



## **INTERNAL AUDIT DIVISION**

### **REPORT 2020/035**

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**Audit of the prevention, detection and response to fraud committed by persons of concern in the context of resettlement activities at the Office of the United Nations High Commissioner for Refugees**

**There was a need to strengthen fraud prevention, detection and response in resettlement activities**

**1 October 2020  
Assignment No. AR2020-164-01**

# **Audit of the prevention, detection and response to fraud committed by persons of concern in the context of resettlement activities at the Office of the United Nations High Commissioner for Refugees**

## **EXECUTIVE SUMMARY**

The Office of Internal Oversight Services (OIOS) conducted an audit of the prevention, detection and response to fraud committed by persons of concern in the context of resettlement activities at the Office of the United Nations High Commissioner for Refugees (UNHCR). The objective of the audit was to assess the adequacy of fraud management activities at UNHCR in ensuring effective fraud prevention, detection and response in the context of resettlement. The audit covered the period from 1 October 2017 to 31 December 2019.

UNHCR had implemented good practices in fraud prevention, detection and response and made significant progress in the implementation of its 2017 Policy and Operational Guidelines on Addressing Fraud Committed by Persons of Concern. However, there were areas that still needed to be strengthened.

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

- Strengthen the fraud accountability framework by clearly defining roles and responsibilities, reporting lines and required level of segregation of functions, as well as establish specific templates for designations of accountability for regional Anti-Fraud Focal Points;
- Reinforce oversight over the implementation of the Policy and Operational Guidelines; and
- Promote the use of the Fraud Module in *proGres*, UNHCR's registration and case management system, or another suitable tool to: record potential fraud and inconsistencies organization-wide; develop and implement standard operational, performance and trend analysis reports on fraud and inconsistencies in *proGres*; compile global reports on fraud and inconsistencies for management reporting; and define contents and interlocutors for communications with resettlement countries in case of confirmed fraud.

UNHCR accepted the recommendations and has initiated action to implement them.

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# **Audit of the prevention, detection and response to fraud committed by persons of concern in the context of resettlement activities at the Office of the United Nations High Commissioner for Refugees**

## **I. BACKGROUND**

1. The Office of Internal Oversight Services (OIOS) conducted an audit of the prevention, detection and response to fraud committed by persons of concern (PoCs) in the context of resettlement activities at the Office of the United Nations High Commissioner for Refugees (UNHCR).

2. On 28 September 2017, UNHCR issued a new Policy on Addressing Fraud Committed by Persons of Concern and respective Operational Guidelines, to be fully implemented by country operations by 1 October 2018. The Policy establishes the framework for the prevention, detection, and response to fraud committed by PoCs in relation to UNHCR's protection, assistance and solutions interventions. The Policy highlights the importance of the framework in strengthening the integrity of UNHCR's processes to promote the trust of PoCs and of the international community (including donors, resettlement and host states) in the Organization.

3. The 2017 Policy differs from its 2008 predecessor, which focused only on resettlement fraud committed by refugees, and it complements the UNHCR Strategic Framework for the Prevention of Fraud and Corruption issued in 2013. The 2017 Policy re-emphasizes the importance of fraud prevention, introduces new procedures for responding to fraud allegations<sup>1</sup> and inconsistencies<sup>2</sup> and for the application of sanctions, and clarifies the responsibilities of different intervening parties. These parties include Representatives and investigators in the field, but also newly introduced roles of Anti-Fraud Focal Points (AFFPs), Fraud Assessment Panels (FAPs), and the Anti-Fraud Coordinator at UNHCR headquarters.

4. The Policy does not address fraud committed by UNHCR staff or by entities with whom UNHCR has a contractual relationship, which falls under the jurisdiction of the UNHCR Inspector General's Office (IGO). IGO has also the primary responsibility to assess such fraud committed by UNHCR staff or by entities with whom UNHCR has a contractual relationship when it involves PoCs, and to advise operations once its assessment is complete. During the period when an alleged fraud is under assessment by IGO, any actions under the provisions of the Policy remain on hold.

5. The Integrity Unit within the Division of International Protection (DIP) is composed of two professional staff reporting to the Senior Coordinator, Integrity at the P-5 level (the Anti-Fraud Coordinator). The Unit is responsible for: (a) supporting the implementation and monitoring compliance with the Policy and Operational Guidelines on Addressing Fraud Committed by Persons of Concern; (b) analyzing statistics and establishing country-specific and global trends on fraud; (c) reviewing and endorsing sanctions recommended in relation to confirmed cases of fraud; (d) providing training and capacity building; and (e) leading multifunctional integrity/anti-fraud missions to the field. UNHCR did not maintain global statistics on fraud to support trend analysis related to prevalence of fraud and fraud types, as explained in this report.

