



## **INTERNAL AUDIT DIVISION**

### **REPORT 2023/067**

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**Audit of supply chain management for information and communications technology equipment at the Office of the United Nations High Commissioner for Refugees**

**There was scope for improvement in the planning, procurement and management of information and communications technology equipment**

**18 December 2023**

**Assignment No. AR2022-166-01**

# **Audit of supply chain management for information and communications technology equipment at the Office of the United Nations High Commissioner for Refugees**

## **EXECUTIVE SUMMARY**

The Office of Internal Oversight Services (OIOS) conducted an audit of supply chain management for information and communications technology (ICT) equipment at the Office of the United Nations High Commissioner for Refugees (UNHCR). The objective of the audit was to assess the adequacy and effectiveness of systems and processes related to UNHCR's ICT equipment supply chain. The audit covered the period from 1 January 2020 to 30 June 2023 and included a review of: (a) procurement planning; (b) purchase of ICT equipment; (c) monitoring of delivery; and (d) management of ICT equipment.

UNHCR established a centrally managed fund for the procurement of ICT equipment to address the growing obsolescence. Despite this, the obsolescence risk was not fully mitigated. The management of supply chain at country operations was also impacted by gaps in procurement planning, non-compliance with procurement procedures and failure to purchase ICT equipment through frame agreements. Further, weaknesses in controls over UNHCR's accounting for and management of ICT equipment raised the risks of loss, misuse, and obsolescence of related equipment.

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

- Strengthen budgeting for ICT equipment by involving information technology function staff in related processes and inclusion of regional ICT strategies in COMPASS, UNHCR's results-based management system.
- Enhance guidance on the identification and timely disposal and replacement of obsolete serially tracked items.
- Strengthen controls over country operations' local procurement of ICT equipment that is covered under the global frame agreements and establish standards and price bands to guide local purchases.
- Strengthen monitoring of country operations' compliance with information and communication technology procurement rules to ensure that the best value is received.
- Enhance the management of serially tracked items including proper classification and resolution of items recorded as being 'in transit' for several years.
- Strengthen internal controls over the use and accounting for ICT equipment.
- Strengthen controls over the recording, categorization and reporting of data related to procurements of ICT equipment in the new enterprise resource planning system.

UNHCR accepted all recommendations, implemented one recommendation and has initiated action to implement the remaining ones. Actions required to close the recommendations are indicated in Annex I.

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# **Audit of supply chain management for information and communications technology equipment 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 supply chain management for information and communications technology (ICT) equipment<sup>1</sup> at the Office of the United Nations High Commissioner for Refugees (UNHCR).
2. ICT tools and systems are integral to all UNHCR's daily work and enable the organization to deliver protection and assistance to forcibly displaced persons in a better and faster manner. The Division of Information Systems and Telecommunications (DIST) designs, develops, and maintains ICT solutions for UNHCR and ensures that the related ecosystem is resilient, secure, and cost-effective. DIST also ensures that the UNHCR workforce has the technology needed to perform their work efficiently, effectively, and safely. UNHCR's regionalized and decentralized structure dictates that DIST, Headquarters' divisions, regional bureaux, and country operations have a shared responsibility over management of ICT equipment.
3. The Supply Management Service (SMS) under the Division of Emergency, Security and Supply (DESS), in co-operation with DIST, manages global frame agreements with vendors for the supply of ICT equipment, network devices, telecommunication accessories, radios, toners and cartridges. ICT equipment is categorized as serially tracked items (STIs) when their costs are less than \$10,000 and thus expensed upon purchase. The Division of Financial and Administrative Management (DFAM) manages STIs including tracking them for operational purposes.
4. UNHCR purchased ICT equipment totaling \$185 million between 1 January 2020 and 31 December 2022. This equipment comprised of computers and related items totaling \$125 million (68 per cent), telecommunications items totaling \$35 million (19 per cent) and network items totaling \$25 million (13 per cent).
5. Comments provided by UNHCR are incorporated in italics.

