INTERNAL AUDIT DIVISION

REPORT 2015/021

Audit of the management of selected trust funds in the Office of the High Commissioner for Human Rights

Overall results relating to the effective management of trust funds were initially assessed as partially satisfactory. Implementation of four important recommendations remains in progress.

FINAL OVERALL RATING: PARTIALLY SATISFACTORY

30 March 2015
Assignment No. AG2014/330/01

CONTENTS

AUDIT REPORT

Audit of the management of selected trust funds in the
Office of the High Commissioner for Human Rights

I. BACKGROUND

1.   The Office of Internal Oversight Services (OIOS) conducted an audit of the management of selected trust funds in the Office of the High Commissioner for Human Rights (OHCHR).

2.   In accordance with its mandate, OIOS provides assurance and advice on the adequacy and effectiveness of the United Nations internal control system, the primary objectives of which are to ensure (a) efficient and effective operations; (b) accurate financial and operational reporting; (c) safeguarding of assets; and (d) compliance with mandates, regulations and rules.

3.   OHCHR promotes and protects the human rights guaranteed under international law and stipulated in the Universal Declaration of Human Rights. Its work is guided by the Charter of the United Nations, General Assembly resolution 48/141, the Vienna Declaration and Programme of Action. The Office is led by the High Commissioner for Human Rights. OHCHR works with governments, legislature, courts, national institutions, civil society, regional and international organizations and the United Nations System to develop and strengthen capacity for the promotion and protection of human rights in accordance with international norms.

4.   Forty percent of OHCHR funding was provided by the United Nations regular budget and 60 per cent by voluntary contributions from Member States and other donors. Voluntary contributions to support OHCHR activities at its headquarters in Geneva, Switzerland and in the field were managed through 10 trust funds. Table 1 summarizes voluntary contributions received by OHCHR from 1 January 2012 to 30 September 2014.

Table 1: Total income received by OHCHR (in millions of $)

Trust Fund	2012	2013	For nine months ending 30 September 2014
Trust Fund for the Support to the Activities of the Centre for Human Rights	83.8	91.3	70.5
Voluntary Fund for Advisory Services and Technical Assistance in the Field of Human Rights	18.9	19.1	9.6
United Nations Voluntary Fund for Victims of Torture	8.6	8.3	1.7
Other trust funds	3.2	3.5	2.1
Total	**114.5**	**122.2**	**83.9**

5.   As of 1 January 2014, OHCHR employed 1,085 staff with 452 based in the field, 607 in Geneva and 26 in New York. The Office also supported 840 human rights officers serving in 15 peacekeeping and political missions and 18 human rights advisers who were working with United Nations Country Teams in the field.

6.   Comments provided by OHCHR are incorporated in *italics*.

II. OBJECTIVE AND SCOPE

7.   The audit was conducted to assess the adequacy and effectiveness of OHCHR governance, risk management and control processes in providing reasonable assurance regarding **effective management of the trust funds by OHCHR**.

8.   This audit was included in the 2014 risk-based work plan due to the high risk that potential weaknesses in the management of trust funds could adversely affect donor confidence as well as the reputation of the Organization.

9.   The key controls tested for the audit were: (a) strategic management and risk assessment; (b) performance monitoring; and (c) regulatory framework. For the purpose of this audit, OIOS defined these key controls as follows:

> (a) **Strategic management and risk assessment -** controls that provide reasonable assurance that strategic plans are developed and implemented effectively, and that risks are identified, assessed and mitigated appropriately.

> (b) **Performance monitoring** - controls that provide reasonable assurance that performance indicators are established for OHCHR programme activities, and procedures are in place to monitor the achievement of objectives.

> (c) **Regulatory framework** - controls that provide reasonable assurance that policies and procedures: (i) exist to guide the operations of OHCHR in the area of trust fund management; (ii) are implemented consistently; and (iii) ensure the reliability and integrity of financial and operational information.

10.   The key controls were assessed for the control objectives shown in Table 2. Certain control objectives (shown in Table 2 as "Not assessed") were not relevant to the scope defined for this audit.

11.   OIOS conducted the audit from 2 November to 10 December 2014. The audit covered the period from 1 January 2012 to 30 September 2014. OIOS selected the Trust Fund for the Support to the Activities of the Centre for Human Rights for detailed review as it represented 84 per cent of total income received and 75 percent of total expenditure for the nine months ending 30 September 2014. Some aspects of other trust funds were also reviewed.