6. Comments provided by UNHCR are incorporated in italics

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<sup>1</sup> Fraud is defined by UNHCR as any act or omission, including misrepresentation or concealment of a material fact, that knowingly or intentionally misleads, or attempts to mislead, a party to obtain a benefit, whether directly or indirectly, whether for oneself or for a third party.

<sup>2</sup> An inconsistency is defined by UNHCR as any new information obtained by UNHCR during the administration of its protection and/or assistance interventions that is contradictory to, incompatible with or does not agree with previously available information.

## II. AUDIT OBJECTIVE, SCOPE AND METHODOLOGY

7. The objective of the audit was to assess the adequacy of fraud management activities at UNHCR in ensuring effective fraud prevention, detection and response in the context of resettlement.

8. This audit was included in the 2019 risk-based work plan of OIOS due to the importance of assessing the level of implementation and effectiveness of the 2017 Policy and Operational Guidelines on Addressing Fraud Committed by Persons of Concern, in particular in view of the renewed commitments of the Global Compact on Refugees to strengthen resettlement programmes.

9. OIOS conducted this audit from December 2019 to April 2020 in conjunction with the audit of resettlement practices at UNHCR.<sup>3</sup> The audit covered the period from 1 October 2017 to 31 December 2019. Based on an activity-level risk assessment, the audit covered higher and medium risk areas related to fraud in the resettlement context, which included: (a) accountability framework; and (b) fraud prevention, detection and response. The audit was carried out at UNHCR headquarters, and in the following field locations: Burundi, Cameroon, Egypt, Jordan (Representation and Regional Bureau for the Middle East and North Africa, or MENA Bureau), Kenya, Malaysia, Senegal (Regional Bureau for West and Central Africa, or WCA Bureau<sup>4</sup>), Tanzania, and Turkey. This audit did not cover the role of IGO in the prevention, detection and response to fraud.

10. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation; (c) analytical review of relevant systems, tools and data; (d) sample testing of 55 fraud/inconsistency cases selected using random and stratified sampling methodologies, which considered types of fraud/inconsistencies, the status of cases, their outcomes and processing times; (e) observation of resettlement interviews; and (f) review of anti-fraud messaging and complaints mechanisms. The audit benefitted from the technical support and contributions of three UNHCR staff who participated in six audit missions to the field.

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

## III. AUDIT RESULTS

### A. Accountability framework

#### The fraud accountability framework needed to be strengthened

12. The accountability framework for fraud management activities included in the Policy and Operational Guidelines on Addressing Fraud Committed by Persons of Concern defined standard roles and responsibilities for representatives, AFFPs, fraud investigators and FAPs. Relevant accountability frameworks had been established in the country operations and regional bureaux reviewed during the audit.

13. The Policy requires DIP to support the implementation of and monitor compliance with the Policy in consultation with the regional bureaux and concerned divisions. In implementing the Policy, OIOS noted good practices, which included: (a) the Representation in Malaysia appointed fraud focal points in each

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<sup>3</sup> Assignment number AR2019-164-01. The field results for both audits were collected since March 2019, even though the audit started formally in December 2019.

<sup>4</sup> After 1 January 2020, the WCA Bureau replaced the UNHCR Regional Representation in Dakar. To simplify and with a forward-looking perspective, this report will refer to the current structure in place of the WCA Bureau.

functional unit in the office; (b) the Representation in Kenya had established a Risk Management, Compliance and Quality Unit integrating the AFFP and overall integrity functions; and (c) the regional AFFP in the MENA Bureau had proactively established a regional community of practice among country AFFPs and facilitated quarterly Regional Anti-Fraud/Integrity Working Group meetings with resettlement countries to share information on fraud trends and approaches to fraud management. However, OIOS observed departures from the standard accountability framework requirements as described in the paragraphs below.

### *Formal designations of accountability*

14. Six of the 10 operations/regional bureaux reviewed did not consistently complete and file the formal accountability designations of AFFPs.<sup>5</sup> Instead AFFPs were guided by the roles and responsibilities outlined in their respective offices' standard operating procedures (SOPs). In OIOS opinion, a formal designation is preferable, as it not only complies with the Policy, it reinforces accountability of incumbents through written acknowledgement of responsibilities assigned by their Representative or Director of the Bureau. Additionally, general designations included in SOPs were often outdated due to high turnover of staff.<sup>6</sup> Moreover, SOPs where the designations were reflected were normally those on resettlement, even though AFFPs have a cross-functional role in their respective offices.

