implementation of WorkDay presented an opportunity to take the necessary corrective actions.

36. One of the actions that arose from the people strategy was for UNHCR to develop tools to support monitoring and analysis of trends in the use of flexible workforce arrangements. However, UNHCR's financial system did not provide management with financial information to enable an analysis of the overall cost of using the various modalities and therefore denied them critical information to aid decision making. Additionally, the lack of a centralized and automated tool to report on the overall costs and usage of AWF presented a significant challenge to UNHCR's effective oversight.

37. There were also no established mechanisms for the APRS to prepare reports on AWFs. PAW's statement that it had started using WorkDay to generate AWF reports could not be substantiated, with the Unit only able to share lists of affiliates. By 10 August 2023, PAW had not prepared the 2022 end of year report on its activities and the use of AWF in UNHCR. This implied that the first and second line did not have information to inform decision-making. Further, the absence of adequate financial and operational data especially on the cost of the implementation modalities also denied UNHCR the opportunity to optimize financial decisions as well as accurate reporting of the costs related to the use of AWF that could expose UNHCR to reputational damage to its stakeholders.

### **Measurement of performance**

38. To ensure that AWF are effectively managed, it was essential that UNHCR measured performance through its results-based management system, COMPASS (previously, FOCUS). However, UNHCR had not established a framework that listed the indicators and targets against which the effectiveness of management of the AWF arrangements would be measured and as a basis for holding stakeholders to account. This was with the exception of the high-level indicative target of having a 70/30 global staff/affiliate ratio; and this indicator, too, was not monitored. The commitment in the last people strategy to collect and record information on the flexible workforce, including performance, needed to be implemented. Management of performance at individual AWF level was conducted as required, informing the decisions to extend the respective contracts.

### **Structure and staff**

39. The data in WorkDay showed that as of 31 December 2022, the APRS had 32 positions, 31 of which were encumbered while 1 was vacant which was undergoing recruitment at the time. While it had recruitment and oversight units, these two were not involved in the support to AWF management processes but focused on the regular staff recruitments.

40. The root causes of the issues above were due to non-compliance with UNHCR rules by HR officers in the first line. It also reflected gaps in the second line's oversight to ensure compliance and that strategic HR decisions remained aligned and informed by assessed needs and costs minimized. Available frameworks were also inadequate in monitoring the use of the affiliates in UNHCR.

<p><b>(5) The UNHCR Division of Human Resources should: (a) review and update the Affiliated Workforce Administrative Instruction; and (b) implement systems and tools to ensure reliable information is available for decision making.</b></p>
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*UNHCR accepted recommendation 5 and stated that an ongoing revision of the Affiliate Workforce Administrative Instruction is underway, with an anticipated completion date in Q1 2024. Additionally, a more comprehensive revision of the Administrative Instruction is scheduled for 2026. Further, the Business Transformation Project has integrated several tools to improve reporting capabilities and enhance the monitoring of global workforce trends, including the affiliate workforce. Enhancements to the reporting functionalities for the Affiliate Workforce are scheduled for both 2024 and 2025.*

- (6) The UNHCR Division of Human Resources should work with the Division of Financial and Administrative Management to create mechanisms that strengthen the collection, classification and reporting of financial information related to the management of the affiliated workforce strategic partnerships.**

*UNHCR accepted recommendation 6 and stated that it has recently implemented a new cloud-based ERP Financial system with its full capacity utilization expected in 2024 and 2025 and expected to address the classification and reporting of financial information. DHR will liaise and formulate the business needs and submit to DFAM within the implementation deadline.*

## **D. Strategic partnerships for AWF administration**

### Need to evaluate the cost-effectiveness of strategic partnerships for the AWF administration

41. UNHCR recruited the AWF but outsourced the administration of some AWF contracts to third parties. The administration of AWF included: signing of the contracts, onboarding, salary payments, travel entitlements and medical schemes. As at 31 March 2023: (i) one United Nations agency managed 3,118 individual contractors (61 per cent of AWF) under an exchange of letters agreement; (ii) another United Nations agency managed 833 volunteers (16 per cent of AWF) under a memorandum of understanding; and (iii) a non-governmental organization managed affiliates in one country where United Nations agencies could not manage contracts due to local labor laws. In this regard, UNHCR needed to: (i) assess whether outsourcing presented a comparative advantage over its direct management of AWF and represented best value for money; (ii) sign agreements to safeguard UNHCR resources; and (iii) monitor the arrangements.

