



## INTERNAL AUDIT DIVISION

### REPORT 2013/140

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Audit of cash management in the United Nations High Commissioner for Refugees

Overall results relating to the effectiveness of cash management in UNHCR were initially assessed as partially satisfactory. Implementation of five important recommendations remains in progress.

FINAL OVERALL RATING:  
PARTIALLY SATISFACTORY

20 December 2013  
Assignment No. AR2013/161 /02

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# **AUDIT REPORT**

## **Audit of cash management in the United Nations High Commissioner for Refugees**

### **I. BACKGROUND**

1. The Office of Internal Oversight Services (OIOS) conducted an audit of cash management at the United Nations High Commissioner for Refugees (UNHCR).

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. Cash management entails ongoing day-to-day management as well as the accounting practices and operations that optimize the use of available cash; cash forecasting activities; and bank account and petty cash management. It covers the following processes:

- a. Developing the organization's policies and processes for cash management;
- b. Managing banking operations:
  - i. Opening bank accounts
  - ii. Assigning designation and responsibilities of bank signatories
  - iii. Monitoring inactive bank accounts
  - iv. Closing bank accounts
- c. Carrying out bank reconciliation;
- d. Conducting cash flow projections at headquarters and in the field;
- e. Processing cash replenishments to the field offices;
- f. Establishing petty cash imprest and cash account for field offices;
- g. Receiving contributions from donors;
- h. Issuing payment instructions by the Treasury Section for the centralized electronic payments system;
- i. Placing investments for available cash balances;
- j. Disbursing payments by fields offices; and
- k. Managing foreign currency risks.

4. Cash management functions are performed by the Treasury Section and the Accounts and Financial Service (AFS) in the Division of Financial and Administrative Management (DFAM). The Treasury Section is based in UNHCR Headquarters in Geneva and comprises three professional and four general service staff members. The AFS is based in Budapest, at the UNHCR Global Service Centre, and consists of four units with a total of 39 staff members.

5. The AFS oversees cash management in the field offices and is also involved in opening and closing of bank accounts, establishing petty cash imprest for field offices, monitoring bank reconciliations, and running centralized electronic payment systems. The Treasury Section is principally responsible for cash flow projections, foreign exchange transactions and placing investments for available cash balances. The Section is also involved in the receipt of contributions, processing cash replenishments to the field, and the physical opening and closing of bank accounts for field offices.

6. In its 2011 financial statements, UNHCR reported cash and term deposits of \$535 million. As of 31 December 2012, UNHCR's total cash and cash equivalents amounted to \$431 million. Of this, \$322 million (or 75 per cent) was held in short term investments and \$109 million (or 25 per cent) in operational bank accounts. Table 1 below shows the split of cash and cash equivalent per destination.

**Table 1**  
**Cash and cash equivalents per nature of holdings**

(Thousands of United States dollars)	<b>31/12/2012</b>	<b>31/12/2011</b>
Headquarters	39,207	24,702
Field offices	69,979	71,242
Short-term deposits	322,000	438,964
<b>Total</b>	<b>431,186</b>	<b>534,908</b>

7. Operating in 127 countries, UNHCR had 425 separate bank and cash accounts at the end of 2011 and 418 at the end of 2012. UNHCR Headquarters operated and directly managed 75 bank accounts in Europe.

8. Comments provided by DFAM are incorporated in *italics*.

## II. OBJECTIVE AND SCOPE

9. The audit was conducted to assess the adequacy and effectiveness of UNHCR governance, risk management and control processes in providing reasonable assurance regarding the **effectiveness of cash management in UNHCR**.

10. The audit was included in OIOS' 2013 risk based internal audit work plan due to a variety of risks including weaknesses in the: monitoring of bank reconciliations, updating of bank signatories, cash replenishments, and the disbursement of cash.

11. The key control tested for the audit was regulatory framework. For the purpose of this audit, OIOS defined regulatory framework as the controls that provide reasonable assurance that systems, policies and procedures have been established for cash management and are complied with.