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

6. The objective of the audit was to assess the adequacy and effectiveness of systems and processes related to UNHCR's ICT equipment supply chain.
7. This audit was included in the 2022 risk-based work plan of OIOS due to the high volume and cost of ICT equipment.
8. OIOS conducted this audit from November 2022 to September 2023. The audit covered ICT equipment related supply chain processes from 1 January 2020 to 30 June 2023. Based on an activity-level risk assessment, the audit covered higher and medium risks areas which included: (a) procurement planning; (b) procurement of ICT equipment; (c) monitoring of delivery; and (d) management of ICT equipment.

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<sup>1</sup> ICT equipment comprised of: (i) computers and related equipment e.g., laptops, printers and monitors; (ii) telecommunications equipment e.g., antennas, ultra-high frequency equipment and satellite equipment; and (iii) network equipment e.g., modems, switches and relays.

9. The audit methodology included: (a) interviews with key personnel; (b) review of relevant documentation pertaining to: eight country operations, namely Ecuador, Ethiopia, Iraq, Mexico, Sudan, Syrian Arab Republic, Türkiye and Uganda; five Regional Bureaux (Americas, Asia and the Pacific, East and Horn of Africa & Great Lakes, Middle East and North Africa, and West and Central Africa); and DIST and DESS (SMS); (c) analytical review of data from UNHCR enterprise systems; and (d) sample testing of purchase-to-pay controls for orders totaling \$35.5 million made under global frame agreements and local purchases.

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

### **III. AUDIT RESULTS**

#### **A. Procurement planning**

##### Procurement planning process needed strengthening

11. Regional Bureaux are responsible for developing regional protection and solution strategies and priorities. An essential element of these strategies is the ICT strategy covering related staff, equipment and funding required to deliver UNHCR's mandate at the regional and country levels. From the organizational perspective, DIST is responsible for ensuring that regional ICT strategies were aligned to the global ICT strategy.

12. To ensure that the country operations' ICT needs were adequately considered, related staff needed to participate in the planning and budgeting processes that were conducted by multi-functional teams at country level. However, only five of the eight country operations had information technology staff participate in the ICT related needs assessments conducted by the multi-functional team. No documentation was available in the other three operations to evidence that this consultative process was followed.

13. At regional bureau level, information technology staff supported country operations' plans for ICT activities including procurement. However, the bureaux did not have ICT strategies and procurement plans entered in COMPASS to support identified key needs for prioritization during resource allocation. The absence of ICT strategies and procurement plans also meant that procurements were conducted in a manner which sometimes did not ensure the best value as noted under section B of this report.

##### ICT equipment that was past or nearing the end of its useful life needed to be replaced

14. Per UNHCR guidelines, the useful life for ICT equipment and smartphones and tablets is five and three years, respectively. However, as of September 2023, the eight audited operations were using 2,188 STIs (8.5 per cent of total number) that had been acquired between 2012 to 2017 and were thus past their useful life. An additional 3,107 STIs purchased in 2018 were due to become obsolete in 2023. The country operations with a high percentage of STIs that were past their useful life included Türkiye (15.9), Ethiopia (12.5), Iraq (11.2) and Uganda (8.2). Also, operations in Iraq and Ethiopia had laptops and ICT equipment purchased as far back as 2012 and 2014, respectively.

15. One of the risks identified in DIST's Information Technology strategy was that "New releases of products would be incompatible with obsolete infrastructure, applications, and systems." This was because of, amongst other things, unavailability of spare parts, inability to support obsolete products and the risk that applications would contain bugs that could not be fixed. The proposed action to address this risk was

that appropriate plans are implemented in line with the existing policies and sufficient funding allocated during the annual budgeting process.

16. In its audit report on technology obsolescence at UNHCR (2019/077), OIOS recommended that UNHCR address the growing obsolescence of ICT equipment by: (a) DIST taking on a lead role in planning and budgeting of such equipment; and (b) creation of a centrally managed capital fund for procuring ICT assets. In line with this recommendation, UNHCR has since November 2020 provided DIST \$23 million towards the capital fund for addressing equipment obsolescence. However, despite this, the obsolescence risk remained unmitigated since as per UNHCR's configuration management database, over 2,000 computers on the network as of September 2023 were installed before 2018 and were therefore past their useful life.

17. The continued use of obsolete ICT assets can affect reliability of the assets, increase the organization's vulnerability to attacks and result in disruptions to critical services. A more structured approach to ICT equipment replacement should be adopted.