### **Decision to outsource AWF arrangements**

42. The audit reviewed the United Nations agency that managed the largest number of affiliates. The partner charged approximately \$9 million annually as the administration fee. UNHCR appointed a consultant to assess the cost-effectiveness of the AWF outsourced arrangements in 2022. The consultant recommended that UNHCR inhouse the management of AWF. This, per the consultant, would require an up-front investment of \$5.3 million given that a global processing center had to be created, and annual running costs of up to \$3 million. This, when compared to the ongoing contract, would result in annual savings of \$6 million per year, with the up-front investment recovered by the end of the first year of implementation. Other benchmarked United Nations agencies managed their AWF contracts internally, thereby avoiding the payment of outsourcing overheads. At the time of the audit, the consultant's recommendations had not been implemented. UNHCR needed to consider the recommendation and conduct a feasibility analysis to inform its decision on inhousing the contract management services. Also, UNHCR had initiated a process to procure insurance services for contractors currently managed by the same United Nations agency.

## Signing and monitoring of agreements

43. PAW was the custodian of the main agreement with the partners and ensured implementation of the provisions through correspondences, reports, and meetings to address any issues. UNHCR decentralized the monitoring of the agreement to hiring entities that, with the support from Legal Division at Headquarters, signed entity-specific disbursement agreements with the partners. The audit assessed the agreements as largely adequate, with a need for review to ensure they remained aligned to the best interest of UNHCR and include appropriate financial reporting and disclosures. The audit further assessed the contract monitoring mechanisms both at DHR and hiring entities levels as effective. The agreements contained key deliverables, mainly on timeliness of financial reports and payment to the affiliates, that were used by UNHCR to measure the effectiveness of the partnerships.

44. The billing from the United Nations agencies were posted into UNHCR financial systems as a blanket amount and charged to operational budget, thereby making it difficult to accurately assess the cost of the AWF administration agreements. This was attributed to the absence of a mechanism to disaggregate the costs and record them in a manner that enabled management to assess the respective expenditures. Recommendation 5 above covers the need for UNHCR to strengthen its collection and reporting of financial information and therefore no recommendation is raised.

45. Lack of timely evaluations of the effectiveness of strategic partnerships and inadequate attention of management to opportunities for improved efficiencies and value for money for the partnerships in use denied UNHCR opportunities to align its partnership decisions to long-term cost efficiencies estimated at \$6 million annually.

**(7) The UNHCR Division of Human Resources should conduct a feasibility study to inform its decision to continue, adjust or cancel its affiliate workforce strategic partnerships.**

*UNHCR accepted recommendation 7 and stated that as DHR had contracted a consultancy in 2021 that reviewed the relationship with the UN partner covering majority of affiliate workforce, and it will engage a review of strategic partnerships with non-UN partners covering the remaining portion of the AWF. Based on the conducted feasibility study, UNHCR will explore further whether an in-house solution for its affiliate workforce, in accordance with the consultancy findings, is a feasible modality.*