12. The key control was assessed for the control objectives shown in Table 2.

13. OIOS conducted this audit from April to July 2013. The audit covered the period from 1 January 2012 to May 2013. It covered the management of banking operations; bank reconciliations; cash flow projections and replenishments; management of cash and petty cash accounts; short-term investments and the management of foreign exchange risks; receipt of donor contributions and centralized electronic payments. The audit did not cover disbursements by field offices, as these are routinely examined in audits of country operations.

14. OIOS 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 conducted necessary tests to determine their effectiveness.

### III. AUDIT RESULTS

15. The UNHCR governance, risk management and control processes examined were **partially satisfactory** in providing reasonable assurance regarding **the effectiveness of cash management in UNHCR**. OIOS made five recommendations in the report to address issues identified in the audit.

16. The regulatory framework was initially assessed as partially satisfactory as UNHCR needed to strengthen the ability of DFAM to enforce compliance and sanction persistent non-compliance with bank reconciliation requirements. There was also a need to update and regularly monitor the panel of signatories in the Treasury Management Module. UNHCR field offices also needed to make better use of the Cash Flow View in the Managing for Systems, Resources and People (MSRP) system. Control weaknesses were also identified in relation to cash replenishments and excess cash holdings. UNHCR had developed comprehensive organizational policies and processes for cash management and was effectively managing the opening and closing of bank accounts. Effective arrangements were in place for establishing and monitoring petty cash imprests and cash accounts for field offices. UNHCR had effective short term investment management processes and adequate arrangements for managing foreign exchange risks.

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

**Table 2: Assessment of key control**

Business objective	Key control	Control objectives			
		Efficient and effective operations	Accurate financial and operational reporting	Safeguarding of assets	Compliance with mandates, regulations and rules
Effectiveness of cash management in UNHCR	Regulatory framework	Partially satisfactory	Partially satisfactory	Partially satisfactory	Partially satisfactory
<b>FINAL OVERALL RATING: PARTIALLY SATISFACTORY</b>					

#### A. Regulatory framework

##### Need to strengthen DFAM's ability to enforce compliance with UNHCR rules on preparation of bank reconciliations

18. Some UNHCR field offices failed to ensure that bank reconciliations were correctly done on a timely basis as indicated by the following observations:

- AFS determined that 3 per cent of required UNHCR bank reconciliations worldwide had not been done as of April 2013. Cash management related weaknesses were also highlighted by OIOS in the course of previous field audit assignments. For example, previous OIOS audits in Tunisia, Tanzania and Mozambique highlighted prolonged periods during which bank reconciliations had not been carried out or done correctly, and a number of related offline<sup>1</sup> transactions.

<sup>1</sup> Transactions not recorded on general ledger

- A review of 91 (or 22 per cent) of 414 bank reconciliations highlighted: (a) outstanding cheques and payments that had not cleared bank accounts for more than six months, which may be an indicator of possible errors or fraud; (b) transactions processed by banks that were not recorded in MSRP more than one month after they were processed; and (c) negative balances in the General Ledger due to overdrawn bank accounts, which are prohibited by UNHCR rules.

19. These shortcomings reduced the usefulness of bank reconciliations since they could not be consistently used as a basic internal control tool to detect errors and fraud.

20. Whilst DFAM was following up on delayed or inaccurate bank reconciliations, in certain cases, despite reminder e-mails and memoranda from the Controller's office, field offices took no action. This was because the UNHCR organizational structure made it difficult for sanctions or other action to be enforced in field offices as finance staff reported to Representatives and did not have a reporting relationship to the UNHCR Controller. In the event of non-compliance, there was little DFAM could do if memoranda requesting compliance were not acted upon.

**(1) The UNHCR should ensure that there is a dotted reporting line between the Division of Financial and Administrative Management and finance staff in field offices to strengthen the ability of DFAM to enforce compliance with bank reconciliation requirements, and to take corrective actions on persistent non-compliance.**

*The Division of Financial and Administrative Management indicated that it accepted recommendation 1 and stated that UNHCR would introduce financial functional reporting lines from the DFAM Controller's Office to the Representatives and Heads of Field Offices in exercising their financial responsibilities to enhance adherence to UNHCR's financial rules with regard to the implementation of "Article 5 – Custody of funds". This would also strengthen the Controller's role under the Global Management Accountability Framework (GMAF) with regard to enforcing compliance with UNHCR's financial rules and to sanction non-compliance with financial rules and procedures. Reporting would be monitored through the Country Financial Report, including bank accounts. Recommendation 1 remains open pending receipt of documentary evidence on the introduction of a dotted reporting line between the Controller's Office and finance staff in the field offices to enhance adherence to UNHCR rules.*

