



INTERNAL AUDIT DIVISION

REPORT 2024/060

Audit of adequacy and effectiveness of supply chain structure and staffing in UNHCR

UNHCR needed to conduct strategic supply chain workforce planning to ensure the function is adequately and effectively resourced to support the delivery of UNHCR's mandate

3 December 2024

Assignment No. AR2024-167-01

Audit of adequacy and effectiveness of supply chain structure and staffing in UNHCR

EXECUTIVE SUMMARY

The Office of Internal Oversight Services (OIOS) conducted an audit of the adequacy and effectiveness of supply chain structure and staffing in the Office of the United Nations High Commissioner for Refugees (UNHCR). The objective of the audit was to assess whether UNHCR's supply chain structure and staffing were adequate and effective. The audit covered the period from 1 January 2022 to 30 June 2024 and included review of: (a) structure and resource allocation; (b) roles and responsibilities, competency framework and skills for supply staff; and (c) staff performance management, and integrity.

The high value of purchases and inventories managed annually attests to the strategic importance of supply chain management. UNHCR identified people management as a key success factor for the delivery of its new supply chain management strategy (2024-2030). However, the operating model that was meant to define how supply chain functions would be structured, managed, and optimized to deliver the new strategy was not developed at the time of the audit. Further, the lack of strategic workforce planning for the supply function resulted in gaps in supply chain structures at country, bureau and headquarter levels. The gaps included: unformalized functional reporting lines, limited clarity on staff roles and responsibilities, insufficient staff skills and ineffective performance management, which further contributed to persistent supply chain issues identified in most country level audits conducted by OIOS.

OIOS made six important recommendations. To address issues identified in the audit, UNHCR needed to:

- Conduct strategic supply chain workforce planning to define optimal structures and capacity, taking into consideration the new operating model, organizational strategic priorities and ongoing transformational projects.
- Enhance the available supply complexity and resources analysis tool to support operations in identifying the optimal staffing capacity required to deliver services.
- Reinforce the supply chain workforce data analytics capabilities and ensure availability of reliable and timely human resource information to inform decision making.
- Define the relationships and functional reporting lines of technical supply staff across the three geographical tiers, i.e., headquarters, regional bureaus and country operations.
- Define in a competency framework, the qualifications needed for different supply personnel levels, conduct a training needs analysis and develop a plan to address identified gaps.
- Align staff performance assessment criteria to specific supply roles and functions; and prepare a targeted action plan to foster staff integrity.

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 adequacy and effectiveness of supply chain structure and staffing in UNHCR

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted an audit of adequacy and effectiveness of supply chain structure and staffing in the Office of the United Nations High Commissioner for Refugees (UNHCR).
2. The Division of Emergency, Security and Supply (DESS) is responsible for UNHCR's supply chain management which includes procurement, inventory management and logistics, i.e., storage, warehousing and distribution. UNHCR procured goods and services with a value of \$1.3 billion and \$1.2 billion; and was holding inventory worth \$373 million and \$353 million by the end of 2022 and 2023 respectively. UNHCR launched a new supply chain strategy (2024-2030) in May 2024, with one of the four listed enablers being 'people' and an objective of fostering a responsive, skilled, solution-oriented global supply workforce.
3. As of June 2024, the supply chain functional group had 820 personnel across UNHCR including country operations; 642 (78 per cent) of whom held regular positions; 110 (13 per cent) were on temporary assistance (TA); and 66 (8 per cent) were affiliate workforce (affiliates). The position grades ranged from D1 to GS4; with 64, 27 and 9 per cent of the workforce as General Service (GS), Professional (P) and National Professional Officer (NPO) positions respectively. Fourteen per cent of the workforce or 117 positions were located in Budapest, and the remaining 86 per cent were based in the seven regional bureaus and country operations.
4. The Supply Management Service (SMS) under DESS is responsible for ensuring the adequacy and effectiveness of UNHCR's strategic capabilities and Regional Bureaus support and oversee the supply structures and capacities of country operations to deliver related services. Country operations as the first line should have proper structures and capacity to conduct local procurements, in-country logistics, inventory management, and monitoring of funded partners.
5. UNHCR relies on its corporate systems for managing its operations including the supply chain. These systems include: (a) Workday which is a cloud-based human resources digital solution; (b) COMPASS, a results-based management system for strategic planning, budgeting, monitoring, and reporting; and (c) Cloud ERP which is used for financial reporting and supply chain management. Additionally, UNHCR has developed a supply complexity and resource analysis tool that helps operations determine the required staffing levels. OIOS obtained data on staffing numbers, training and learning records and performance from these systems, reviewed the data for completeness and accuracy and used it to assess controls effectiveness.
6. Comments provided by UNHCR are incorporated in italics.