12.   The audit team conducted an activity-level risk assessment to identify and assess specific risk exposures, and to confirm the relevance of the selected key controls in mitigating associated risks. Through interviews, analytical reviews and tests of controls, OIOS assessed the existence and adequacy of internal controls and their effectiveness. The audit reviewed strategic and activity plans, donor reports and agreements, minutes of Board meetings, and trust fund expenditure.

III. AUDIT RESULTS

13.   The OHCHR governance, risk management and control processes examined were **partially satisfactory**[1] in providing reasonable assurance regarding **the effective management of trust funds by OHCHR**. OIOS made four recommendations to address issues identified in this audit. OHCHR had developed a strategic plan defining its priorities and expected accomplishments, covering the whole programme irrespective of funding. However OHCHR did not formally assess its risks, including those related to trust funds. The Boards of Trustees were established to provide advice and support to OHCHR in management of trust funds. OHCHR developed appropriate tools and monitored performance of its programmes, including those funded by trust funds. OHCHR experienced a shortfall, resulting from trust funds' income being lower than budgeted expenditure, totaling $60.4 million from 1 January 2012 to 30 September 2014. OHCHR was taking steps to narrow its budgetary shortfall. OHCHR reported on its performance through its annual reports and reports stipulated under earmarked donor agreements. However, there was no system to monitor the timeliness of its reporting to donors. Review of the Trust Fund for the support to the activities of the Centre for Human Rights indicated that controls over consultants, travel costs, operating expenditure and programme support cost were adequate. However, controls over grants needed improvement.

14.   The initial overall rating was based on the assessment of key controls presented in Table 2 below. The final overall rating is **partially satisfactory** as implementation of four important recommendations remains in progress.

Table 2: Assessment of key controls

Business objective	Key controls	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effective management of trust funds by OHCHR	(a) Strategic management and risk assessment	Partially satisfactory	Satisfactory	Not assessed	Partially satisfactory
	(b) Performance monitoring	Satisfactory	Satisfactory	Not assessed	Satisfactory
	(c) Regulatory framework	Partially satisfactory	Satisfactory	Not assessed	Partially satisfactory

A.   Strategic management and risk assessment

<u>The Office of the High Commissioner for Human Rights had developed a strategic plan defining its priorities and expected accomplishments covering the whole programme irrespective of funding</u>

15.   According to the Secretary-General's bulletin on the regulations and rules governing programme planning, the programme aspect of the budget, the monitoring of implementation and the methods of evaluation, "the medium-term plan shall be a translation of legislative mandates into programmes and

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[1] A rating of **"partially satisfactory"** means that important (but not critical or pervasive) deficiencies exist in governance, risk management or control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

subprogrammes. Its objectives and strategies shall be derived from the policy orientations and goals set by the intergovernmental organs. It shall clearly reflect Member States' priorities as set out in legislation adopted by functional and regional intergovernmental bodies within their spheres of competence and by the General Assembly…"

16.   Although the General Assembly requested that the Secretary-General produce a biennial strategic framework document to replace the Medium Term Plan as of 2006, OHCHR developed a 2014-2017 management plan in the recognition that human rights results take time to achieve and that many of the priorities were unlikely to change over a two year period. The management plan incorporated the Secretary-General's strategic framework for 2014-2015 and mandates given to the Office by intergovernmental bodies of the United Nations. It defined thematic priorities to allow the Office to work on all sets of rights, in all countries as one Office irrespective of funding.

17.   The OHCHR Senior Management Team (SMT), chaired by the High Commissioner, defined the thematic priorities and areas of focus based on relevance, feasibility and added value. Following SMT decision on OHCHR priorities, cross-office working groups developed thematic strategies and expected accomplishments. The planning process was well documented and posted on the OHCHR intranet together with background information. OIOS reviewed documentation pertaining to OHCHR planning and concluded that adequate research and consultations had taken place in the preparation of the management plan.

18.   Individual OHCHR subprogrammes and field offices developed annual work plans and cost plans that were reviewed by the Programme Budget Review Board (PBRB), chaired by the Deputy High Commissioner. PBRB reviewed the work plans in terms of their contribution to the outlined results and allocated resources. OIOS also reviewed minutes of PBRB meetings and concluded that the strategic planning processes at OHCHR were operating satisfactorily.