#### Need to update and regularly monitor the panel of signatories in the Treasury Management Module

21. UNHCR rules require that only staff members duly designated by Treasury Section, on behalf of the Controller, can sign cheques and bank transfer requests. Field offices are also required to submit requests for changes in the panel of signatories to the Treasury Section, and to update bank signatory panels on an annual basis or when the need arises.

22. OIOS reviewed the accuracy of the panel of signatories by checking potential duplication of signatories and the timeliness of changes made due to staff member transfers across field locations. The review indicated that 41 out of 1,050 signatories were outdated in MSRP as field offices did not report staff movements to the Treasury Section on a timely basis. This happened because of rapid staff turnover in field offices and also due to the fact that the process of updating signatories was done manually. The first system that captured the information of staff members' changing location was the Human Resource module in MSRP. However, there was no interface between this module and the Treasury Management module. This shortcoming increased the risk of having bank signatories who had rights on bank accounts outside their areas of management, or who were no longer with the organization. It thus increased the risk of undetected errors and fraud.

**(2) The Treasury Section should correct the errors in the signatories recorded in MSRP, and put in place a mechanism for periodically confirming with field offices the accuracy of their panel of bank signatories.**

*The Division of Financial and Administrative Management indicated that it accepted recommendation 2 and stated that DFAM would instigate a new formalized reporting mechanism to confirm semi –annually authorized field banking signatories, specifically at the year- end as at 31 December and as at 30 June. The format adopted was based on the year-end compliance checklist and certification, wherein field representatives confirm valid authorized banking signatories at that date for each field bank account. Recommendation 2 remains open pending receipt of documentary evidence that the Division of Financial and Administrative Management corrected the errors in the signatories recorded in MSRP and initiated the new reporting mechanism.*

**(3) The Treasury Section should request the UNHCR Division of Information System Technology to explore the feasibility of linking the Human Resources and Treasury Management system modules to enable the timely updating of bank signatory records in situations that involve the movement of staff.**

*The Division of Financial and Administrative Management indicated that it accepted recommendation 3 and stated that DFAM would make a request to include into the MSRP upgrade project the functional requirements of linking the Human Resources module with the MSRP Finance and Treasury Management modules for updating bank signatory records and delegated roles and responsibilities. This would enable the identification of staff reassignments and confirm appointments and separations, and facilitate the timely validation and exact dates of request to update bank signatory records. Recommendation 3 remains open pending receipt of documentary evidence that DFAM has made a request to the UNHCR Division of Information System Technology to explore the feasibility of linking the Human Resources module with the Treasury Management module for updating bank signatory records when a movement of bank signatory occurs.*

Need to reinforce the use of the Cash Flow View in the MSRP system and to ensure that the view's underlying data is accurate

23. In order to correctly forecast office cash flows and to conduct timely replenishments, the UNHCR Manual requests field offices to use the Cash Flow View function in the MSRP Treasury Management System module. This module integrates the bank reconciliation report with pending liabilities such as purchase orders in the pipeline, upcoming instalment payments to implementing partners, salary forecasts and unpaid accounts payable vouchers that have an impact on cash flows. This information is used to determine the cash required for immediate disbursement.

24. OIOS observed that the field offices that were not using the Cash Flow View module in MSRP could still request cash replenishments in the MSRP Cash Replenishment functionality. In addition, there was no centralized information about the number of field offices that used the Cash Flow View, which prevented UNHCR from accurately assessing overall field cash needs. Because field offices could prepare and request cash replenishments without using the Cash Flow View, there was no incentive for them to use this functionality.

25. OIOS reviewed the use of Cash Flow View for a sample of 26 country offices in order to check if the data was accurate. Five of the 26 countries tested had some bank accounts that were not accessible in the Cash Flow View function. Sixteen other countries had inaccurate data related to: long outstanding purchase orders (dating from 2007), which were still recorded as “MSRP Transactions in Process”;

overestimated cash needs of at least \$4.8 million; and unposted vouchers recorded in the Cash Flow View module.