### *Roles and responsibilities and reporting lines*

15. There were instances where the roles and responsibilities assigned or defined locally were inconsistent with the Operational Guidelines. For example, in Burundi, the Representation's SOPs stated that the AFFP was responsible for supervising the fraud investigators and that investigators provided general support functions to the AFFP. These included monitoring of trends in fraud and inconsistencies, as well as managing internal enquiries and monitoring of communications received through the fraud email and complaint boxes. This constituted conflicting functions for investigators. Similarly, in Egypt, the Representation's SOPs stated that investigators reported to the AFFP. The Operational Guidelines, however, makes it clear that once investigators are appointed, they should be accountable solely to the Representative. The SOPs of the Representation in Burundi also incorrectly stated that the FAP should oversee investigations, when general oversight should be exercised by the AFFP.

16. Furthermore, the SOPs in the Representations in Burundi and Egypt stated that the AFFP was a member of the FAP (in the Representation in Burundi, this happened in the Branch Office and was replicated in all Sub-offices), whereas in the Operational Guidelines, AFFPs should not sit in FAPs but, instead, FAPs should act independently from the AFFP and be accountable to the Representative.

17. The Representation in Malaysia had created a Fraud Management Sub-Unit under the Resettlement Unit with the responsibility of investigating resettlement related fraud cases, as well as cases originating in other areas. The Sub-Unit (i.e., the investigators) reported to the Durable Solutions Officer, who was also the designated AFFP at the time of the audit. The Representation in Tanzania created FAPs in all locations which sometimes consisted exclusively of staff from programme, supply and administration/finance, whereas in the Operational Guidelines, personnel in registration, refugee status determination and protection would be most suitable to serve in FAPs. In Tanzania, the Representation had designated 17 staff members as investigators without assurance that these individuals had the necessary skills and experience to conduct investigations.

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<sup>5</sup> Representations in Burundi, Malaysia, Tanzania, Turkey (done in November 2018 for the AFFP and respective alternate, but not in the prescribed format), MENA Bureau and WCA Bureau.

<sup>6</sup> For example, in the cases of the WCA Bureau and in the Representation in Cameroon.

18. DIP explained that the Operational Guidelines provided recommendations and best practices, which did not translate into mandatory requirements, as opposed to the dispositions of the Policy. Therefore, operations had flexibility to adapt the guidance to their operational contexts and existing constraints, namely in terms of staffing as it was the case in smaller operations. OIOS noted however that:

- a. Both the Policy and the communication from the High Commissioner that disseminated the Policy, made explicit references to the Operational Guidelines as complementing the Policy and containing detailed guidance for its operationalization;
- b. The Operational Guidelines provided important details to support operations and regional bureaux in the implementation of the Policy, which was more principles-based. The Policy omitted, for example, the definition of the accountability framework, which even though critical, was provided only in the Operational Guidelines; and
- c. The Operational Guidelines stated that their purpose was to ensure a coordinated and effective approach to fraud prevention, detection and response. Such an approach would be difficult to achieve if significant flexibility was allowed in its implementation. Further, consistency in the implementation of the Operational Guidelines supported a zero-tolerance approach to fraud as defined by the Policy. Also, as stated in the Operational Guidelines, compliance with the Guidelines was expected.

19. While OIOS appreciates that in some locations there may be operational constraints in the implementation of aspects of the Policy and Operational Guidelines, these should be captured by UNHCR for assessment and review. Moreover, in OIOS view, future reviews would benefit from an improved balance and consistency between the contents of the Policy and the Operational Guidelines, with all essential elements being reflected in the Policy, including the level of segregation of functions required, at a minimum, between investigators and AFFPs/FAPs. For situations where resources are not available locally, the Policy and Operational Guidelines should indicate the need to further rely on resources of regional bureaux.

#### *Policy gaps*

20. Even though not mandatory, all regional bureaux designated regional AFFPs, who interacted with DIP and contributed to the delivery of training, drafting/review of SOPs, assessment of individual cases, and sharing of best practices, challenges and gaps. Nonetheless, the role of regional AFFPs was not sufficiently defined in the Policy and Operational Guidelines, which also did not provide specific templates for designations of accountability of regional AFFPs. Guidance in this area is important especially in the context of the regionalization/decentralization in UNHCR where the oversight role of the bureaux is expected to be strengthened, e.g., in terms of communication/reporting on fraud and inconsistencies and consolidating and monitoring fraud trends at the regional level.

#### *Support in the implementation of the Policy and Operational Guidelines*

21. The DIP Integrity Unit, composed of three staff, had achieved significant progress in supporting country operations in the implementation of the Policy and Operational Guidelines. This included the development and roll out of a comprehensive learning programme in coordination with the Global Learning and Development Center and regional bureaux. The training was mostly delivered in 2019 and comprised a practical component and the establishment of a community of practice for sharing diversified anti-fraud materials among the participants. The Unit also supported operations by responding to queries, providing targeted technical advice on fraud, and feedback to operations on their SOPs. The work of the Unit gradually increased the level of awareness of staff in country operations with the Policy and Operational

Guidelines. The Unit also led the Integrity Working Group of the Annual Tripartite Consultations on Resettlement, which engaged resettlement countries, regional bureaux and operations and exchanged information on best practices and tools on risk and fraud management.