- (1) The UNHCR Regional Bureaux, with the support of the Division of Information Systems and Telecommunications, should strengthen budgeting for information and communication technology (ICT) equipment through the involvement of information technology function staff in related processes and the inclusion of regional ICT strategies in COMPASS, UNHCR's results-based management system.**

*UNHCR accepted recommendation 1 and stated that DIST, as part of standard planning and budgeting processes, would continue to assist Regional Bureaux in conducting needs assessments in the context of the Centrally Managed Fund for core IT equipment (laptops, network devices).*

- (2) The UNHCR Division of Information Systems and Telecommunications and the Division of Financial and Administrative Management should enhance guidance on the identification and timely disposal and replacement of obsolete serially tracked items.**

*UNHCR accepted recommendation 2 and stated that, for the Central Managed Fund, DIST is facilitating the monitoring of obsolete items by providing related information to the IT teams at bureau and country levels. DFAM will update the Administrative Instruction on asset management, and this will guide the management and tracking of such items.*

## **B. Procurement of ICT equipment**

### Cost saving opportunities through greater use of frame agreement.

18. DESS in co-operation with DIST entered into global frame agreements with vendors for the supply of ICT equipment. Upon the receipt of requisitions from country operations, DESS checked if DIST could supply the requested items and if not, placed an order with the frame agreement holders. To support these processes, DIST developed an online application that contained details of the products and kits<sup>2</sup> with related specifications, as well as links to websites of equipment manufacturers. All ICT equipment in the Item Master list in the UNHCR Enterprise Resource Planning (ERP) system covered by a global frame agreement is considered an approved and "standard" item.

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<sup>2</sup> Kits are items typically purchased as a unit by UNHCR offices

19. The audit noted that the eight country operations purchased ICT equipment locally and not through global frame agreements as reflected in Table 1.

**Table 1: Procurement of ICT equipment at selected operations (in \$)**

Operation / office	Through frame agreement	Locally purchased	Total procurement	Per cent done outside frame agreements
Ecuador	0	2,455,742	2,455,742	100
Türkiye	431,784	7,026,605	7,458,389	94
Syria	763,235	3,083,247	3,846,482	80
Mexico	349,026	1,081,070	1,430,096	76
Iraq	1,149,039	853,425	2,002,464	43
Ethiopia	2,446,098	1,694,513	4,140,610	41
Uganda	5,074,115	1,491,015	6,565,130	23
Sudan	7,403,582	972,718	8,376,300	12
Regional Bureau for Asia and the Pacific	14,447,576	316,305	14,763,882	2

20. Further, contrary to guidelines, country operations did not consult DIST nor their regional ICT officers when purchasing non-standard items, i.e., those not covered by global frame agreement. Three operations (Ethiopia, Sudan and Uganda) justified their decisions not to consult because of exigency. The remaining four operations (Ecuador, Iraq, Mexico and Syria) attributed the lack of consultation to the fact that the equipment was purchased for partners. This resulted in cost-effective alternatives covered under the global frame agreement not being considered.

21. The audit identified several instances, such as in operations of Türkiye, Colombia, Costa Rica, Yemen and Peru, where the prices of locally procured computers for partners were not competitive. The operations paid more than the average price (\$1,200-1,300) UNHCR obtained under the frame agreements. The use of frame agreements by operations to purchase ICT equipment for partners would have resulted not only in better consistency in configurations of ICT equipment, but also in significant savings as shown in Table 2. Similarly, using existing frame agreements would have resulted in savings in the procurement of computer tablets, which saw a steep rise in 2020-2022 primarily due to remote working arrangements necessitated by the COVID-19 pandemic. During that period, UNHCR purchased tablets for a cumulative value of \$19 million (10 per cent of the total value of ICT procurement), 357 of which were procured locally at a higher average price than in the frame agreement (See Table 2). For the sampled purchases, overall, more than half a million expenditures could have been avoided using the frame agreements in place.