II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

7. The objective of the audit was to assess whether UNHCR's supply chain structure and staffing were adequate and effective in meeting operational demand for goods and services in a timely and effective manner.

8. This audit was included in the 2024 risk-based work plan of OIOS because the root causes of significant issues raised in prior audits of supply chain were related to staffing.

9. OIOS conducted this audit from March to July 2024 at the UNHCR headquarters in Geneva and Budapest, and remotely at selected regional bureaus and nine country operations. The audit covered the period from 1 January 2022 to 30 June 2024. Based on the activity-level risk assessment, the audit covered higher and medium risks areas in the supply chain structure and staffing, which included: (a) structure and resource allocation; (b) roles and responsibilities, competency framework and skills for supply staff; and (c) staff performance management, and integrity.

10. The audit methodology included: (a) interviews with key UNHCR personnel, (b) review of relevant documentation and reports, (c) analytical review of data extracted from Workday and COMPASS for assessing staffing and related performance, and training records and certification data maintained on Microsoft Excel, (d) assessment of the complexity and resource analysis tool, (e) administration of questionnaires to regional bureaus and to a sample of country operations, and (f) benchmarking with other United Nations agencies and international humanitarian organizations.

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

III. AUDIT RESULTS

A. Structure and resource allocation

Need to conduct strategic workforce planning for Supply Chain

12. UNHCR's Division of Human Resources issued a Handbook on Workforce Planning in September 2023, to guide entities on proactive and strategic planning of operations' workforce needs, in line with UNHCR policies and United Nations best practices. One of the four key success factors identified in UNHCR's new supply chain strategy was the need to have people with the right skills in the right structure, jobs/teams and in the right numbers. However, SMS had not conducted strategic workforce planning for the supply chain at the time of the audit, which was necessary to align UNHCR's workforce to its goals and objectives.

13. The new supply chain strategy referenced a new operating model that was supposed to elaborate on how supply chain functions would be structured, managed, and optimized to deliver goods and services to forcibly displaced persons in a timely and cost-effective manner. This new operating model was necessary to determine the investment UNHCR would make in moving the supply chain function from its current to future desired state. However, the operating model was yet to be developed at the time of the audit. The outline for the new operating model referenced in the strategy document was too high level to effectively guide entities in identifying adequate supply staff structures, capacities and roles and responsibilities.

14. SMS had appointed a consultant to: (i) assess the current state of supply chain structures and staff; and (ii) make proposals on a new operating model needed to deliver the strategy. A report was issued in November 2022 that made some proposals on the future operating model for UNHCR's supply function. However, SMS had taken no action regarding the proposals contained in the report at the time of the audit.

15. The audit identified risks in the current management of supply chain structure and staffing that need to be addressed, as follows.

Need to strengthen monitoring of adequacy of supply chain structures

16. Information derived from Workday showed that the supply function had 820 personnel (78 per cent of whom were regular staff) as reflected in Table 1 below. SMS lacked essential information on: (i) staff numbers; and (ii) structure, i.e., right balance of the human resource capacity in terms of location, skills and experience to deliver goods and services in a timely, efficient and cost-effective manner. It also could not confirm that the current 820 supply staff were effectively used.