#### *Oversight over the implementation of the Policy and Operational Guidelines*

22. In terms of oversight activities, the Integrity Unit had led multi-functional integrity missions in coordination with other headquarters divisions, other services within DIP and regional bureaux. The Unit, in cooperation with other functions in DIP and other divisions, had developed a comprehensive programme to be completed as part of these missions. This programme went beyond fraud management in the context of resettlement, and also covered aspects of registration, refugee status determination, case and file management. The Unit's capacity to conduct missions, however, was limited and only 10 missions were conducted from 2017 to 2019 (in a universe of more than 100 UNHCR operations). Additionally, in the context of the fraud learning programme mentioned above, there was a requirement for AFFPs to develop country operational anti-fraud action plans. AFFPs were developing these plans, and through this process identified gaps in operations and actions needed to be taken to address them. Regional bureaux reviewed and endorsed the plans and shared them with DIP. The regional AFFPs were responsible for monitoring the implementation of such plans.

23. In OIOS' opinion, the Integrity Unit in close coordination with regional AFFPs could further strengthen its oversight over the implementation of the Policy and Operational Guidelines, including the fraud accountability framework. For instance, through remote monitoring, the Unit could complement existing oversight mechanisms by, for example: (a) conducting periodic reviews of operations' SOPs on fraud, fraud vulnerability checklists, accountability designations, and country operational anti-fraud action plans; (b) reviewing fraud cases and inconsistencies; and (c) administering self-diagnostic questionnaires on key aspects of the implementation of the Policy and Operational Guidelines. Such activities would be important and timely in the context of the COVID-19 pandemic, where travel restrictions are in place.

24. Shortcomings in the formulation and implementation of the Policy and Operational Guidelines risked compromising the integrity of UNHCR's protection processes and increasing the susceptibility of resettlement activities to fraud.

**(1) The UNHCR Division of International Protection should strengthen the fraud accountability framework by addressing in the next revision of the Policy and Operational Guidelines on Addressing Fraud Committed by Persons of Concern identified gaps by: (a) including the accountability framework in the Policy and clarifying roles and responsibilities for regional Anti-Fraud Focal Points (AFFPs) as well as reporting lines and required level of segregation of functions; and (b) establishing specific templates for designations of accountability for regional AFFPs.**

*UNHCR accepted recommendation 1 and stated that: (i) in advance to the formal review of the 2017 Policy, due on 30 September 2022, DIP would further clarify functions, expected reporting lines and levels of segregation of functions in appropriate guidance on the implementation of the Policy; and (ii) it accepted the value of having specific templates for the designation and accountability of regional AFFPs, as well as clarification of their roles and responsibilities. This would help to firmly ground their role in the context of regionalization and decentralization of Bureaux, a corporate initiative which followed the issuance of the 2017 Policy. Recommendation 1 remains open pending receipt of evidence of the review of the Policy and Operational Guidelines, or the issuance of intermediate guidance, reflecting a strengthened fraud accountability framework and specific templates for designations of accountability for regional AFFPs.*



- (2) The UNHCR Division of International Protection, in coordination with regional bureaux and regional Anti-Fraud Focal Points, should reinforce oversight over the effective and consistent implementation of the Policy and Operational Guidelines on Addressing Fraud Committed by Persons of Concern, namely through the use of remote monitoring.**

*UNHCR accepted recommendation 2 and stated that DIP would develop a checklist, in close coordination with regional AFFPs, to facilitate a remote oversight system on the implementation of the Policy and Operational Guidelines. Recommendation 2 remains open pending receipt of a copy of the tools developed to facilitate remote oversight over the implementation of the Policy and Operational Guidelines, as well as evidence of the effective oversight conducted, remotely and through other means, by DIP and regional bureaux.*

## **B. Fraud prevention, detection and response**

### Reporting on fraud and inconsistencies needed to be enhanced

25. The Policy and Operational Guidelines on Addressing Fraud Committed by Persons of Concern require operations to: (a) define relevant SOPs for fraud management covering the full scope of UNHCR's protection, assistance and solutions interventions; (b) implement adequate communication and counselling with PoCs; (c) establish effective complaints mechanisms; (d) conduct annual fraud risk analysis; (e) conduct recording and trend analysis on fraud and inconsistencies; (f) investigate fraud allegations and resolve inconsistencies; and (g) disclose fraud to resettlement countries.