The Office of the High Commissioner for Human Rights did not formally assess its risks, including those related to trust funds

19.   The Management Committee endorsed a Policy Framework for Enterprise Risk Management and Internal Control (ERM) on 25 May 2011. The Department of Management has also developed an ERM methodology that described the activities necessary to effectively implement the framework. ERM is a process owned and executed by management. OHCHR did not conduct a formal risk assessment however it participated in four out of six working groups for the preparation of the United Nations Secretariat Risk Register adopted in the joint Policy and Management Committees meeting in September 2014. In OIOS opinion, a risk assessment will assist OHCHR in identifying entity level risks and contribute to the design of appropriate risk mitigation measures.

> **(1) OHCHR should prepare the entity-level risk assessment and risk mitigation measures and implement a system of continuous monitoring of risk information in accordance with the ERM methodology.**
>
> *OHCHR accepted recommendation 1 and stated that following the adoption of a Secretariat ERM action plan in the second half of 2015, OHCHR will review and consider specific areas of risk and mitigation measures relevant to the OHCHR context. The OHCHR ERM action plan will be prepared and disseminated by 30 June 2016.* Recommendation 1 remains open pending receipt of OHCHR risk assessment and risk mitigation measures.

20.   A Board of Trustees was appointed by the Secretary-General to assist OHCHR in streamlining and rationalizing the working methods and procedures of the technical cooperation programme funded through the United Nations Voluntary Fund for Technical Cooperation in the Field of Human Rights. This Fund financed the work of OHCHR field presences. The Board met twice a year and reported on its work to the Secretary-General and the Human Rights Council. The Board Members undertook visits to OHCHR field presences to learn from their experience on the ground and participate in OHCHR strategic planning meetings. For example, the 37th session of the Board was held in Mexico during February 2014 since the OHCHR Office in Mexico was fully funded by the Voluntary Fund. The Secretary-General requested the Board of Trustees to also oversee the Voluntary Fund for financial and technical assistance in the implementation of the universal periodic review. This decision was based on the importance of ensuring consistency in the operations of these two Funds as both support States in fulfilling their international obligations through technical assistance and cooperation. OIOS reviewed the report of the Chairperson of the Board of Trustees of the United Nations Voluntary Fund for Technical Cooperation in the Field of Human Rights and the report of OHCHR on the operations of the Voluntary Fund for financial and technical assistance in the implementation of the universal periodic review. OIOS concluded that the governance arrangements for these funds were adequate.

21.   The United Nations Voluntary Fund for Victims of Torture was managed by OHCHR with the advice of a Board of Trustees composed of five members appointed by the Secretary-General. The Fund provided long-term funding for organizations assisting victims of torture, enabling the continued assistance needed to address lasting medical and psychological consequences of torture and lengthy domestic and international legal proceedings against perpetrators. The Board met twice a year to determine priorities, review policies and adopt recommendations on grants. OIOS reviewed the communications from the Board of Trustees to the High Commissioner for Human Rights and concluded that the governance arrangements for the United Nations Voluntary Fund for Victims of Torture were adequate.

22.   The Trust Fund for the Support to the Activities of the Centre for Human Rights did not have a Board of Trustees since 68 percent of the total expenditure of this trust fund related to staff costs and 30 per cent was spent on travel, operating expenses, acquisitions and programme support costs. Only 2 percent of total expenditure was in connection with grants given to implementing partners in the field. According to the terms of reference, PBRB reviewed proposals related to the Office's programming and allocation of resources, monitored all aspects of the financial situation of the Office and made appropriate recommendations to the High Commissioner. PBRB reviewed and approved cost plans to ensure that the programme, budget and office structure were in alignment. OIOS therefore concluded that the above arrangements were appropriate.

B.   Performance monitoring

The Office of the High Commissioner for Human Rights developed appropriate tools and monitored performance of its programmes including those funded by trust funds

23.   According to OHCHR guidelines, annual work and cost plans were essential tools for planning, monitoring and reporting on programme and costs. Annual work and cost plans were prepared and submitted through the Performance Monitoring System, a web based tool developed and implemented by OHCHR in 2010, based on the six thematic priorities approved by SMT and expected accomplishments approved by PBRB. Each field office prepared country notes that customized overall expected

accomplishments to their operational environment. Annual work plans included information on thematic priority, expected accomplishment, output, activity, responsibility, source of funding, and timeline for implementation. Cost plans were included in the work plans.

