



INTERNAL AUDIT DIVISION

REPORT 2015/102

Review of recurrent asset and inventory management issues in field operations internal audit reports for the Office of the United Nations High Commissioner for Refugees

24 September 2015
Assignment No. VR2015/167/01

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Review of recurrent asset and inventory management issues in field operations internal audit reports for the Office of the United Nations High Commissioner for Refugees

I. BACKGROUND

1. The Office of Internal Oversight Services (OIOS) conducted a review of recurrent asset and inventory management issues in field operations internal audit reports for the Office of 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. In 2014, UNHCR distributed \$379.0 million worth of inventories to persons of concern. At the end of 2014, UNHCR held \$193.5 million worth of inventory in over 150 warehouses worldwide. It also had \$159.3 million worth of Property, Plant and Equipment (PPE) as at 31 December 2014. Asset and inventory management is therefore a significant component of the global operations of UNHCR. OIOS undertakes audits of field operations in UNHCR and covers asset and inventory management in the scope of these engagements.
4. The UNHCR Manual considers asset management to begin from the receipt of assets and cover asset life cycle management until the asset is disposed of. The Manual considers inventory management to consist of the receiving, storing and onward shipping of inventories. Responsibilities for asset and inventory management in UNHCR are divided between the institutional and field levels. The Division of Emergency, Security and Supply (DESS) is responsible for providing strategic direction, support and oversight to regional and country offices in relation to supply chain management, emergency preparedness and response, and security management. In particular, the Supply Management and Logistics Service located in Budapest is responsible for ensuring the efficient and reliable delivery of requested or required items of assistance to operations in the field and for strengthening supply support to UNHCR operations as a whole. Supply management encompasses both inventory and asset management as well as procurement, logistics and all other end-to-end aspects of the supply chain. The Division of Financial and Administrative Management (DFAM) is charged with providing support and guidance to UNHCR offices on issues of financial and administrative management and control. Within DFAM, the Accounts and Financial Service, based in Budapest, is responsible for the production of statutory and management financial information in UNHCR. In order to achieve this, the Accounts and Financial Service requires the availability of accurate and timely information on assets and inventory.
5. In the field, UNHCR Representations are responsible for developing and implementing supply management activities in line with institutional policies, standards, regulations, rules and procedures. Representations have the authority and responsibility to allocate resources to supply and determine the supply chain structure. They are also responsible for maintaining accurate records of inventory and assets within the Managing for Systems, Resources and People (MSRP) software, the UNHCR enterprise resource planning system.
6. Comments provided by UNHCR are incorporated in *italics*.

II. OBJECTIVE, SCOPE AND METHODOLOGY

7. This engagement was conducted to review recurrent asset and inventory management issues raised in recent OIOS internal audit reports, and to identify related improvements needed at the institutional level.
8. The review was included in the OIOS 2015 risk-based internal audit work plan for UNHCR because of the risks posed by the large volume and financial value of assets and inventory managed by UNHCR and the fact that OIOS field audits have raised many systemic recommendations in this area.
9. The review was conducted from March to June 2015, and covered OIOS internal audit reports issued from 1 January 2012 to 31 December 2014.
10. The methodology for the review involved the following steps:
 - (a) Review of the 56 internal audit reports pertaining to UNHCR field operations issued between 1 January 2012 and 31 December 2014 to identify recurrent issues related to asset and inventory management;
 - (b) Identification of root causes of the recurrent issues;
 - (c) Review of the status and adequacy of actions taken to implement the internal audit recommendations raised;
 - (d) Review of the current control framework for inventory and asset management (policies, manuals, agreements, systems and tools, as well as training, monitoring and oversight mechanisms), its evolution over the period covered, and any ongoing measures taken to enhance it in order to assess its adequacy in addressing the root causes of recurrent issues; and
 - (e) Identification of additional improvements required at the institutional level.
11. As the focus of the review was on identifying root causes of recurrent audit issues in asset and inventory management, it only raises recommendations to enhance the institution level controls. As regards the recommendations contained in the internal audit reports issued during the period that still remain open, OIOS will close them only after appropriate corrective actions have been implemented by the respective UNHCR Representations.

III. RESULTS OF THE REVIEW

12. Between 1 January 2012 and 31 December 2014, of the 56 internal audit engagements that OIOS conducted on UNHCR field operations, 46 identified asset and/or inventory management as a high risk area to be tested. Of the final reports issued over this period, 22 contained one or more recommendations related to asset and inventory management.
13. In total, 33 recommendations related to asset and inventory management were raised in these 22 final audit reports. Some audits contained multiple recommendations related to inventory and asset management. All of the recommendations were rated as important with no critical recommendations. As of July 2015, only two of these recommendations remained open. For the 31 closed recommendations, UNHCR had taken satisfactory action to address the control weaknesses in the respective Representation. However, none of these individual audit recommendations, nor the corresponding responses reported by UNHCR, addressed institution wide issues which continued to cause similar control weaknesses to occur in multiple field locations.