#### *SOPs on fraud management*

26. Seven of the eight country operations reviewed had SOPs on fraud management that reflected the provisions of the Policy and Operational Guidelines, even though in some cases they had not been formally endorsed within the operations. However, the Representation in Cameroon and the WCA Bureau had inadequately developed their SOPs in the framework of resettlement activities, instead of developing more generic and cross-functional SOPs. Also, the SOPs of the Resettlement Unit of the WCA Bureau included mixed references to the 2008 outdated policy and to the 2017 Policy and Operational Guidelines and did not make a clear distinction between fraud perpetrated by UNHCR staff and by PoCs. UNHCR advised that this anomaly was due to the departure and delayed replacement of the regional AFFP. These gaps were meanwhile addressed or being addressed by the respective offices.

#### *Anti-fraud messaging and counselling*

27. The level of communication, including anti-fraud messaging and counselling with refugees differed between operations and at times also within different offices of the same country operation. Good practices observed included: (a) anti-fraud sensitization campaigns delivered in camps by the Representation in Burundi in October 2018; (b) regular counselling sessions delivered, for example by the Representations in Cameroon (Sub-office Douala) and Kenya; (c) anti-fraud messaging transmitted during interviews by the Representations in Cameroon, Malaysia and Jordan and messages displayed on a television in the waiting room in the Branch Office in Egypt; and (d) development of brochures with comprehensive information on resettlement by the Representations in Cameroon, Tanzania and Turkey.

28. Nonetheless, anti-fraud messaging was not consistently available in all languages used by refugees (in the Representations in Burundi, Cameroon and Malaysia) and was not available in adequate formats (in the Representation in Turkey, although comprehensive the anti-fraud messaging was too long and

descriptive and in a font too small to be easily read). Two operations had recently reviewed or were in the process of reviewing their outdated messaging (the Representations in Jordan and Malaysia).

#### *Implementation of complaints mechanisms*

29. Some operations had innovated and diversified channels to receive complaints, with the implementation of helplines, dedicated websites, and/or dedicated emails (the Representations in Turkey, Jordan, Kenya, Egypt and Malaysia), but these operations were still working on implementing or improving existing intake processes and catching up on backlogs of correspondence. While the traditional complaint box was the most common complaints mechanism available in the operations reviewed, at times it was not effective, as follows:

- a. Boxes were not available in all required locations: in the Representation in Burundi, only one of the two (Sub)offices had a box and in one of the five camps the box was not functional, while in the Representation in Cameroon, the box had not been installed in the new premises of the Sub-office in Douala since June 2017;
- b. Boxes were positioned inadequately and lacked visibility: in the Sub-office Yaoundé in Cameroon the box was located in the reception area and only accessible to those within the office premises. In the reception center of the Branch Office in Turkey, there were two boxes next to each other accessible from outside the premises, but they went by unnoticed, as there was no information that explained their purpose and use; and
- c. Procedures for the management of the boxes were unclear or not implemented: in the Representation in Cameroon, staff were not aware of the procedures for opening the boxes, while in the Sub-office Dadaab in Kenya, the box had not been opened for three months at the time of the audit.

#### *Fraud risk assessments*

30. Most operations reviewed had conducted fraud risk assessments, by annually updating their country risk registers and/or by completing the fraud vulnerability checklists included in the Operational Guidelines. The fraud vulnerability checklist was a comprehensive and useful tool to support risk reviews and develop risk treatment plans. However, the Representations in Cameroon, Kenya (Sub-office Dadaab) and Malaysia had not completed a fraud vulnerability checklist since December 2017.

31. There were gaps in the process, including: (a) in the Representation in Tanzania, the use of outdated formats and scoring methodology in the fraud vulnerability checklist and inconsistencies between the results of the risk register/risk treatment plans and of the fraud vulnerability checklist; (b) in the Representation in Burundi, the risk assessment was done only in the context of resettlement, instead as a cross-functional exercise for the all office; and (c) in the Representations in Burundi, Malaysia and Kenya and partially in the Representation in Jordan<sup>7</sup>, there was lack of action plans to address the gaps detected.

#### *Trend analyses*

32. Seven of the eight operations reviewed did not conduct trend analysis on fraud committed by PoCs and inconsistencies, even though they all provided to OIOS lists of fraud allegations and inconsistencies and/or related statistics in different formats and levels of detail. A review of available data noted that the

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<sup>7</sup> The Representation in Jordan had established a plan only for the gaps to be addressed specifically by the AFFP, not by other units within the Representation.