Table 1 - Composition of Supply Chain workforce - June 2024

| Grade | D11 | PR5 | PR4 | PR3 | PR2 | PR1 | NOC | NOB | NOA | GS7 | GS6 | GS5 | GS4 | Unknown | Total |
|----------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|---------|------------|
| Regular posts | 1 | 16 | 37 | 61 | 53 | 1 | 1 | 12 | 52 | 34 | 225 | 116 | 33 | 0 | 642 |
| TA Filled | 0 | 0 | 1 | 5 | 17 | 0 | 0 | 0 | 1 | 0 | 21 | 22 | 6 | 0 | 73 |
| TAs - internal staff | | | | | | | | | | | | | | | 37 |
| Unclassified | | | | | | | | | | | | 1 | | 1 | 2 |
| Affiliate Workforce | | | | | | | | | | | | | | | 66 |
| Total | | | | | | | | | | | | | | | 820 |

17. The audit found indications that adjustments to the current supply chain staff structures needed to be made in line with UNHCR strategies and policies:

- The distribution of supply staff for the regular and filled TA positions across GS, P and NPO categories was 64, 27 and 9 per cent, respectively. The supply chain therefore strongly depended on the performance of GS staff, whose qualifications were primarily in administrative, secretarial and clerical support, and not in the technical, specialized areas of procurement, inventory and logistics support. Accordingly, there was a need for SMS to assess the capacity building needs for the GS staff and entire workforce, to elevate their capabilities and create more strategic focus and specialization as envisaged in the strategy.
- The overall ratio of regular staff to affiliates and temporary positions was 79:21, which was within the recommended UNHCR norm of 70:30. However, SMS had a much higher rate of 39 per cent of the affiliates at headquarters, which could not be justified given UNHCR guidance on when to use affiliates. Because of their short-term contracts, the high percentage of affiliates impacts on long-term continuity and institutional memory.
- Fourteen per cent of the supply chain workforce was based at the headquarter office in Budapest. Discussions with SMS indicated that consideration was being given to centralizing some functions which would see more staff move from the first to the second line. This, however, was in contravention of the headquarters realignment under the decentralization process, that required UNHCR entities to move resources nearer to points of service delivery, i.e., within the second line (from divisions to bureaus) and/or between the first and second line. SMS had not conducted an analysis to inform its decision in this regard.
- Consideration had not been given to having different structures to reflect the contexts in the regions. For instance, centralizing supply chain functions was cost-effective in Southern Africa considering the size of countries in the region but not for regions with countries that conducted large procurements such as the East and Horn of Africa and Great Lakes region. SMS had not at the time of the audit assessed how these contexts impact the supply structure and staffing across different regions.
- Unlike other United Nations agencies and international organizations benchmarked against, UNHCR's head of the supply function was at the D1 level. All other organizations had the head of

supply at the D2 or equivalent level. UNHCR could reflect upon the appropriate level in consideration of the importance of the function.

Need to align UNHCR supply chain structure and staffing with ongoing UNHCR transformations

18. Several transformations and changes in organizational priorities were ongoing that would impact supply's core functions of procurement, inventory management and logistics. Strategic workforce planning needed to take into account the impact that such transformations would have on supply staff structures and numbers. For instance:

- Cloud ERP system was launched in September 2023 and was supposed to include an automation of the end-to-end procurement processes, thereby simplifying processes and creating efficiencies. If realized, these efficiencies would reduce the number, and impact the required skills set of supply staff. However, SMS could not, at the time of the audit, confirm the impact the implementation of Cloud ERP had on supply chain processes, structures, and staff numbers. Country operation audits showed that supply processes and staff capacity (both in numbers and skills) remained largely the same.
- UNHCR strategic decision to prioritize the use of cash instead of in-kind assistance as a modality of assistance also had implications for the extent to which UNHCR purchases, stores and distributes core relief items, a core activity for supply staff. UNHCR has been scaling up the use of cash assistance since 2016, but SMS was yet to assess the impact this would have on supply processes and related staff capacity.
- United Nations Country Teams move to deliver programmes, including procurement, through common business operations under the Secretary General's Business Operations Strategy would impact the supply workload and capacity at country level. SMS was yet to assess the extent to which country operations had implemented this strategy and its impact on required staff capacity.

(1) The UNHCR Division of Emergency, Security and Supply in coordination with the Division of Human Resources, should conduct strategic supply chain workforce planning taking into consideration the new operating model as well as organizational strategic priorities and ongoing transformation projects.