26. The failure to have field cash flow information fully available in the system prevented UNHCR from obtaining a comprehensive overview of the cash flow needs of field offices. This impeded UNHCR's ability to prepare comprehensive organizational cash flow forecasts for use in cash management decisions.

**(4) The UNHCR Division of Financial and Administrative Management should: (a) reinforce the use of the Cash Flow View by field offices to ensure that the organization maximizes the benefits from this functionality; and (b) regularly review and correct the View's underlying data.**

*The Division of Financial and Administrative Management indicated that it accepted recommendation 4 and stated that DFAM was committed to further reinforce the systematic use of its cash flow forecasting tool across operations. The Cash Flow View tool e-learning module shall be integrated as compulsory financial training with a mandatory successful completion test. The Global Learning Centre will advise how to best manage, monitor and implement these training requirements. DFAM will use the monthly country financial report that will be launched in the last quarter of 2013 to highlight any overdue and open items for the field offices to take corrective action. Periodic scrutinizing of the underlying transactional accounting data will ensure the accuracy and completeness of the Cash Flow View. Recommendation 4 remains open pending receipt of documentary evidence that: (a) the Cash Flow View functionality is systematically used across operations; and (b) the data underlying the Cash Flow View is regularly reviewed and corrected.*

Action needed on cases of country offices holding excess cash

27. OIOS reviewed cash replenishment requests submitted and processed during 2012. This review showed that 20 countries had not complied with the one month cash needs principle of UNHCR resulting on average in approximately \$5 million of excess cash left in field bank accounts during 2012. OIOS also observed that the Division of Financial and Administrative management was not circulating reports on surplus cash to either the Representatives or the Regional Bureaux.

**(5) The UNHCR Division of Financial and Administrative Management should develop an analytical tool to identify Country Offices holding surplus cash and periodically provide related reports to the Regional Bureaux and country Representatives for appropriate corrective action.**

*The Division of Financial and Administrative Management indicated that it accepted recommendation 5 and stated that it had developed the analytical tool to identify Country Offices cash holdings. The country financial report to be launched in the last quarter of 2013 includes confirmation of month-end bank balance holdings by field location bank accounts. Excess bank balances at the field level are monitored through an established monthly threshold for each field location based on their operational requirements and cash flow forecasts. Recommendation 5 remains open pending receipt of documents evidencing the implementation of the analytical tool to identify Country Offices holding surplus cash and provision of related reports to UNHCR managers for appropriate corrective action.*



#### Organizational policies and processes for cash management had been developed

28. DFAM was responsible for the development of guidelines and procedures for cash management in the organization. DFAM fulfilled its responsibility adequately by developing a comprehensive set of documents comprising a series of guidelines and procedures covering the various functions that comprise cash management. These documents were regularly updated and disseminated to other divisions at headquarters and to field offices through Internal Office Memoranda and Field Office Memoranda and broadcasts to staff members. The policies and procedures were also available in the UNHCR intranet.

#### Opening of bank accounts and the monitoring of inactive bank accounts was done satisfactorily

29. The Treasury Section had the responsibility and authority for the opening of UNHCR bank accounts. OIOS reviewed the effectiveness of the bank account opening procedures and noted that this Section was involved in the process by: providing assistance and support to field offices in their needs analysis and competitive selection processes, establishing the relationship with local banks, monitoring the process of the bank account opening, recording the bank account in the accounting systems, and reviewing the terms under which the account was expected to operate. As this review did not highlight any deficiencies, no recommendation was made.

30. The AFS had the responsibility for monitoring and closing of inactive bank accounts. AFS investigated any bank account remaining inactive for three months and contacted field offices to enquire whether there was a need for keeping the inactive account open. As controls for the monitoring and closing of inactive bank accounts were assessed as satisfactory, no recommendation was made.

#### Processes for establishing petty cash imprest for field offices, and monitoring of cash accounts, were satisfactory

31. A review of a sample of field office requests for the creation of petty cash accounts, increase of petty cash imprests, and the establishment of cash accounts indicated that each request was supported by appropriate justification. Approval letters from AFS were sent to every requesting office. No recommendation was made since the review did not identify any shortcomings.