Representation in Egypt maintained an Excel spreadsheet that listed the cases and steps taken; however, the dates did not match the supporting documentation, which impacted on the accuracy of the register. Also, different systems were used (*proGres v3* or *v4*) and different formats and levels of information were maintained by operations. This meant that regional AFFPs did not always have an overview on fraud committed by PoCs in their regions (for instance, in the WCA Bureau) and those that had an overview, its level of accuracy and detail was impaired by lack of standard reports on fraud and inconsistencies due to difficulties in consolidating information (for instance, in the MENA Bureau). The Integrity Unit in DIP also did not maintain global statistics on fraud committed by PoCs to support trend analysis, thus the identification of the prevalence of fraud and fraud types in the Organization. A similar issue had already been identified by OIOS in a 2010 audit<sup>8</sup>, but it remained unaddressed by UNHCR.

33. Good practices were observed: in the Representation in Turkey, with the completion of annual reports of the activities of the AFFP; in the Representation in Kenya, with the release of information to refugees on statistics of the main types of fraud and sanctions or corrective actions implemented; and by DIP, with the compilation of recurrent issues identified during integrity missions and issuance of relevant recommendations, which were shared with regional bureaux.

#### *Conduct of investigations and resolution of inconsistencies*

34. OIOS review of a sample of fraud and inconsistencies cases noted a mixed level of adherence to the Policy and Operational Guidelines regarding the conduct of investigations and resolution of inconsistencies. For example:

- a. In the Representation in Tanzania the files were generally well documented with fraud allegation referral forms, investigation reports and FAP decisions, which contrasted with inadequately documented files in the Representations in Jordan and Egypt. There was also no evidence in case files that refugees had received relevant communications on decisions on their cases and had been informed about their right to ask for cases to be reconsidered. When such communication had been provided, it was significantly delayed (e.g., the Representation in Jordan took six months to notify the refugee of the decision on a case);
- b. In the Representation in Jordan some cases indicated that the FAP had made broader recommendations when a case identified potential systemic weakness in the operation. However, in Egypt it was determined that an individual used the identification cards of persons whose request for resettlement had been rejected and left Egypt spontaneously, to receive benefits for five years and eventually obtained a permit of residence; in this case, the Representation in Egypt did not make broader recommendations or take action to address the systemic fraud risks (e.g., through a verification exercise); and
- c. The timelines to resolve allegations of fraud committed by PoCs and inconsistencies varied between extremely long (extending years) and reasonable, with recent cases being dealt with more expeditiously. The Representation in Kenya, after the audit, had dealt with 58 out of 72 fraud allegations and 144 inconsistencies that had been pending since 2016.

35. OIOS also observed important departures from the Policy and Operational Guidelines in the Representations of Burundi and Cameroon, where nine and four cases, respectively, had been put on hold due to concerns of fraud committed by PoCs, which were supported by notes for the file, but these notes had not been consistently signed off by the staff member conducting the assessment, and/or by their

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<sup>8</sup> Audit of UNHCR Anti-Fraud Controls in Registration, Refugee Status Determination and Resettlement (assignment number AR2010/160/02, 23 November 2011).

supervisor. The hold statuses represented de facto indefinite sanctions of no resettlement. These decisions to put the cases on hold, however, did not follow the due process envisioned by the Policy and Operational Guidelines (investigation, referral to a panel, and decision on sanctions) and lacked oversight by management in the respective Representations.

#### *Disclosure of allegations and confirmed fraud to resettlement countries*

36. The audit could not assess the adequacy of contents and recipients of disclosures of confirmed fraud committed by PoCs sent to resettlement countries by the different operations, as the respective communications were not normally included in case files, but instead kept as sporadic email correspondence. However, OIOS reviewed one case in the Representation in Jordan of a family composition fraud that was reported in October 2018. The Representation disclosed the fraud to the resettlement country through an email to the local embassy of that country, which did not seem appropriate.

37. According to the Policy and Operational Guidelines, UNHCR operations were responsible for making disclosure of the fraud to resettlement countries. Nonetheless, the scope of information (e.g., a high-level description of the nature of the fraud, a detailed description of events, and/or action taken by UNHCR to verify the details of the case prior to submission for resettlement) and to whom it should be conveyed, and who should be copied in such correspondence within UNHCR, was subject to local interpretation. The MENA Bureau had defined in the SOPs of its Resettlement Unit that communications on fraud should be transmitted by the country operation to the Integrity Unit in DIP through the regional AFFP, and disclosure to resettlement countries should be made by the Integrity Unit. Nonetheless, operations in the region were not aware of these procedures, which were also inconsistent with the Policy and Operational Guidelines.