24.   According to the mid-point review guidelines issued by OHCHR, a performance review is to take place at mid-year and at year-end. The mid-point review aimed at reviewing the implementation of the activities and the progress made towards the planned outputs. The end of the year review aimed at reviewing progress made towards the planned expected accomplishments and outputs, based on the completion of activities. It also served as the basis for the OHCHR annual report. OHCHR also required field offices to submit monthly reports outlining progress and any changes in the operational environment that would have an impact on the work plan. Changes to the work plan had to be approved by the High Commissioner based on the recommendation of PBRB. Monthly reporting, mid-point review and year-end performance review were completed through the Performance Monitoring System. OIOS concluded that these arrangements were adequate to ensure effective performance monitoring.

25.   In 2014 there were 100 submitted works plans for country and regional offices and headquarters entities. All submitted work plans for existing entities have been reviewed and approved by PBRB. OIOS reviewed the 2014 annual work and cost plan, monthly reports, and mid-point review for five field offices and concluded that it was in compliance with the guidelines issued by OHCHR. Based on the information submitted, the Performance Management System compiled an assessment of overall performance taking into account the status of output implementation and expenditure rate. Disparities such as low implementation rate/high expenditure rate had to be explained. Often, the disparities were because the expenditure rate was based on obligated amounts rather than actual expenditure. This was because actual expenditure information had to be extracted individually for 257 projects. However, the Finance Section indicated that it extracted expenditure reports in cases where Performance Monitoring System flagged significant disparity between programme implementation and expenditure rate for further review. During the year, the divisions submitted requests for a revision of an annual work plans, including moving resources within and between entities. PBRB reviewed these requests and made recommendations to the High Commissioner for approval. OIOS reviewed a sample of 12 out of 73 adjustments to the work plan in the period under review and concluded that appropriate reviews took place prior to the amendment of the work plan.

26.   Overall, OIOS concluded that the controls put in place by OHCHR for performance monitoring were adequate and working satisfactorily.

The Office of the High Commissioner for Human Rights was in the process of reducing its budgetary shortfall in trust funds

27.   From 2010 to 2014, OHCHR experienced a shortfall that resulted from trust fund income being lower than budgeted expenditure. In 2012, 2013 and the nine months ending September 2014 the shortfalls were reported at $25.9, $5.4 and $29.1 million respectively. Reserves and fund balances as of 30 September 2014 were at $69.5 million.

28.   At the time of the audit, OHCHR was in the process of developing a work plan and budget for 2015. It went through a prioritization process with the objective of narrowing the organizational focus and arriving at key priority areas to remain within the overall extra-budgetary cost plan target of $120 million. Planning entities were requested to significantly reduce travel related to workshops and meetings and to reduce the dependence on external consultants. The guidelines advised entities to cut non-essential activities. OIOS reviewed annual work and cost plans guidelines and PBRB minutes endorsed by the High Commissioner and concluded that OHCHR was taking steps to narrow its budgetary shortfall in trust funds.

<u>The Office of the High Commissioner for Human Rights reported on its performance through its annual report and reports stipulated under earmarked donor agreements, however there was no system to monitor the timeliness of its reporting to donors</u>

29.　　According to the Secretary-General's bulletin on regulations and rules governing programme planning, the programme aspect of the budget, the monitoring of implementation and the methods of evaluation, after the completion of the biennial budget period, the Secretary-General shall report to the General Assembly on programme performance during that period. OHCHR reported its performance in the programme performance report of the United Nations for the biennium 2012-2013 under section 24.

30.　　The donor agreements also require submission by OHCHR of an annual report or special reports for earmarked funds. OHCHR issued the 2013 annual report describing its progress under the six thematic priorities, nine expected accomplishments and global management outputs. It also provided financial information by programmes, contributions and donor profiles. The High Commissioner for Human Rights presented the 2013 annual report on 26 May 2014 to the representatives of 78 permanent and observer missions to the United Nations in Geneva.   OHCHR also conducted technical briefing to the representatives of 47 permanent missions to the United Nations.

31.　　There were 38 funding agreements in 2012, 18 of which required an OHCHR annual report and 20 required narrative and financial reports for earmarked funds. OHCHR issued reports for 18 donor agreements requiring special reports on a timely basis, one donor agreement was amended to extend the implementation period and reporting deadline, one report was issued with one month delay.