UNHCR accepted recommendation 1 and stated that this cross-divisional recommendation necessitated further refinement of the new supply operating model which was under development.

Need to reinforce methodology and tool for operational workforce planning

19. SMS developed a "Supply complexity and resource analysis tool" to help operations determine the required professional and NPO staffing levels to deliver on the supply chain mandate. The model used seven criteria to categorize country operations into three, i.e., heavy, moderate, and low complexity and on this basis recommended personnel configurations tailored to each category. The tool leveraged data to support fact-based decision making on staffing and resource allocation in UNHCR. In this regard, UNHCR was a thought leader as none of the UN agencies and international organizations benchmarked against had a tool to facilitate the determination of workforce size at the operation level. However, country operations did not use the results from this tool to inform their operational workforce planning. This was a missed opportunity to make data-driven decisions on staff needs and capacity.

20. Country operations instead based their decisions on supply staff capacity required primarily on available funding. As a result, there was a missed opportunity to establish the accurate need. Four of the nine operations sampled (Afghanistan, Mexico, Türkiye and Zambia) confirmed that their supply workforce was adequate. The other five (Syria, Chad, Egypt, Ethiopia and Rwanda) and four of the five regional bureaus sampled (excluding Asia) noted that their supply staffing did not meet the operational demands at the country and regional levels. The audit could not establish the basis of these conclusions since the country operations did not establish the staffing needs against the operational demand.

21. The audit reviewed the tool and identified the following gaps that would need to be addressed for the tool to provide more reliable information for decision making:

- The tool only considered P1-P5 and NPO regular staff and not the more predominant local or GS staff, and staff on temporary appointments and affiliates. It thus excluded 63 per cent of the workforce from the analysis. Furthermore, the tool primarily focused on staffing numbers, and not capacity, i.e., the skills and experience of staff needed for effective SCM.
- The complexity analysis was limited as the tool did not consider other relevant information in determining operations' resource needs, e.g., qualitative inputs from oversight reports.
- The analysis in the tool was based on procurement conducted by UNHCR and did not consider the significant procurement volumes conducted by funded partners.

22. The operational workforce planning was impacted by inadequate tools and guidance to country operations and regional bureaus. Consequently, operations may not have the right staff numbers and skills to achieve supply chain strategic objectives.

(2) The UNHCR Division of Emergency, Security and Supply should enhance the available supply complexity and resources analysis tool to support operations in identifying the optimal staffing capacity needed to deliver services to forcibly displaced persons.

UNHCR accepted recommendation 2 and stated that DESS was in the process of updating and enhancing the complexity and resources analysis tool.

Need to enhance capacity to obtain and analyze supply chain workforce data for decision making

23. Contrary to UNHCR's Handbook on Strategic Workforce Planning, SMS did not collect, analyze and interpret qualitative and quantitative staff data to inform workforce planning and support decision making. Moreover, several reports provided to OIOS on the supply chain human resources capacity were not comprehensive and/or contained errors. For instance, SMS lacked complete and accurate data on:

- Temporary appointments and affiliate workforce data including for the regional bureau and country operations, although this was a significant portion of its workforce.
- Qualifications including certification courses undertaken by supply chain staff. The Division of Human Resources had at the time of the audit requested UNHCR staff to voluntarily update their skills profile on Workday and this information would be used to compile a catalogue of the staff qualifications. As of 4 June 2024, 77 per cent of workforce in the supply function had recorded their skills in Workday.

- Age and gender to ensure that equity is reached and maintained. For instance, gender representation was skewed towards males in the last five years, with 67-71 per cent of international staff and affiliates and 64-69 per cent of the NPO staff category being male.
- The Standard Assignment Lengths (SAL) of staff, yet the function was periodically impacted by staff changes arising from this mobility scheme. There was a need to have up to date information on SALs, so they are planned for and their impact better managed.