**Table 2: Price comparison of sampled ICT purchases under frame agreements and local purchase**

Item description	Price in frame agreement (\$)	Price range per local purchase (\$)	Quantity procured locally	Potential saving using global frame agreement (\$)
Computers for partners (diverse makes)	1,300	1,600 - 8,700	343	389,248
Computer tablets (diverse makes)	225	245 - 2,364	357	130,530
Desktop workstations (HP Z6 G4)	691	700 - 1,411	86	24,193

Item description	Price in frame agreement (\$)	Price range per local purchase (\$)	Quantity procured locally	Potential saving using global frame agreement (\$)
Lenovo Laptop ThinkPad T14	1,313	1,691- 2,000	32	12,714
Apple MacBook Pro 16", 2.4Ghz, 8-Core, 2TB	2,657	4,026 - 4,940	2	3,652
Apple MacBook Pro 14 M1-16GB-512GB	2,183	2,660 - 3,900	2	2,194
Total				\$ 562,531

22. The issues above occurred because UNHCR did not establish effective arrangements for monitoring and oversight of local procurement. UNHCR had also not set standards covering technical specifications and price ranges for computers procured for use by partners. Unless these gaps are addressed, opportunities for best value for money would not be achieved, procurement processes would remain inefficient because of duplications at global and local levels, and issues with quality control and inconsistent use of technology would continue to occur.

**(3) The UNHCR Division of Emergency, Security and Supply in consultation with the Division of Information Systems and Telecommunications should: (a) strengthen controls over operations' local procurement of information and communication technology equipment that is covered under the global frame agreements; and (b) establish standards and price bands to guide local purchases.**

*UNHCR accepted recommendation 3 and stated that it had established a buyer command center to steer procurement activities and determine the preferred mode of sourcing for core relief items. This would be expanded to also include strategic items like ICT equipment. In addition, DIST has ensured that the end user devices e-catalogue includes standard items available for purchase and it provides multiple pricing options for agreed technical standards.*

Inconsistent compliance with procurement rules for ICT purchases

23. The audit reviewed 68 ICT equipment-related purchase orders totaling \$35.5 million, 50 of which pertained to local purchases and 18 to frame agreements. The audit noted that generally SMS purchases were well documented, with justifications for procurement clearly recorded. On the other hand, purchases by country operations had the following gaps:

- Solicitation methods: There were instances where incorrect solicitation methods were used, i.e., request for quotation instead of invitation to bid or request for proposal. Bids were also split to avoid the threshold for submitting cases to contract committees.
- Bidding: Bids were accepted after the deadline. Bidding documents in some instances specified particular models/brands thereby hindering competition. Also, there were insufficient numbers of bids received for some purchases. In the instance where one bidder satisfied technical requirements, there was no evidence that the Representation checked the reasonableness of costs charged.
- Evaluations: Evaluators disregarded technical specifications resulting in incorrect technical assessments. Additionally, criteria that was not part of the bid documents was introduced to exclude bids. Technical evaluation reports also did not clearly elaborate on the basis for assessing bids as having passed or failed. Also, no justification was provided in instances where the lowest bidder was not selected.



- Receipt of goods: Goods received notes were not available to evidence delivery of computers in two cases.

24. The above cases were caused by country operations' failure to comply with procurement guidance, weak supervision by regional bureau, and a lack of accountability for non-compliance.

**(4) The UNHCR Division of Emergency, Security and Supply in coordination with the Regional Bureaux should strengthen monitoring of country operations' compliance with procurement rules to ensure best value for money is obtained in acquisition of information and communication technology assets.**

*UNHCR accepted recommendation 4 and stated that the planned implementation of the buyer command center for ICT equipment would ensure that procurement of ICT equipment is monitored for compliance with procurement rules ensuring best value for money.*

### C. Monitoring of delivery

25. A supply chain is effective when goods, including ICT equipment, and services are delivered at the right time, place, quantity, and quality. The UNHCR Manual and Administrative Instruction UNHCR/AI/2021/05 outlines the contract and vendor management procedures to ensure that relevant parties meet their respective contractual obligations, including the management of vendors in the day-to-day execution of the contractual activities for the timely delivery of the obligations under the contract.

26. The audit identified delays in the delivery of computer equipment ordered under frame agreements and those procured directly by operations. For instance, the first deliveries of 3,600 units ordered by SMS in December 2020 totaling \$4.2 million were made six months later and more than a third received in December 2021. Further, orders made directly by operations for 596 units totaling \$0.7 million should have been delivered before the end of June 2022 but were only received in October 2022. To mitigate supply chain disruptions, UNHCR diversified its vendor base for frequently purchased items, explored alternative supply routes and considered flexible ways to ensure that the requested items were delivered at the earliest. Accordingly, OIOS did not make a recommendation.