## E. Support and oversight accountability

### Need for clarification of oversight accountabilities for AWF management processes

46. As part of the decentralization and regionalization process, UNHCR disseminated RAAs that provided clarity on the roles in the management of AWF, i.e., by country offices, DHR and the Regional Bureaus. The AWF Administrative Instruction that came into force on 11 December 2020 predated the RAAs and thus was not aligned to the latter. For instance, some of the roles that were listed in the Instruction under APRS and/or PAW should, as per the RAAs, have fallen under the ambit of the bureaus. This included: (i) monitoring of AWF positions, the ratio of staff/affiliation positions and related expenditure; (ii) advising hiring entities on appropriate staffing measures; (iii) regularly reviewing the functions assigned to affiliates in order to identify those of continuing need or those that may expose UNHCR to operational or strategic risk; (iv) monitoring compliance with established AWF procedures of UNHCR; (v) approving requests for outside activities of affiliates; (vi) approving waivers mainly from competitive recruitment processes; and (vi) highlight recurring issues that needed to be addressed at a higher or systemic level.

47. In accordance with the Instruction, APRS supported the hiring entities in determining whether to re-hire former staff members (as affiliates) and former affiliates of UNHCR. It also conducted or initiated checks for all candidates proposed for affiliate assignments regarding sexual exploitation and abuse and sexual harassment (SEA/SH) misconduct or other misconduct and provided candidates from the established talent pools to facilitate the selection process. However, as mentioned in paragraph 31 above, other roles should have been undertaken by the bureaus except for assessment of UNHCR-wide quality management of affiliate workforce in the field and at Headquarters, and identification of staffing opportunities through partnerships, which would be covered by an evaluation initiated by DHR. However, there was no evidence that APRS conducted these two functions. There was thus a need for a clearer demarcation of roles and responsibilities at the country, Division and Bureau levels.

**(8) The UNHCR Division of Human Resources should in coordination with the Regional Bureaux clarify the roles of the second line regarding support and oversight of affiliated workforce arrangements.**

*UNHCR accepted recommendation 8 and stated that it plans to undertake measures to delineate the responsibilities of second-line support and enhance oversight for its Affiliate Workforce.*

#### **IV. ACKNOWLEDGEMENT**

48. OIOS wishes to express its appreciation to the management and staff of UNHCR for the assistance and cooperation extended to the auditors during this assignment.

Internal Audit Division  
Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of affiliate workforce arrangements in the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>2</sup> / Important <sup>3</sup>	C/ O <sup>4</sup>	Actions needed to close recommendation	Implementation date <sup>5</sup>
1	The UNHCR Division of Human Resources should develop a regulatory framework to direct affiliated workforce arrangements and strengthen related processes.	Important	O	Receipt of evidence of a developed, disseminated, and implemented regulatory framework.	31 March 2026
2	The UNHCR Division of Human Resources should reinforce available guidance to enable hiring entities strengthen their affiliated workforce management.	Important	O	Receipt of evidence of enhanced guidelines to hiring entities on the management of AWF.	31 December 2025
3	The UNHCR Division of Human Resources in coordination with the Division of Strategic Planning and Results should enhance guidelines to ensure that hiring entities manage affiliated workforce in accordance with the related Administrative Instruction.	Important	O	Receipt of evidence of established guidance on monitoring of compliance with the policies and guidelines on the use and management of Affiliate Workforce.	31 December 2024
4	In accordance with its people strategy, the UNHCR Division of Human Resources should strengthen the guidance provided to hiring entities on the conditions under which affiliated workforce personnel are deployed thereby ensuring they are befitting of the work they do.	Important	O	Receipt of evidence of revised guidance regarding the conditions under which Affiliate Workforce work.	31 December 2024
5	The UNHCR Division of Human Resources should: (a) review and update the Affiliated Workforce Administrative Instruction; and (b) implement systems and tools to ensure reliable information is available for decision making.	Important	O	Receipt of evidence of: (i) defined Affiliate Workforce parameters including maximum contracting durations, and affiliate post durations; and (ii) implemented systems and tools that provide reliable reports for decision making.	31 March 2026
6	The UNHCR Division of Human Resources should work with the Division of Financial and Administrative Management to create mechanisms	Important	O	Receipt of evidence of DHR's business case to DFAM to: (i) account for the AWF costs; (ii) capture strategic partner costs for managing	31 December 2024

<sup>2</sup> Critical recommendations address those risk issues that require immediate management attention. Failure to take action could have a critical or significant adverse impact on the Organization.