24. Furthermore, SMS was not conducting relevant data analytics to inform its decision making. For example, there were significant variations in the average procurement portfolio in the nine sampled countries, ranging from \$ 0.4 million to \$5.1 million (as shown in Table 2). The average procurement value per supply staff member in UNHCR was \$1.5 million yet the range reported by other UN agencies was between \$3.9 and \$10 million. They needed to be further analyzed to determine, amongst other things, the adequacy of the 820 supply chain staff complement.

Table 2 - 2023 average procurement portfolio size per supply chain staff

| Countries | Afghanistan | Chad | Egypt | Ethiopia | Mexico | Rwanda | Syria | Türkiye | Zambia |
|--------------------------------|--------------------|-------------|--------------|-----------------|---------------|---------------|--------------|----------------|---------------|
| Procurement (\$ million) | 34 | 24 | 7 | 20 | 16 | 9.5 | 38 | 82 | 1.7 |
| Number of supply chain staff | 13 | 22 | 4 | 22 | 5 | 6 | 22 | 16 | 4 |
| Procurement \$ millions/ Staff | 2.6 | 1.1 | 1.8 | 0.9 | 3.2 | 1.6 | 1.7 | 5.1 | 0.4 |

25. This meant that the SMS did not have necessary information on hand to inform its decision making.

(3) The UNHCR Division of Emergency, Security and Supply should work with the Division of Human Resources to reinforce the supply chain workforce data analytics capabilities and ensure availability of reliable and timely human resource information.

UNHCR accepted recommendation 3 and stated that DESS would enhance supply planning and performance and increase visibility and analytics.

B. Roles and responsibilities, competency framework and skills for supply staff

Need to define roles, responsibilities and functional reporting lines across the three geographical tiers

26. The UNHCR Handbook for Designing Field Presences elaborates the positioning of supply chain management in country office and sub-office structures. The reporting lines for supply chain staff in the nine operations and the five regional bureaus reviewed were in accordance with this handbook. However, there were no defined reporting lines nor formal linkages between supply staff in operations and technical (supply) staff at the regional bureau and headquarters, particularly SMS. This issue was previously identified in the OIOS audit of supply chain management in the Regional Bureau for East, Horn of Africa and the Great Lakes (Report 2021/074) and remained unresolved.

27. The required skills set for supply staff are dependent on the defined roles and responsibilities at headquarters, regional bureau and country operation levels. Thus, until the roles and responsibilities were

finalized, SMS did not have a basis for determining the required skills for supply staff at the functional tiers, i.e., headquarters, regional and country operation levels and by the supply grades. The UNHCR strategic risk register includes a risk of misalignment between current skillset of personnel and future requirements to meet the challenges UNHCR is facing, and its impact is categorized as ‘major’.

28. The lack of strong functional links hindered effective coordination, and technical oversight and support by the second line over the first line. For example, country operations in possession of sufficient stocks of specific items could still proceed with purchases, to utilize available funds, disregarding SMS advice on not purchasing additional inventory. Further, SMS could not enforce actions to reduce holding excess inventories including re-allocation of stocks from one operation to a higher priority one.

29. The strategy noted that UNHCR would adopt a matrix management approach to address this issue; however, this modality was yet to be defined. Three of the six agencies and international organizations benchmarked against used the ‘dual reporting lines’ approach, where supply staff reported to country representatives and had a dotted line to the technical team in the regional bureaus. Similarly, their supply function in the regional bureau, in addition to a direct reporting line to the bureau senior management, also had a technical dotted line to the head of supply management services at the headquarters.

(4) The UNHCR Division of Emergency, Security and Supply in collaboration with the Division of Human Resources should define the relationships and functional reporting lines of technical supply staff in the three geographical tiers.

UNHCR accepted recommendation 4 and stated that its implementation was tied to the implementation of the on-going 2024-2030 supply strategy and the new supply operating model.

Need to clarify skills required to implement the new supply strategy

30. SMS identified the following core skills as significantly deficient among supply staff:

- Supply planning and analytics,
- Data analysis and performance monitoring,
- Supply risk analysis, forecasting,
- Market intelligence and supplier engagement, and
- Skills such as creativity, problem solving, innovation and influential leadership.