### D. Management of ICT equipment

#### Satisfactory controls noted over UNHCR's management of its ICT warehouses

27. DIST maintains a global IT equipment stockpile to support requests from UNHCR emergency operations, its datacenters and Headquarters. One warehouse is located in Dubai and another at the United Nations Office at Geneva. As of October 2023, the quantity available at the warehouse in Dubai and Geneva were 637 and 1,436 equipment totaling \$1 million and \$3.5 million, respectively.

28. OIOS reviewed inventory and stock verification to assess accuracy of inventory movements and balances, adequacy of storage conditions, and measures to guarantee the safety and security of the goods, for these warehouses. The stock verification reports indicated two discrepancies: (a) items recorded in the ERP system but not available in stock; and (b) items present in stock but not recorded against the warehouse in the ERP system. Corrective actions were carried out by UNHCR. Additionally, the audit noted that some inventory items marked as 'received' and 'in-transit' had crossed their useful life and were not put to use. UNHCR subsequently provided satisfactory explanations for these discrepancies. Accordingly, the audit was satisfied with the controls instituted by DIST over these warehouses.

### Accountability for ICT equipment

29. Chapter 8 of the UNHCR Manual and an Administrative Instruction (UNHCR/AI/2017/13/Rev.1) outlined arrangements for the utilization and disposal of assets including ICT equipment. This included documentation required for issuance of ICT equipment to establish accountability and the conducting of periodic physical or virtual verification. As required in UNHCR guidelines, all operations reviewed had designated staff as STI stakeholders to attend to associated responsibilities.

30. A review of the STIs verification exercise for the selected operations showed that most operations faced problems in conducting the verification during the pandemic period as required in the administrative instruction. Nonetheless, they provided unsigned extracts of the verification exercises conducted in the period under audit.

### Misclassification and inadequate tracking of STIs

31. The audit reviewed the status and classification of ICT equipment and noted that country operations misclassified 235 STIs as property, plant and equipment. Further, some 1,880 STIs purchased between 2015-2022 were still reflected in the records as being in-transit. While this could have been attributed to supply chain issues for items purchased in 2021 and 2022, this was not the case for the 359 STIs acquired between 2015-2017 and that remained in transit throughout their useful life.

**(5) The UNHCR Division of Financial and Administrative Management in coordination with the Regional Bureaux should enhance monitoring of country operations' management of serially tracked items, including ensuring that they are properly classified and issues related to items recorded as being 'in transit' are followed up and resolved.**

*UNHCR accepted recommendation 5 and stated that through Cloud ERP, DFAM will make available a list of low value items accessible to all offices for their further action to rectify their respective records or duly register the disposal of items, as applicable.*

### Need to strengthen accountability and use of purchased items

32. The audit identified variances between quantities of computer equipment ordered, received, connected to the network and the balances held in the warehouses. Four operations (Sudan, Ethiopia, Uganda, and Syrian Arab Republic) had not put some of the STIs such as computers, network components, printers, telephones and HF/VHF equipment to use. These included 819 STIs received between 2015 and 2021 and 89 STIs purchased between 2022 and 2023. The non-utilization of expensive equipment indicated that the STIs may not have been needed and also raised questions on the adequacy and effectiveness of monitoring of items held by the operations.

33. Furthermore, a review of the purchase orders processed by the business units indicated that only 23,186 of the 28,861 computers ordered between 2020 to 2022 had been received. Of these, only 7,612 units (33 per cent) were added to the network during the same period. Examples of the gaps in the number of computers and network equipment ordered and connected to the network are provided in Table 3.