#### Short-term investments were adequately managed

32. UNHCR treasury cash management and risk management guidelines and procedures define UNHCR treasury objectives and risk appetite and state that the organization should have a Finance and Investment Strategic Committee (FISC) to assist and advise on decisions concerning the investment of funds. OIOS reviewed investment reports for 2011, 2012 and 2013 (up to March) and investment committee minutes for 2012, and noted that UNHCR funds were invested in accordance with the organization's Cash and Risk management policy; and the Finance and Investment Strategic Committee worked in accordance with its terms of reference. UNHCR also faced low risks regarding its investments. This was because the investments were for periods of up to three months and the instruments used were only time deposits, certificates of deposit, sovereign treasury bills and notes, commercial paper, notes and bonds and repurchase agreements. In 2012, UNHCR surplus operational cash funds were invested for placement with an average duration of approximately 30 days. In order to avoid an over-concentration of funds, investments were also widely spread across 11 institutions during 2012. Historical records showed that investments were judiciously managed and outperformed the benchmark, achieving a rate of return that was 1.2 times higher. OIOS did not therefore raise a recommendation on this issue.

Foreign exchange risk was adequately addressed

33. A review of UNHCR foreign exchange transactions and management indicated that foreign exchange risks were adequately identified and managed in accordance with UNHCR guidelines. OIOS therefore did not raise a recommendation.

**IV. ACKNOWLEDGEMENT**

34. OIOS wishes to express its appreciation to the Management and staff of DFAM 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 cash management in the United Nations High Commissioner for Refugees

Recom. no.	Recommendation	Critical <sup>2</sup> / Important <sup>3</sup>	C/ O <sup>4</sup>	Actions needed to close recommendation	Implementation date <sup>5</sup>
1	The UNHCR should ensure that there is a dotted reporting line between the Division of Financial and Administrative Management and finance staff in field offices to strengthen the ability of DFAM to enforce compliance with bank reconciliation requirements, and to take corrective actions on persistent non-compliance.	Important	O	Receipt of documentary evidence on the introduction of a dotted reporting line between the Controller's Office and finance staff in the field offices to enhance adherence to UNHCR rules.	31 December 2013
2	The Treasury Section should correct the errors in the signatories recorded in MSRP, and put in place a mechanism for periodically confirming with field offices the accuracy of their panel of bank signatories.	Important	O	Receipt of documentary evidence that the Division of Financial and Administrative Management has corrected the errors in the signatories recorded in MSRP and initiated the new reporting mechanism.	31 December 2013
3	The Treasury Section should request the UNHCR Division of Information System Technology to explore the feasibility of linking the Human Resources and Treasury Management system modules to enable the timely updating of bank signatory records in situations that involve the movement of staff.	Important	O	Receipt of evidence that DFAM has requested the UNHCR Division of Information System Technology to explore the feasibility of linking the Human Resources module with the Treasury Management module for updating bank signatory records when a movement of bank signatory occurs.	30 June 2014
4	The UNHCR Division of Financial and Administrative Management should: (a) reinforce the use of the Cash Flow View by field offices to ensure that the organization maximizes the benefits	Important	O	Receipt of evidence that: (a) the Cash Flow View functionality is systematically used across operations; and (b) the data underlying the Cash Flow View is regularly reviewed and corrected.	30 September 2014

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> C = closed, O = open

<sup>5</sup> Date provided by United Nations High Commissioner for Refugees in response to recommendations.