31. An analysis of the data in Workday showed that overall, most staff did not meet the expected standard skillset for the supply function. Further, the function emphasized procurement and logistics skills with limited attention given to the strategic and managerial competencies needed to move the supply function to the next maturity level and deliver the related strategy effectively. This was especially important for the second line to conduct their envisaged roles. No plan was in place to upskill staff skills to meet the minimum criteria required to deliver services effectively.

32. Supply chain-related job descriptions did not reflect changes that had happened within the Organization. For instance, supply chain staff job descriptions still reflected roles related to MSRP system and did not incorporate those associated with the new Cloud ERP system. Some descriptions were no longer relevant to the roles that staff conducted. For example, logisticians still had asset and fleet management listed in their roles despite the function having been moved to another Division. Furthermore, the job descriptions tended to be generic and were not adjusted to reflect the unique operating contexts. For instance, despite there being no warehouses in Mexico, their supply staff roles still included warehousing.

33. At the time of the audit, only 71 staff had obtained the Chartered Institute of Procurement and Supply (CIPS) level 4 certification. This was low considering the supply staff strength of 820. The Board of Auditors in the audit of the 2022 UNHCR financial statements had identified the lack of standard qualifications and training for procurement staff at the different post levels. Further, supply chain processes were becoming increasingly dependent on technology, thus training programs needed to adapt accordingly. For instance, six of the nine sampled operations identified the need to reskill especially due to the launch of Cloud ERP. However, SMS was yet to establish how: (i) well recognized skills gaps among staff would be addressed over time, e.g., through recruitment and/or training; and (ii) staff would continually learn over time.

34. A systematic and coordinated approach was needed to manage supply chain personnel competencies especially since country operations and bureaus had the primary responsibility for hiring and managing supply staff. The recent implementation of the new Cloud ERP and Workday as well the launch of the 2024-2030 strategy presented opportunities to: (i) evaluate the current skills and assess competencies and capabilities, (ii) identify the skill sets required by the new strategy, considering technological changes, and organizational needs, and (iii) analyze the skills gap and develop a plan to address them.

(5) The UNHCR Division of Emergency, Security and Supply with the support of the Division of Human Resources should: (a) develop a competency framework that guides the qualifications required for the different supply personnel levels; (b) maintain an up-to-date catalogue of skills sets for supply staff; and (c) conduct a training needs analysis to identify skill gaps and develop a plan to address the identified gaps.

UNHCR accepted recommendation 5 and stated that DESS was collaborating with DHR in developing a competency framework, as well as learning programmes.

C. Staff performance management and integrity

Need to strengthen implementation of frameworks in place for staff performance management and integrity

a) Gaps identified in UNHCR's assessment of staff performance

35. UNHCR guidance on performance management for staff requires that individual work objectives are aligned with organizational and divisional priorities. The performance objectives should be as measurable as possible and aligned to the key performance indicators for the country operation, the region and the global supply chain.

36. There was a lack of clear performance assessment criteria aligned to supply roles and functions, and of a linkage between workplan goals, performance objectives set, and professional development plans. For instance, for procurement officers the performance assessment did not include important and measurable criteria such as: (i) cost savings - amount of cost savings achieved through negotiations, bulk purchasing, or finding alternative suppliers, (ii) supplier lead time - average time taken from placing an order to receiving the goods or services, and (iii) purchase order cycle time - average time taken to create, approve, and send purchase orders etc.

37. One of the organizations that the audit benchmarked against used tangible and measurable objectives. Out of five technical indicators provided, each member of staff had to choose three against which they would be assessed. Example of an objective of stock availability for a supply officer was: "ensure that 85 per cent of all categories of items are available at all times". In addition to the quantitative performance matrices, the performance appraisal also included a qualitative aspect, and both were

considered in determining the overall performance rating for the staff. The narrative part provided a platform to include explanations for factors beyond the staff’s control that may have hindered achievement of the quantitative KPIs.