14. From preliminary analysis of the relevant audit recommendations, OIOS identified a number of recurrent issues. The categories of recurrent issues are shown below in Table 1. As some recommendations were related to multiple categories, the total number of recommendations per category (39) exceeds the number of recommendations raised (33). In addition, five recommendations from four audits related to asset and management issues which were not identified in any other audits. These issues were therefore considered to be non-recurrent and were not further assessed as part of this engagement.

Table 1

Distribution of audit recommendations raised between 1 January 2012 and 31 December 2014 per recurrent issue

| Recurrent issue category | Number and percentage of audit reports (out of 22) in which a recommendation was raised per recurrent issue category | Number of recommendations per recurrent issue category | Percentage of occurrence of recommendations |
|--|--|--|---|
| Inventory management | 12 (55%) | 14 | 36 |
| Recording and verification of PPE | 11 (50%) | 11 | 28 |
| Recording and verification of Serially Tracked Items | 8 (36%) | 8 | 21 |
| Disposal of assets | 6 (27%) | 6 | 15 |
| Total | | 39 | 100 |

15. OIOS concluded that institution level recommendations were not needed with regards to the accuracy of PPE records and the disposal of assets, given the action already taken by UNHCR. However, there was a need for UNHCR to: (a) establish criteria for the organizational structures required for effective inventory management in the field; (b) ensure adequate presence of supply management staff in emergencies; and (c) review whether the current requirements of the policy on Serially Tracked Items can realistically be achieved with existing resources.

16. OIOS made three recommendations to address the issues that are further described below.

Inventory management

There was a need to develop criteria for the organizational structures required for effective inventory management in the field

17. UNHCR rules require that Representations maintain inventory records to support the receipt, issue and distribution of items stored in warehouses. This includes reconciling reports of distributed inventories against remaining stocks in the warehouse. UNHCR policies also require monthly reconciliations between warehouse records and MSRP records and full physical verification of all inventory held on a quarterly and annual basis.

18. Fourteen recommendations in 12 internal audit reports addressed non-compliance with the above requirements. Twelve recommendations related to control weaknesses over the recording of receipt and issuance of inventory in warehouses and discrepancies between records in MSRP and physical stock and bin card records kept in the warehouses. The remaining two recommendations concerned failure to complete physical verifications of inventory as required.

19. These shortcomings occurred primarily due to inadequate monitoring and supervision, gaps in available training, and absence of suitably qualified and experienced supply staff. As a result, UNHCR lacked management and financial information essential for planning and executing the delivery of inventories to persons of concern in an efficient and effective manner. However, since April 2013, DESS had introduced a number of new monitoring controls over inventory management in the field. These included monthly tracking of the quality of physical verifications by warehouse, internal control questionnaires and MSRP reports that DESS used to identify operations with weak controls. Based on these assessments, DESS would undertake targeted missions to reperform work, deliver training to staff and establish stronger controls. During 2014, 149 missions were undertaken by DESS to, among other objectives, correct control weaknesses and build capacity in the field. In certain circumstances this included full reperformance of work that was not in compliance with established policies and standards. In addition, DESS had developed a new webinar on inventory management to address previous gaps in training. As of July 2015, the webinar had been attended by 39 supply staff from field operations with significant levels of inventory or with previously identified inventory control weaknesses. Due to these improvements, DESS was better able to prevent, detect and correct errors and non-compliance with inventory management policies in a number of field operations.

20. However, at the institution level, UNHCR had inadequate guidance on the level of suitably qualified and experienced supply staff needed in different circumstances. The only policy guidance on the design of UNCHR field presences was issued in 2008. This guidance did not list supply as one of the main functions required for UNHCR to meet its core accountabilities and responsibilities and stated that in small operations supply management tends to be located in programme or administrative units. UNHCR had no established benchmarks on the number and seniority of supply staff required for different operational circumstances. DESS was in the process of developing a model to benchmark the level of supply resources needed in different operations. The model considered multiple factors within each country office, including total value of procurement, number of purchase orders, number of warehouses, number and geographical dispersion of field offices, security level and the total number of persons of concern among other variables. At the time of this review, this model had not been finalized and mechanisms to monitor and report on compliance with it in field operations had not been developed.