<sup>3</sup> Important recommendations address those risk issues that require timely management attention. Failure to take action could have a high or moderate adverse impact on the Organization.

<sup>4</sup> Please note the value C denotes closed recommendations whereas O refers to open recommendations.

<sup>5</sup> Date provided by UNHCR in response to recommendations.

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of affiliate workforce arrangements in the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>2</sup> / Important <sup>3</sup>	C/ O <sup>4</sup>	Actions needed to close recommendation	Implementation date <sup>5</sup>
	that strengthen the collection, classification and reporting of financial information related to the management of the affiliated workforce strategic partnerships.			Affiliate Workforce; and (ii) produce regular financial reports related to AWF expenditure.	
7	The UNHCR Division of Human Resources should conduct a feasibility study to inform its decision to continue, adjust or cancel its affiliate workforce strategic partnerships.	Important	O	Receipt of evidence of an evaluation of the existing strategic partnerships, completion of feasibility studies on the existing strategic partnerships and implementation of recommendations from these studies.	31 March 2026
8	The UNHCR Division of Human Resources should in coordination with the Regional Bureaux clarify the roles of the second line regarding support and oversight of affiliated workforce arrangements.	Important	O	Receipt of evidence of clarified roles of the second line and guidelines on monitoring of compliance with the established policies, rules, regulations.	31 December 2024



# **APPENDIX I**

## **Management Response**

## Management Response

## Audit of affiliate workforce arrangements in the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical/ Important	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
1	The UNHCR Division of Human Resources should develop a regulatory framework to direct affiliated workforce arrangements and strengthen related processes.	Important	Yes	DHR/ Head of Partnership and Affiliate Workforce Unit/Chief, Affiliate Partnership and Recruitment Section	31 March 2026	UNHCR wishes to highlight that it is unique in the UN system to have its own overarching umbrella policy on the management of Affiliate Workforce including strategic elements. In response to the audit recommendation, UNHCR acknowledges and commits to enhancing the current framework to facilitate improved strategic workforce planning for its Affiliate Workforce. An ongoing revision of the Affiliate Workforce AI is underway, with an anticipated completion date in Q1 2024. Additionally, a more comprehensive revision of the AI is scheduled for 2026.
2	The UNHCR Division of Human Resources should reinforce available guidance to enable hiring entities strengthen their affiliated workforce management.	Important	Yes	DHR/ Head of Partnership and Affiliate Workforce Unit/Chief, Affiliate Partnership and Recruitment Section.	31 December 2025	The Division of Human Resources and the Division of Strategic Planning and Results (DSPR) will collaborate in executing this recommendation to assist with AFW management. DHR will work closely with DSPR on planning for AFW use, which falls under the purview of DSPR.  UNHCR acknowledges this recommendation and commits to engage in consultations by Q2, 2024, and complete the implementation by Q4, 2025