**Table 3: Computers and network equipment not connected to the network**

Details	Received	Value (\$ millions)	Traced to the network	Not on network
Laptops (T14S G1)	5,464	6.3	4,335	1,129
Cisco devices	1,674	4.9	793	881

Laptops (T14S G2)	1,265	1.4	598	667
Computers (T14G, X1CAR and X1 EXT)	280	0.4	11	269
Laptops (T90)	157	0.2	0	157
Computers (T14G)	100	0.1	0	100

34. The above gaps were due to delayed utilization of equipment by field operations, procurement for partners incorrectly classified as for UNHCR’s internal use, and loss of equipment. However, UNHCR could not provide a detailed reconciliation for these discrepancies. In its audit report 2019/077, OIOS recommended that UNHCR put procedures in place to reconcile ICT procurement data in the ERP system with devices detected and managed on the UNHCR network. The recommendation was closed as implemented based on evidence provided that revised procedures were in place for distinguishing between equipment procured for UNHCR use from those purchased for partners. However, the gaps in reconciling the number of computer equipment purchased, received and effectively put to use reflected that the implemented controls were not sustained. This raises the risk of loss of equipment going undetected.

**(6) The UNHCR Division of Information Systems and Telecommunication and the Division of Financial and Administrative Management in coordination with the Regional Bureaux should ensure that procured computer equipment is fully accounted for and utilized.**

*UNHCR accepted recommendation 6 and stated that DIST in close collaboration with bureau and country IT leads were already addressing as an integral part of the established annual cycles of the centrally managed fund. Activities implemented include regular attestation and update of the Configuration Management Database (CMDB) data including new devices in storage and not used as well as equipment in storage but not reported in CMDB.*

Data quality needed improvement for identification of assets

35. A comprehensive ICT inventory system that details the quantity, value, location, grouping, and description of items is essential for analysis of assets, including assessment of potential obsolescence. This would ensure that tangible items are tracked and accounted for operational<sup>3</sup> and accountability purposes.

36. UNHCR procured computers and other ICT assets for its use, as well as for partners, and forcibly displaced and stateless persons. However, the audit identified gaps in instituted mechanisms and defined responsibilities for ensuring the accuracy and completeness of data. Because of these gaps in the data recording and validation controls, it was impossible to classify the quantity of computer equipment ordered for the different groups. For instance, 128,000 items were ordered under 165 unique computer equipment descriptions during this period, and it could not be aggregated for the different groups.

37. UNHCR used certain key words in the item description at the time of processing purchase orders to identify the corresponding user groups. For instance, the use of strings ‘non-standard,’ ‘partner’ and ‘IP’ in the description field enabled the grouping of assets for partners. Similarly, UNHCR included the phrase ‘auto pilot’ in the description to identify the computers procured for its own use. However, there were over 25,000 ICT equipment totaling \$12.7 million which did not contain any of the above-mentioned strings in their descriptions.

38. Further, there were errors noted in the grouping of items such as inclusion of other devices and smart phones and disks under computers. There were also errors in the operations’ recording of quantities ordered and unit prices. For instance, the ERP system records reflected the cost of a tablet as \$72,600 and

<sup>3</sup> Operational purposes include information for technical support, physical safeguarding and information on number, age and availability of certain items.

yet this related to the purchase of 200 tablets. Similar errors were identified in purchase orders processed by the operations in Somalia, Peru, and Kazakhstan. In other instances, recorded unit prices for computers were as low as \$9 and \$37. These errors distorted the accuracy of ICT records maintained.

39. Overall, the audit concluded that UNHCR lacked consistent and comprehensive datasets on ICT expenditure and outcomes. This meant that UNHCR did not have quality data: (i) to inform its planning, decision making and development of ICT procurement policies; and (ii) as a basis to measure organizational ICT outcomes. It also reduced the transparency of UNHCR ICT spending.

**(7) The UNHCR Division of Emergency, Security and Supply should strengthen controls over the recording, categorization and reporting of data related to procurement of information and communication technology equipment in the new enterprise resource planning system.**

*UNHCR accepted recommendation 7 and stated that the implementation of the buyer command center would reduce the number of different specifications and ICT equipment types/ models. In addition, UNHCR has centralized the maintenance of the item master-file data at Headquarters which will ensure more structured data and avoid ambiguity. This will be supported by developing a systematic taxonomy of goods and services as part of the ERP implementation.*

#### **IV. ACKNOWLEDGEMENT**

40. 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 supply chain management for information and communications technology equipment at the Office of the United Nations High Commissioner for Refugees**