32.　　There were a total of 49 funding agreements signed in 2013, 15 of which required OHCHR annual reports and 34 required narrative and financial reports for earmarked funds. OIOS reviewed eight out of 34 donor agreements and the related reports required under these donor agreements. OHCHR submitted three reports timely in accordance with the requirements specified in the donor agreements, two reports with delay and three donor agreements were amended to extend the implementation period and the reporting requirements. OIOS also reviewed the accuracy of information provided in these reports and found them to be accurate.

33.　　OHCHR did not have a system to monitor whether the reporting requirements for all donor agreements have been satisfied by listing donor agreements, reporting requirements, amendments, and dates when reports were submitted to donors. As a result OHCHR was not able to provide evidence that all reporting requirements have been met timely. Some donor agreements have provision that donor may withhold disbursement if, among other reasons, the reports are not delivered as agreed.

> **(2) OHCHR should monitor the timeliness of its reporting to donors through a tracking system that will provide periodic reports to management for review and action to ensure compliance with the reporting requirements.**
>
> *OHCHR accepted recommendation 2 and stated that a manual tracking system is being developed in order to ensure timely and adequate follow-up to the donor reporting requirements.* Recommendation 2 remains open pending receipt of documentary evidence showing that timeliness of and compliance with donor reporting is being monitored.

C. Regulatory framework

Controls over consultants were adequate

34. The administrative instruction on consultants and individual contractors stipulated provisions applicable to individual contracts that are issued to consultants and individual contractors. Staff and other personnel costs of the Trust Fund for the Support to the Activities of the Centre for Human Rights included expenditure for consultants in the amount of $4.2 million. OIOS reviewed 20 payments to consultants in the amount of $271,816 and the consultants files to determine whether the consultants were selected on the basis of a documented competitive process; terms of reference describing the work were prepared in advance of the engagement; mid-term and final evaluations were conducted; and proof of deliverables such as reports and studies from consultants were received. The review showed that these criteria had been complied with. OIOS therefore concluded that controls over consultants were adequate.

Travel costs were incurred in compliance with the administrative instruction on official travel

35. OIOS reviewed 25 travel requests and travel claims amounting to $227,870 from the Trust Fund for the Support to the Activities of the Centre for Human Rights to determine whether: (a) travel requests were submitted timely and properly approved; (b) the purpose of the trip was in line with the Office's activities and charged to the correct project code; (c) daily subsistence allowance (DSA) rates were in accordance with rates established by the International Civil Service Commission; and (d) travels took place with proper security clearance. OIOS concluded that the reviewed cases were in compliance with the administrative instruction on official travel, the purpose of the trips was in line with the activities of the Office and charged to the correct project code, applied DSA rates were correct and staff obtained proper security clearance prior to the trip. However, in 19 out of 25 cases reviewed, travel requests were submitted less than 19 days required by the guidance issued by the Department of Management to avail the best fares. In all these cases, justification for urgent travel was documented and approved by the concerned officials. OHCHR monitored its statistics provided by the United Nations Office at Geneva on the percentage of air tickets issued less than 14 days prior to departure. OIOS concluded that the controls over travel costs were adequate.

Controls over grants issued from two humanitarian trust funds were satisfactory

36. In 2014, the Board of Trustees of the United Nations Voluntary Fund for Victims of Torture authorized grants to 257 organizations for a total amount $6,640,809 from the United Nations Voluntary Fund for Victims of Torture. OHCHR monitored the projects through field visits to every new applicant organization and regular evaluation missions to ongoing projects conducted by its staff and Board members. It also required the grantee organizations to submit audit reports for all grants over $50,000 and ensured that grants less than $50,000 were randomly selected by the trust fund's Secretariat for periodic audit. During 2014, OHCHR conducted 32 monitoring visits by staff in OHCHR field offices and the trust fund's Secretariat. OIOS reviewed five mission reports and 12 audit reports and concluded that the controls over grants issued from this trust fund were satisfactory.