38. Individual performance data for the last two years for all supply chain staff indicated that all supply chain staff received at least a “meet expectations” in the performance appraisal. In 2023, 82 per cent of staff were rated as having achieved performance, 14 per cent as having exceeded performance while the performance management process was not completed for 4 per cent of the staff. None of the staff received a partial or did not meet expectations rating and no personnel had been placed on a performance improvement plan in the past two years. This was despite the significant issues identified by oversight bodies in supply chain, most of which were attributed to staff non-compliance with policies. It indicates that the performance management was not effective in serving the purpose of identifying, mitigating and correcting performance weaknesses.

b) Need for a targeted plan for ensuring staff integrity

39. UNHCR’s strategic risk register rated the risk related to the failure to ensure strong organization-wide accountability, integrity and ethical conduct as disastrous. This was aligned to the highlights of the 2024 UNHCR risk review report that identified violations of ethics and integrity by UNHCR or partner personnel as one of the 10 thematic risks. These included risks related to conflicts of interest, outside activities and fraud and corruption; which if unmitigated would raise the financial loss and reputational risks for UNHCR.

40. In this regard, the supply strategy references high integrity among staff as a key requirement for supply staff and crucial for maintaining trust, reducing risk, and ensuring compliance with policies. SMS and bureaus have a role in fostering integrity among supply teams. However, there was no targeted action plan for ensuring/enhancing integrity.

(6) The UNHCR Division of Emergency, Security and Supply with the support of the Division of Human Resources, should: (a) align staff performance assessment criteria to specific supply roles and functions; and (b) prepare a targeted action plan to foster staff integrity.

UNHCR accepted recommendation 6 and noted this involves a substantial culture change which is necessary for implementing new frameworks for effective performance management, and enhanced oversight of staff integrity.

IV. ACKNOWLEDGEMENT

41. 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 adequacy and effectiveness of supply chain structure and staffing in UNHCR

| Rec. no. | Recommendation | Critical ¹ / Important ² | C/ O ³ | Actions needed to close recommendation | Implementation date ⁴ |
|----------|---|---|----------------------|---|----------------------------------|
| 1 | The UNHCR Division of Emergency, Security and Supply in coordination with the Division of Human Resources, should conduct strategic supply chain workforce planning taking into consideration the new operating model as well as organizational strategic priorities and ongoing transformation projects. | Important | O | Strategic workforce planning is conducted, taking into consideration the new operating model and relevant developments. | 31 December 2026 |
| 2 | The UNHCR Division of Emergency, Security and Supply should enhance the available supply complexity and resources analysis tool to support operations in identifying the optimal staffing capacity needed to deliver services to forcibly displaced persons. | Important | O | Receipt of the enhanced supply complexity and resources analysis tool. | 31 December 2025 |
| 3 | The UNHCR Division of Emergency, Security and Supply should work with the Division of Human Resources to reinforce the supply chain workforce data analytics capabilities and ensure availability of reliable and timely human resource information. | Important | O | Submission of quantitative data and information on staffing resources from the systems in which these are stored. | 31 December 2025 |
| 4 | The UNHCR Division of Emergency, Security and Supply in collaboration with the Division of Human Resources should define the relationships and functional reporting lines of technical supply staff in the three geographical tiers. | Important | O | Definition of relationships and reporting lines across the three geographical tiers, i.e., headquarters, regional bureaus and country operations. | 31 December 2026 |
| 5 | The UNHCR Division of Emergency, Security and Supply with the support of the Division of Human Resources should: (a) develop a competency | Important | O | Receipt of the updated competency framework, skills catalogue, training needs analysis and plan to address identified gaps. | 31 December 2025 |

¹ 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.

² 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.

³ Please note the value C denotes closed recommendations whereas O refers to open recommendations.

⁴ Date provided by UNHCR in response to recommendations

STATUS OF AUDIT RECOMMENDATIONS

Audit of adequacy and effectiveness of supply chain structure and staffing in UNHCR

| Rec. no. | Recommendation | Critical ¹ / Important ² | C/ O ³ | Actions needed to close recommendation | Implementation date ⁴ |
|----------|--|---|----------------------|---|----------------------------------|
| | framework that guides the qualifications required for the different supply personnel levels; (b) maintain an up-to-date catalogue of skills sets for supply staff; and (c) conduct a training needs analysis to identify skill gaps and develop a plan to address the identified gaps. | | | | |
| 6 | The UNHCR Division of Emergency, Security and Supply with the support of the Division of Human Resources, should: (a) align staff performance assessment criteria to specific supply roles and functions; and (b) prepare a targeted action plan to foster staff integrity. | Important | O | Receipt of evidence that performance assessment criteria for supply staff is aligned to supply roles and functions, and submission of targeted action plan to foster staff integrity. | 31 December 2026 |