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of cash management in the United Nations High Commissioner for Refugees

Recom. no.	Recommendation	Critical <sup>2</sup> / Important <sup>3</sup>	C/ O <sup>4</sup>	Actions needed to close recommendation	Implementation date <sup>5</sup>
	from this functionality; and (b) regularly review and correct the View's underlying data.				
5	The UNHCR Division of Financial and Administrative Management should develop an analytical tool to identify Country Offices holding surplus cash and periodically provide related reports to the Regional Bureaux and country Representatives for appropriate corrective action.	Important	O	Implementation of the analytical tool to identify Country Offices holding surplus cash and provision of related reports to UNHCR managers for appropriate corrective action.	30 June 2014

# **APPENDIX I**

## **Management Response**

## MANAGEMENT RESPONSE

## Audit of cash management in the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>6</sup> / Important <sup>7</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR should ensure that there is a dotted reporting line between the Division of Financial and Administrative Management and finance staff in field offices to strengthen the ability of DFAM to enforce compliance with bank reconciliation requirements, and to take corrective actions on persistent non-compliance.	Important	Yes	UNHCR – Controller	31 December 2013	UNHCR will introduce financial functional reporting lines from the DFAM Controller's Office to the Representatives and Heads of Field Offices in exercising their financial responsibilities to enhance adherence to UNHCR's financial rules with regard to the implementation of "Article 5 – Custody of funds". This will also strengthen the Controller's role under the Global Management Accountability Framework (GMAF) with regard to enforcing compliance with UNHCR's financial rules and to the sanctioning of non-compliance with financial rules and procedures. Reporting will be monitored through the Country Financial Report, including bank accounts.
2	The Treasury Section should correct the errors in the signatories recorded in MSRP, and put in place a mechanism for periodically confirming with field offices the accuracy of their panel of bank signatories.	Important	Yes	DFAM/Trea surer	As at 31.12.2013, year-end formalized reporting will be made available and semi-annual confirmation	DFAM will instigate a new formalized reporting mechanism to confirm semi – annually authorized field banking signatories, specifically at the year- end as at 31 December and as at 30 June. The format adopted is based on the year-end compliance checklist and

<sup>6</sup> 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.

<sup>7</sup> 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.

## MANAGEMENT RESPONSE

## Audit of cash management in the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>6</sup> / Important <sup>7</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
					thereafter as at 30 June 2014.	certification, wherein field representatives confirm valid authorized banking signatories at that date for each field bank account.
3	The Treasury Section should request the UNHCR Division of Information System Technology to explore the feasibility of linking the Human Resources and Treasury Management system modules to enable the timely updating of bank signatory records in situations that involve the movement of staff.	Important	Yes	DFAM/Treasurer, MSRP Upgrade Project Manager	30 June 2014	DFAM shall make a request to include into the MSRP upgrade project the functional requirements of linking the Human Resources module with the MSRP Finance and Treasury Management modules for updating bank signatory records and delegated roles and responsibilities. This will enable the identification of staff reassignments and confirm appointments and separations, and facilitate the timely validation and exact dates of request to update bank signatory records.
4	The UNHCR Division of Financial and Administrative Management should: (a) reinforce the use of the Cash Flow View by field offices to ensure that the organization maximizes the benefits from this functionality; and (b) regularly review and correct the View's underlying data.	Important	Yes	DFAM/Treasurer, in collaboration with Senior Change Management Advisor, Global Learning Centre and with the Bureaux Directors and	30 September 2014	a) DFAM is committed to further reinforce the systematical use of its cash flow forecasting tool across operations. The Cash Flow View tool e-learning module shall be integrated as compulsory financial training with a mandatory successful completion test. The Global Learning Centre will advise how to best manage, monitor and implement these training requirements. DFAM will use the monthly country financial report that will be launched in the last quarter of 2013 to highlight any overdue and open items for the field offices to take corrective action.

## MANAGEMENT RESPONSE

## Audit of cash management in the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>6</sup> / Important <sup>7</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
				dependent finance staff in the respective field offices.		Periodic scrutinizing of the underlying transactional accounting data will ensure the accuracy and completeness of the Cash Flow View.
5	The UNHCR Division of Financial and Administrative Management should develop an analytical tool to identify Country Offices holding surplus cash and periodically provide related reports to the Regional Bureaux and country Representatives for appropriate corrective actions.	Important	Yes	DFAM/Treasurer, in collaboration with the Bureaux Directors and dependent financial staff in field offices.	30 June 2014	DFAM has developed the analytical tool to identify Country Offices cash holdings. The country financial report to be launched in the last quarter of 2013 includes confirmation of month-end bank balance holdings by field location bank accounts. Excess bank balances at the field level are monitored through an established monthly threshold for each field location based on their operational requirements and cash flow forecasts.