Rec. no.	Recommendation	Critical <sup>4</sup> / Important <sup>5</sup>	C/ O <sup>6</sup>	Actions needed to close recommendation	Implementation date <sup>7</sup>
1	The UNHCR Regional Bureaux, with the support of the Division of Information Systems and Telecommunications, should strengthen budgeting for information and communication technology (ICT) equipment through the involvement of information technology function staff in related processes and the inclusion of regional ICT strategies in COMPASS, UNHCR's results-based management system.	Important	O	Receipt of evidence that Regional Bureaux with the support of DIST have strengthened arrangements for budgeting of ICT equipment and that regional ICT strategies have been included in COMPASS.	31 December 2024
2	The UNHCR Division of Information Systems and Telecommunications and the Division of Financial and Administrative Management should enhance guidance on the identification and timely disposal and replacement of obsolete serially tracked items.	Important	O	Receipt of updated Administrative Instruction on asset management, to guide the management and tracking of low value tracked items.	31 December 2024
3	The UNHCR Division of Emergency, Security and Supply in consultation with the Division of Information Systems and Telecommunications should: (a) strengthen controls over operations' local procurement of information and communication technology equipment that is covered under the global frame agreements; and (b) establish standards and price bands to guide local purchases.	Important	O	3(a) Receipt of evidence that the Buyer Command Center has been expanded to include other categories, including ICT equipment  3(b) N/A.	3(a) 30 June 2024  3(b) Implemented
4	The UNHCR Division of Emergency, Security and Supply in coordination with the Regional Bureaux should strengthen monitoring of country operations' compliance with procurement rules to ensure best	Important	O	Receipt of evidence that the Buyer Command Center has requisite controls for monitoring of country operations' compliance with procurement rules.	30 June 2024

<sup>4</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>5</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>6</sup> Please note the value C denotes closed recommendations whereas O refers to open recommendations.

<sup>7</sup> Date provided by UNHCR in response to recommendations.

## STATUS OF AUDIT RECOMMENDATIONS

**Audit of supply chain management for information and communications technology equipment at the Office of the United Nations High Commissioner for Refugees**

<b>Rec. no.</b>	<b>Recommendation</b>	<b>Critical<sup>4</sup>/ Important<sup>5</sup></b>	<b>C/ O<sup>6</sup></b>	<b>Actions needed to close recommendation</b>	<b>Implementation date<sup>7</sup></b>
	value for money is obtained in acquisition of information and communication technology assets.				
5	The UNHCR Division of Financial and Administrative Management in coordination with the Regional Bureaux should enhance monitoring of country operations' management of serially tracked items, including ensuring that they are properly classified and issues related to items recorded as being 'in transit' are followed up and resolved.	Important	O	Receipt of evidence of circulation of the list of low value items by DFAM to relevant operations to rectify their respective records or duly register the disposal of items, as applicable.	31 December 2024
6	The UNHCR Division of Information Systems and Telecommunication and the Division of Financial and Administrative Management in coordination with the Regional Bureaux should ensure that procured computer equipment is fully accounted for and utilized.	Important	C	N/A	Implemented
7	The UNHCR Division of Emergency, Security and Supply should strengthen controls over the recording, categorization and reporting of data related to procurement of information and communication technology equipment in the new enterprise resource planning system.	Important	O	Receipt of evidence of the implementation of the Buyer Command Center for ICT equipment and development of a structured taxonomy of goods and services as part of the ERP implementation.	30 June 2024

# **APPENDIX I**

## **Management Response**

## Management Response

## Audit of supply chain management for information and communications technology equipment at the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>8</sup> / Important <sup>9</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	UNHCR comments
1	The UNHCR Regional Bureaux, with the support of the Division of Information Systems and Telecommunications, should strengthen budgeting for information and communication technology (ICT) equipment through the involvement of information technology function staff in related processes and the inclusion of regional ICT strategies in COMPASS, UNHCR's results-based management system.	Important	Yes	Regional Bureau	31 December 2024	DIST will continue to assist the Regional Bureaux by coordinating needs assessment in the context of the Centrally Managed Fund for core IT equipment (laptops, network devices) combined with the standard planning and budgeting process. These cycles are already overseen by DIST in close collaboration with Bureau/Country IT Leads. This is a matter for which Regional Bureaux should provide input.
2	The UNHCR Division of Information Systems and Telecommunications and the Division of Financial and Administrative Management should enhance guidance on the identification and timely disposal and replacement of obsolete serially tracked items.	Important	Yes	DIST / Chief IT Planning & Support Section; DFAM/Head of Assets and Fleet Mgm Unit (AMU)	31 December 2024	DIST is already addressing this recommendation through the Central Managed Fund (CMF) mechanism combined with the standard planning and budgeting process which requires a needs assessment.  A variety of related dashboards and reports are provided and accessible to IT Bureau/Country teams to facilitate obsolescence monitoring within ServiceNow/CMDB. Furthermore, DFAM will update the Administrative Instruction on Asset Management which will provide updated guidance