APPENDIX I

Management Response

Management Response

Audit of adequacy and effectiveness of supply chain structure and staffing in UNHCR

| Rec. no. | Recommendation | Critical ⁵ / Important ⁶ | Accepted? (Yes/No) | Title of responsible individual | Implementation date | UNHCR comments |
|----------|---|---|-----------------------|--|------------------------|--|
| 1 | The UNHCR Division of Emergency, Security and Supply in coordination with the Division of Human Resources, should conduct strategic supply chain workforce planning taking into consideration the new operating model as well as organizational strategic priorities and ongoing transformation projects. | Important | Yes | Head of DESS - Supply Management Service and Head of DHR | 31/12/2026 | This cross-divisional recommendation necessitates further refinement of the details of the new Supply Operating Model currently under development. Consequently, DESS has provided a 2-year estimated implementation timeline. |
| 2 | The UNHCR Division of Emergency, Security and Supply should enhance the available supply complexity and resources analysis tool to support operations in identifying the optimal staffing capacity needed to deliver services to forcibly displaced persons. | Important | Yes | Head of DESS - Supply Management Service and Head of DHR | 31/12/2025 | DESS/SMS is currently updating and enhancing the complexity and resources analysis tool and will share the updated version with OIOS for input/feedback. |
| 3 | The UNHCR Division of Emergency, Security and Supply should work with the Division of Human Resources to reinforce the supply chain workforce data analytics capabilities and ensure availability of reliable and timely human resource information. | Important | Yes | Head of DESS - Supply Management Service and Head of DHR | 31/12/2025 | Although DESS-SMS will enhance supply planning and performance, introduce category management in the procurement section, and increase visibility and analytics embedded in Cloud ERP, the analysis pertains to Supply Management Data, not staffing data. Staffing data is managed through Workday. Requesting OIOS to clarify specific evidence required to address this recommendation. |

⁵ 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.

⁶ 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.

| Rec. no. | Recommendation | Critical⁵/ Important⁶ | Accepted? (Yes/No) | Title of responsible individual | Implementation date | UNHCR comments |
|-----------------|--|--|---------------------------|--|----------------------------|--|
| 4 | The UNHCR Division of Emergency, Security and Supply in collaboration with the Division of Human Resources should define the relationships and functional reporting lines of technical supply staff in the three geographical tiers. | Important | Yes | Head of DESS - Supply Management Service and Head of DHR | 31/12/2026 | The implementation of this recommendation is dependent on implementing the 2024-2030 Supply Strategy and the new Supply Operating Model. Consequently, DESS has provided a 2-year estimated implementation timeline. |
| 5 | The UNHCR Division of Emergency, Security and Supply with the support of the Division of Human Resources should: (a) develop a competency framework that guides the qualifications required for the different supply personnel levels; (b) maintain an up-to-date catalogue of skills sets for supply staff; and (c) conduct a training needs analysis to identify skill gaps and develop a plan to address the identified gaps. | Important | Yes | Head of DESS - Supply Management Service and Head of DHR | 31/12/2025 | UNHCR has a Competency Framework since 2012 that will be referenced in developing both functional and soft skills and qualifications required for Supply personnel. DESS is collaborating with DHR in developing a competency framework, as well as learning programs for both supply personnel and collaborators in supply processes. |
| 6 | The UNHCR Division of Emergency, Security and Supply with the support of the Division of Human Resources, should: (a) align staff performance assessment criteria; to specific supply roles and functions; and (b) prepare a targeted action plan to foster staff integrity. | Important | Yes | Head of DESS - Supply Management Service and Head of DHR | 31/12/2026 | Notably, this is a substantial culture change necessary for implementing new frameworks for effective performance management and enhanced staff integrity oversight. Consequently, DESS has provided a 2-year estimated implementation timeline. |