<b>Rec. no.</b>	<b>Recommendation</b>	<b>Critical/ Important</b>	<b>Accepted? (Yes/No)</b>	<b>Title responsible of individual</b>	<b>Implementation date</b>	<b>UNHCR comments</b>
3	The UNHCR Division of Human Resources in coordination with the Division of Strategic Planning and Results should enhance guidelines to ensure that hiring entities manage affiliated workforce in accordance with the related Administrative Instruction.	Important	Yes	DHR/ Head of Partnership and Affiliate Workforce Unit/Chief, Affiliate Partnership and Recruitment Section	31 December 2024	<p>The Division of Human Resources and the Division of Strategic Planning and Results (DSPR) will collaborate in executing this recommendation.</p> <p>UNHCR commits to reinforcing the monitoring of compliance with policies and guidelines related to the management of Affiliate Workforce (AWF) by Q4 2024.</p>
4	In accordance with its people strategy, the UNHCR Division of Human Resources should strengthen the guidance provided to hiring entities on the conditions under which affiliated workforce personnel are deployed thereby ensuring they are befitting of the work they do.	Important	Yes	DHR/Chief of Affiliate Partnership & Recruitment Section (APRS)	31 December 2024	<p>UNHCR acknowledges that the recommendation is in partial implementation.</p> <p>Currently, UNHCR is in the process of evaluating the conditions of its Affiliate Workforce to improve the overall offering. By Q1 2024, UNHCR plans to implement mandatory health insurance for directly hired individual contract holders (other categories are already covered by necessary insurances). This strategic initiative, combined with the provisions for leave, occupational safety, and health outlined in Annex I of the Administrative Instruction on Managing Affiliate Workforce, forms a comprehensive approach to ensure the well-being of this personnel category, aligning with the principles of duty of care.</p>
5	The UNHCR Division of Human Resources should: (a) review and update the Affiliated Workforce Administrative Instruction; and (b) implement systems and	Important	Yes	DHR/Chief of Affiliate Partnership & Recruitment	31 March 2026	UNHCR accepts this recommendation and has implemented several actions: (a) An ongoing revision of the Affiliate Workforce AI is underway, with an

Rec. no.	Recommendation	Critical/ Important	Accepted? (Yes/No)	Title responsible of individual	Implementation date	UNHCR comments
	tools to ensure reliable information is available for decision making.			Section (APRS)		<p>anticipated completion date in Q1 2024. Additionally, a more comprehensive revision of the AI is scheduled for 2026.</p> <p>(b) The Business Transformation Project has integrated several tools to improve reporting capabilities and enhance the monitoring of global workforce trends, including the affiliate workforce. Enhancements to the reporting functionalities for Affiliate Workforce (AWF) are scheduled for both 2024 and 2025.</p>
6	The UNHCR Division of Human Resources should work with the Division of Financial and Administrative Management to create mechanisms that strengthen the collection, classification and reporting of financial information related to the management of the affiliated workforce strategic partnerships.	Important	Yes	DHR/ Head of Partnership and Affiliate Workforce Unit/Chief, Affiliate Partnership and Recruitment Section	31 December 2024	UNHCR has recently implemented a new cloud-based ERP Financial system. Utilizing the full capacity of this system will be ensured in 2024 and 2025. DHR will liaise, formulate the business needs and submit to DFAM within the implementation deadline.
7	The UNHCR Division of Human Resources should conduct a feasibility study to inform its decision to continue, adjust or cancel its affiliate workforce strategic partnerships.	Important	Yes	DHR/ Head of Partnership and Affiliate Workforce Unit/Chief, Affiliate Partnership and Recruitment Section	31 March 2026	UNHCR agrees with this recommendation and considers this largely already implemented, as DHR contracted a consultancy in 2021 that reviewed the relationship with the UN partner covering majority of affiliate workforce. DHR however agrees to engage a review of strategic partnerships with non-UN partners covering the remaining portion of the AWF. Deadline Q1 2026.

Rec. no.	Recommendation	Critical/ Important	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
						Based on the conducted feasibility study, UNHCR will explore further whether an in-house solution for its affiliate workforce, in accordance with the consultancy findings, is a feasible modality.
8	The UNHCR Division of Human Resources should in coordination with the Regional Bureaux clarify the roles of the second line regarding support and oversight of affiliated workforce arrangements.	Important	Yes	DHR/ Head of Partnership and Affiliate Workforce Unit/Chief, Affiliate Partnership and Recruitment Section	31 December 2024	UNHCR plans to undertake measures to delineate the responsibilities of second-line support and enhance oversight for its Affiliate Workforce.