38. The causes and risks highlighted in the previous section of this report are applicable to most of the issues described in this section and can be partially addressed by the implementation of recommendations 1 and 2. Nonetheless, the following additional aspects are inherent to the issues described: (a) lack of organizational guidance and standardized formats or tools for reporting on fraud trends, as recommended by the Operational Guidelines; and (b) insufficient definition of standards for communications with resettlement countries in case of confirmed fraud committed by PoCs.

39. The Fraud Module in *proGres v4*, which was developed after significant delays due to project constraints, was the intended institutional tool to record fraud cases. As *proGres v3* was being phased-out, UNHCR has not invested in the development of a dedicated tool for this system. The Fraud Module in *proGres v4* was still used to a limited extent in UNHCR as several operations had not received specific training. The definition of standard operational and performance reports both for fraud committed by PoCs and inconsistencies was also lacking in the system.

40. In OIOS' opinion, the implementation gaps described and the lack of overall reporting on fraud and inconsistencies as well as associated trend analysis, prevented UNHCR from fully assessing the effectiveness of the new Policy and Operational Guidelines in strengthening fraud prevention, detection and response. There were also risks pertaining to the existence of insufficient deterrents to fraud committed by PoCs, considering the near absence of sanctions applied to confirmed fraud cases and the lack of an overview of corrective actions implemented.<sup>9</sup>

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<sup>9</sup> As per the new Policy and Operational Guidelines, sanctions were to be applied only in exceptional circumstances involving particularly egregious conduct and needed to be approved by DIP at headquarters. Therefore, very few sanctions were applied in practice. Sanctions were mostly replaced by corrective actions, which were not punitive in nature, even though they could go as far as withdrawal of cases from resettlement processing.

- (3) The UNHCR Division of International Protection should: (a) promote the use of the Fraud Module or other suitable tools to record fraud and inconsistencies; (b) in conjunction with the Global Data Service and/ or the Population Registration and Identity Management Eco-System (PRIMES) Executive Committee, ensure the urgent development and implementation of standard operational, performance and trend analysis reports on fraud and inconsistencies in *proGres*; (c) compile global reports on fraud and inconsistencies for management reporting; and (d) define the contents and interlocutors for communications with resettlement countries in case of confirmed fraud.**

*UNHCR accepted recommendation 3 and stated that DIP: (i) was collaborating with the Global Data Service and Bureaux to promote the use of the Fraud Module and the recently launched Population Fraud and Inconsistency Monitoring and Reporting Tool; and (ii) had developed and would shortly circulate additional guidance to standardize communications with relevant interlocutors, with respect to all confirmed instances of fraud committed by PoCs. Recommendation 3 remains open pending receipt of: (a) evidence of relevant actions implemented to promote the recording of fraud committed by PoCs and inconsistencies; (b) copies of the reports on fraud and inconsistencies developed and evidence of the implementation of periodic reporting on global fraud trends and inconsistencies to relevant management levels; and (c) the guidance issued on the contents and interlocutors of communications to resettlement countries for confirmed fraud.*

#### **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.

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## STATUS OF AUDIT RECOMMENDATIONS

**Audit of the prevention, detection and response to fraud committed by persons of concern in the context of resettlement activities at the Office of the United Nations High Commissioner for Refugees**

Rec. no.	Recommendation	Critical <sup>10</sup> / Important <sup>11</sup>	C/ O <sup>12</sup>	Actions needed to close recommendation	Implementation date <sup>13</sup>
1	The UNHCR Division of International Protection should strengthen the fraud accountability framework by addressing in the next revision of the Policy and Operational Guidelines on Addressing Fraud Committed by Persons of Concern identified gaps by: (a) including the accountability framework in the Policy and clarifying roles and responsibilities for regional Anti-Fraud Focal Points (AFFPs) as well as reporting lines and required level of segregation of functions; and (b) establishing specific templates for designations of accountability for regional AFFPs.	Important	O	Submission to OIOS of evidence of the review of the Policy and Operational Guidelines, or the issuance of intermediate guidance, reflecting a strengthened fraud accountability framework and specific templates for designations of accountability for regional AFFPs.	31 March 2021
2	The UNHCR Division of International Protection, in coordination with regional bureaux and regional Anti-Fraud Focal Points, should reinforce oversight over the effective and consistent implementation of the Policy and Operational Guidelines on Addressing Fraud Committed by Persons of Concern, namely through the use of remote monitoring.	Important	O	Submission to OIOS of a copy of the tools developed to facilitate remote oversight over the implementation of the Policy and Operational Guidelines, as well as evidence of the effective oversight conducted, remotely and through other means, by DIP and regional bureaux.	31 December 2020
3	The UNHCR Division of International Protection should: (a) promote the use of the Fraud Module or other suitable tools to record fraud and inconsistencies; (b) in conjunction with the Global Data Service and/ or the Population Registration and Identity Management Eco-System (PRIMES)	Important		Submission to OIOS of: (a) evidence of relevant actions implemented to promote the recording of fraud committed by PoCs and inconsistencies; (b) copies of the reports on fraud and inconsistencies developed and evidence of the implementation of periodic reporting on global fraud trends and	30 June 2021

<sup>10</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>11</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>12</sup> Please note the value C denotes closed recommendations whereas O refers to open recommendations.