<sup>8</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>9</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.



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						on how to deal with low value tracked items (formerly known as STIs), also covering aspects about identifying items which past their theoretical useful life (since the low value items are expensed immediately there will not be a concept of useful life for accounting purposes, only for managerial purposes).
3	The UNHCR Division of Emergency, Security and Supply in consultation with the Division of Information Systems and Telecommunications should: (a) strengthen controls over operations' local procurement of information and communication technology equipment that is covered under the global frame agreements; and (b) establish standards and price bands to guide local purchases.	Important	Yes  Yes	a) Chief of Procurement HQ Section  b) DIST/Chief Solution Engineering	a) 30 June 2024  b) Implemented	a) UNHCR has established a buyer command center to steer procurement of certain categories of items and to determine the preferred mode of sourcing. While it is currently used for core relief items only it will be expanded to other categories, including ICT equipment.  b) In addition, DIST has ensured that the end-user devices e-catalogue includes standard items available for purchases and provides multiple pricing options for agreed technical standards. The catalogue will be shared with OIOS as evidence.
4	The UNHCR Division of Emergency, Security and Supply in coordination with the Regional Bureaux should strengthen monitoring of country operations' compliance with procurement rules to ensure best value for money is obtained in acquisition of information and communication technology assets.	Important	Yes	Chief of Procurement HQ Section	30 June 2024	The planned implementation of the buyer command center for ICT equipment will ensure that procurement of ICT equipment is monitored for compliance with procurement rules ensuring best value for money.
5	The UNHCR Division of Financial and Administrative Management in coordination with the Regional Bureaux should enhance monitoring of country	Important	Yes	DFAM/ GMIS/Head of AMU	31 December 2024	Through Cloud ERP, DFAM will make available a list of low value items accessible to all offices for their further action to rectify their respective

<b>Rec. no.</b>	<b>Recommendation</b>	<b>Critical<sup>8</sup>/ Important<sup>9</sup></b>	<b>Accepted? (Yes/No)</b>	<b>Title of responsible individual</b>	<b>Implementation date</b>	<b>UNHCR comments</b>
	operations' management of serially tracked items, including ensuring that they are properly classified and issues related to items recorded as being 'in transit' are followed up and resolved.					records or duly register the disposal of items, as applicable.
6	The UNHCR Division of Information Systems and Telecommunication and the Division of Financial and Administrative Management in coordination with the Regional Bureaux should ensure that procured computer equipment is fully accounted for and utilized.	Important	Yes	DIST / Chief IT Planning & Support Section; DFAM		DIST confirms that this aspect is already being addressed as an integral part of the established annual cycles of the Centrally Managed Fund (CMF). These cycles are overseen by DIST in close collaboration with Bureau/Country IT leads. Activities include regular attestation and update of the CMDB data including new devices reported in storage but not captured as in use, equipment, and devices available in storage but not reported in CMDB. Therefore, this recommendation should be considered implemented
7	The UNHCR Division of Emergency, Security and Supply should strengthen controls over the recording, categorization and reporting of data related to procurement of information and communication technology equipment in the new enterprise resource planning system.	Important	Yes	Chief of Procurement HQ Section	30 June 2024	The implementation of the buyer command center for ICT equipment will reduce the number of different specifications and models/types for ICT equipment. In addition, UNHCR has already centralized the management of item masterfile data at Headquarters which will ensure more structured data and avoid ambiguity. This will be supported by the development of a structured taxonomy of goods and services as part of the ERP implementation.