37. The Trust Fund on Contemporary Forms of Slavery was managed by OHCHR, with the advice of a Board of Trustees composed of independent experts. The Board met once a year to determine priorities, review policies and adopt recommendations on grants. The trust fund assisted individuals, whose human rights were severely violated as a result of modern slavery. It provided direct humanitarian, legal and financial assistance to victims through grants awarded to non-governmental organizations. In 2014 the Board of Trustees provided funding to 35 organizations for a total amount of $400,000 from the Trust Fund on Contemporary Forms of Slavery. OHCHR monitored these grants through inspection and

monitoring visits to grantees. In 2013 and 2014, OHCHR visited 27 and 8 organizations respectively. OIOS reviewed the communications from the Board of Trustees to the High Commissioner for Human Rights, the programme of work for the 19th session of the Board of Trustees and the 5 mission reports from field visits conducted by OHCHR. Despite limited resources, OHCHR had increasingly adopted field visits as a tool for vetting first time applicants and monitoring the existing grantees. OIOS therefore concluded that the controls over grants issued from this trust fund were satisfactory.

Controls over grants and other expenditure needed improvement

38.   According to OHCHR Standard Operating Procedure (SOP) on processing of requests for the payment of grants and support to the Grants Committee "a grant from OHCHR is a payment towards financial support to national or international institutions, non-government organizations and partner organizations who have been working in the area of human rights within the mandate of OHCHR".

39.   In 2014, OHCHR issued grants in the amount of $271,128 to implementing partners for projects under the Trust Fund for the Support to the Activities of the Centre for Human Rights. According to SOP, the Grants Committee reviewed the requests for grants. OIOS reviewed grant proposals, project evaluation forms, minutes of the Grant Committee and grant agreements for four grants in the amount of $112,000 or 41 percent of total grants issued during the nine months ending 30 September 2014. There was evidence that relevant substantive and field offices of OHCHR had provided input in evaluation of the grants.

40.   According to the SOP, the Secretary of the Grants Committee prepares tracking tables of outstanding grant reports and submits them to the Committee at each meeting for follow-up action by the project officer. In the case where satisfactory reports were not available within one year from the end date of the project, the refund clause should be invoked automatically by the Committee. OIOS reviewed the controls over closure of the grants for projects that had been approved in 2013 and should have been completed in 2013 or in the first half of 2014. Out of 18 grants issued in 2013, 11 were closed and seven still open at the time of the audit. Five out of seven grants for the total amount $156,058 were still open because the final report and audit report were not received from the grantees with one final report from the grantee outstanding for a year at the time of the audit. Although OHCHR maintained a tracking table indicating the dates of expected reports, no follow-up was conducted.

41.   According to the SOP all reports received from grantees had to be reviewed by the project officer to ensure that they were satisfactory prior to closure of the grant. The project officer then notified the Committee by submitting the reports with the cover memo from the Director of the responsible division. OIOS reviewed four out of 11 grants closed during the period under review in the amount of $101,308 and noted that three grants were closed and final 20 per cent payment disbursed upon receipt of final narrative report and audit report. The grantees had provided the deliverables as required, and these grants had been closed in compliance with the established procedures. However the fourth grant with a final cost of $39,715 was closed and the final payment was disbursed without submission by the grantee of the audit report required for grants over $25,000. The grant was closed upon receipt of the memo from the Director of the responsible division inadvertently. The total expenditure for the project was less than the grant amount and the amount budgeted for the audit was deducted from the final payment along with the unutilized portion of the grant.

> **(3) OHCHR should monitor the timeliness of submission of final reports and audit reports required under grants agreements from the grantees for timely closure of grants or follow-up action.**
>
> *OHCHR accepted recommendation 3 and stated that a detailed tracking table for monitoring all*

> *grants is being developed to ensure deadlines are respected by grantees to allow for grants to be closed on a timely basis.* Recommendation 3 remains open pending receipt of the documentary evidence showing that long outstanding grants have been closed and there is a tracking table in place to monitor deadlines stipulated in the grant agreements.

> **(4) OHCHR should establish additional controls to ensure that all documentation required for disbursement of final payment is received and reviewed prior to closure of the grant.**
>
> *OHCHR accepted recommendation 4 and stated that the guidelines for grants management will be updated to include the final review of documentation by a Finance Officer to ensure completeness of files before submission for final payment.* Recommendation 4 remains open pending receipt of the revised guidelines for grants management.

Controls over operating expenses were satisfactory

42.   OIOS reviewed $592,390 out of $4,007,548 in operating expenses of the Trust Fund for the Support to the Activities of the Centre for Human Rights incurred for the nine months ending 30 September 2014. They included acquisition of vehicles and office equipment, rental and maintenance of premises of field offices. The audit concluded that the controls over operating expenses were satisfactory.