<sup>13</sup> Date provided by UNHCR.

## STATUS OF AUDIT RECOMMENDATIONS

**Audit of the prevention, detection and response to fraud committed by persons of concern in the context of resettlement activities at the  
Office of the United Nations High Commissioner for Refugees**

Rec. no.	Recommendation	Critical <sup>10</sup> / Important <sup>11</sup>	C/ O <sup>12</sup>	Actions needed to close recommendation	Implementation date <sup>13</sup>
	Executive Committee, ensure the urgent development and implementation of standard operational, performance and trend analysis reports on fraud and inconsistencies in proGres; (c) compile global reports on fraud and inconsistencies for management reporting; and (d) define the contents and interlocutors for communications with resettlement countries in case of confirmed fraud.			inconsistencies to relevant management levels; and (c) the guidance issued on the contents and interlocutors of communications to resettlement countries for confirmed fraud.	

# **APPENDIX I**

## **Management Response**



## Management Response

**Audit of the prevention, detection and response to fraud committed by persons of concern in the context of resettlement activities at the Office of the United Nations High Commissioner for Refugees**

Rec. no.	Recommendation	Critical <sup>14</sup> / Important <sup>15</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Division of International Protection should strengthen the fraud accountability framework by addressing in the next revision of the Policy and Operational Guidelines on Addressing Fraud Committed by Persons of Concern identified gaps by: (a) including the accountability framework in the Policy and clarifying roles and responsibilities for regional Anti-Fraud Focal Points (AFFPs) as well as reporting lines and required level of segregation of functions; and (b) establishing specific templates for designations of accountability for regional AFFPs.	Important	Yes	Director DIP	March 2021	<p>UNHCR agrees with the specific components of the overall recommendation to strengthen the fraud accountability framework.</p> <p>Noting that the 2017 Policy is not scheduled for formal review until 30 September 2022, DIP will advance action by the date indicated to ensure adequate guidance to all operations.</p> <p>The Operational Guidelines explain the expected reporting lines, levels of segregation and functions. DIP will further clarify these and ensure adequate reflection in appropriate guidance on the implementation of the Policy.</p> <p>UNHCR accepts the value of having specific templates for the designation and accountability of regional AFFPs, as well as clarification of their roles and responsibilities. This will help to firmly ground their role in the context of regionalization and decentralization of Bureaux, a</p>

<sup>14</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>15</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.

<b>Rec. no.</b>	<b>Recommendation</b>	<b>Critical<sup>14</sup>/ Important<sup>15</sup></b>	<b>Accepted? (Yes/No)</b>	<b>Title of responsible individual</b>	<b>Implementation date</b>	<b>Client comments</b>
						corporate initiative which followed the issuance of the 2017 Policy.
2	The UNHCR Division of International Protection, in coordination with regional bureaux and regional Anti-Fraud Focal Points (AFFPs), should reinforce oversight over the effective and consistent implementation of the Policy and Operational Guidelines on Addressing Fraud Committed by Persons of Concern, namely through the use of remote monitoring.	Important	Yes	Director DIP	December 2020	DIP will develop a checklist, in close coordination with regional AFFP, to facilitate a remote oversight system of the implementation of the Policy and Operational Guidelines.
3	The UNHCR Division of International Protection should: (a) promote use of the Fraud Module or other suitable tools to record fraud and inconsistencies; (b) in conjunction with the Global Data Service and/ or the Population Registration and Identity Management Eco-System (PRIMES) Executive Committee, ensure the urgent development and implementation of standard operational, performance and trend analysis reports on fraud and inconsistencies in proGres; (c) compile global reports on fraud and inconsistencies for management reporting; and (d) define the contents and interlocutors for communications with resettlement countries in case of confirmed fraud.	Important	Yes	Director DIP	June 2021	<p>UNHCR accepts the recommendation in its entirety. DIP is collaborating with the Global Data Service and Bureaux to promote the use of the Fraud Module and the recently launched Population Fraud and Inconsistency Monitoring and Reporting Tool.</p> <p>In specific response to (d) UNHCR wishes to underline its full commitment to the importance of systematic, consistent and coordinated communication with States on all aspects of fraud in the contest of resettlement processing. DIP has developed and will shortly circulate additional guidance to standardize communication with relevant interlocutors, with respect to all confirmed instances of fraud committed by persons of concern.</p>