Controls over programme support costs were adequate

43.   According to the administrative instruction on programme support accounts, all trust funds are charged for programme support services on the part of the Organization and charges to trust funds for this purpose are credited to a special account for programme support costs. Programme support costs can be used for posts, consultants, temporary assistance, travel, rental of space, office supplies and materials, office equipment and miscellaneous expenses. OIOS reviewed transactions related to programme support costs in the amount of $832,093 out of the total of $9,435,596 for the nine months ending 30 September 2014. OIOS concluded that controls over programme support costs were adequate.

IV.   ACKNOWLEDGEMENT

44.   OIOS wishes to express its appreciation to the Management and staff of OHCHR for the assistance and cooperation extended to the auditors during this assignment.

(*Signed*) David Kanja
Assistant Secretary-General for Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

Audit of the management of selected trust funds in the Office of High Commissioner for Human Rights

Recom. no.	Recommendation	Critical[2]/ Important[3]	C/ O[4]	Actions needed to close recommendation	Implementation date[5]
1	OHCHR should prepare the entity-level risk assessment and risk mitigation measures and implement a system of continuous monitoring of risk information in accordance with the ERM methodology.	Important	O	Receipt of OHCHR risk assessment and risk mitigation measures.	30 June 2016
2	OHCHR should monitor the timeliness of its reporting to donors through a tracking system that will provide periodic reports to management for review and action to ensure compliance with the reporting requirements.	Important	O	Receipt of documentary evidence showing that timeliness of and compliance with donor reporting is being monitored.	31 December 2015
3	OHCHR should monitor the timeliness of submission of final reports and audit reports required under grants agreements from the grantees for timely closure of grants or follow-up action.	Important	O	Receipt of the documentary evidence showing that long outstanding grants have been closed and there is a tracking table in place to monitor deadlines stipulated in the grant agreements.	31 December 2015
4	OHCHR should establish additional controls to ensure that all documentation required for disbursement of final payment is received and reviewed prior to closure of the grant.	Important	O	Receipt of the revised guidelines for grants management.	30 June 2015

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[2] Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

[3] Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.

[4] C = closed, O = open

[5] Date provided by OHCHR in response to recommendations.

APPENDIX I

Management Response

Management Response

Audit of the management of selected trust funds in the Office of High Commissioner for Human Rights

Rec. no.	Recommendation	Critical[1]/ Important[2]	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	OHCHR should prepare the entity-level risk assessment and risk mitigation measures and implement a system of continuous monitoring of risk information in accordance with the ERM methodology.	Important	Yes	Chief, Programme Support and Management Services	30 June 2016	Following the adoption of a Secretariat ERM Action Plan in the second half of 2015, OHCHR will review and consider, in consultation and with the support of OIOS, specific areas of risk and mitigation measures relevant to OHCHR's particular context. An OHCHR ERM action plan will be prepared on this basis and disseminated.
2	OHCHR should monitor the timeliness of its reporting to donors through a tracking system that will provide periodic reports to management for review and action to ensure compliance with the reporting requirements.	Important	Yes	Chief, Donor and External Relations Section	31 December 2015	A manual tracking system is being developed in order to ensure timely and adequate follow-up to the donor reporting requirements.
3	OHCHR should monitor the timeliness of submission of final reports and audit reports required under grants agreements from the grantees for timely closure of grants or follow-up action.	Important	Yes	Chief, Finance and Budget Section	31 December 2015	A detailed tracking table for monitoring all grants is being developed to ensure deadlines are respected and all reports are submitted on time, to allow for grants to be closed on a timely basis.
4	OHCHR should establish additional controls to ensure that all documentation required for disbursement of final payment is received and reviewed prior to closure of the grant.	Important	Yes	Chief, Finance and Budget Section	30 June 2015	The guidelines for grants management will be updated to include the final review of documentation by a Finance Officer to ensure completeness of files before submission for final payment.

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[1] Critical recommendations address significant and/or pervasive deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance cannot be provided regarding the achievement of control and/or business objectives under review.

[2] Important recommendations address important deficiencies or weaknesses in governance, risk management or internal control processes, such that reasonable assurance may be at risk regarding the achievement of control and/or business objectives under review.