21. Due to the lack of benchmarks for the number and seniority of supply staff required, Regional Bureaux had no objective measure to assess and provide management oversight over resource allocation for the supply functions at the Representations. As a consequence, there were significant variations in the level of supply staff in different operations. For example, one country operation with total procurement of \$1.9 million in 2014 and had 318 purchase orders without having any supply staff. In contrast, another operation with \$1.8 million of procurement and 93 purchase orders had eight supply staff. In the 15 largest operations, purchase orders per supply staff ranged from 15 to 143 and procurement value per supply staff ranged from \$437,000 to \$9.0 million. There was also a significant variation in the reporting lines of the most senior supply staff member. In some Representations they reported directly to the Representative or the relevant Assistant Representative, whereas in others they reported to the Senior Programme Officer. The absence of strong management oversight based on clear, objective benchmarks for the appropriate numbers and seniority of supply staff in the field resulted in some Representations being sufficiently staffed in supply management and others being under-staffed. In addition, the classification of supply in UNHCR guidelines as a function that is not required to meet core accountabilities and responsibilities, unlike protection, programme and other support functions such as finance, administration and human resources, had undermined the efforts of DESS to argue for adequate supply staffing in country and regional operations.

| |
|---|
| <p>(1) The Division of Emergency, Security and Supply, in coordination with the regional bureaux, should: (a) formally issue benchmarks for the number and seniority of supply staff and their reporting lines in different operational circumstances; and (b) develop</p> |
|---|

mechanisms to monitor and report on compliance of UNHCR Representations with the above-mentioned benchmarks.

UNHCR accepted recommendation 1 and stated that it had developed a benchmarking model to be discussed with senior management and field operations. Based on these discussions, corrective action, if required, and the monitoring and reporting mechanisms required would be agreed by the end of 2015. Recommendation 1 remains open pending receipt of confirmation that the benchmarks for the number and seniority of supply staff have been formally issued and receipt of documentation on the mechanisms through which compliance with the benchmarks will be monitored and reported on.

Controls to ensure adequate presence of supply management staff in emergencies needed to be developed

22. The UNHCR Emergency Handbook states that sufficient UNHCR and implementing partner staff of the right calibre, experience and gender balance must be deployed in the right places and equipped with the authority, funds, material and logistical support needed. The handbook identifies supply management as a function that may be needed in a large emergency.

23. Seven of the 14 recommendations related to inventory management were in operations affected by a declared emergency during the period covered by the audit. These recommendations were raised in audits of six emergency operations. Of these six operations, only one received additional supply officers through emergency deployments. Decisions on what experience and functional skills would be required to respond to an emergency were made on a case-by-case basis. No benchmarks or guidance for the circumstances under which deployment of supply resources to an emergency would be desirable had been established. However, given that emergency operations normally had above average levels of procurement, inventory and assets, OIOS would have expected the proportion of supply staff deployed to emergencies to have been equal to or higher than their overall proportion within UNHCR. Instead, the proportion of supply staff of all staff deployed to emergencies was less than half of their proportion of the total UNHCR staff count. As of May 2015, UNHCR had 424 regular supply posts of which 397 were filled. This was approximately 5 per cent of the total number of UNHCR regular staff. In 2014, 165 UNHCR staff and 276 partner staff were deployed or seconded to 40 locations by the Emergency Services, Partnership and Deployment Unit in DESS. Of these deployments, only 11 (four UNHCR staff and seven partner staff) were supply officers. Supply management therefore represented only 2.5 per cent of total emergency deployments for 2014. In 2013, there were only seven deployments of supply officers to emergencies although in 2012 there had been 21 deployments, 16 of which were to the Syrian situation. Of the 17 emergencies declared between 2012 and 2014 by UNHCR, 11 did not receive any supply staff from the emergency rosters.

24. As a consequence, some emergency responses lacked sufficient supply staff at a crucial stage of the response when the supply chain was being established and up-scaled inventory management controls were put in place. The Supply Management and Logistics Service agreed that where poor controls over inventory management were established at the start of the emergency, they often persisted through the course of the emergency response and required significant effort to correct. Of the 15 operations with the highest levels of inventory discrepancies in 2014, nine had received emergency deployments between 2012 and 2014. Of these nine, five received no supply officers through the emergency deployments and four received two or one. Certain emergency responses therefore had given inadequate consideration to the need for supply skills. The existing guidance on emergency deployment did not articulate the circumstances, such as distribution of non-food items being a critical component of the emergency response or poor local transport infrastructure, which would make the presence of supply staff essential.

(2) The Division of Emergency, Security and Supply should issue guidance setting out the operational circumstances of an emergency under which the deployment of supply staff would be essential, in order to ensure that adequate emergency response resources for supply management are in place to meet future needs.

UNHCR accepted recommendation 2 and stated that DESS would further define criteria for operational circumstances of an emergency under which the deployment of supply staff would be essential. In addition, UNHCR was establishing a functional standby roster for supply staff which would be available for emergency operations on short notice. Recommendation 2 remains open pending receipt of guidance setting out the operational circumstances of an emergency under which the deployment of supply staff would be essential, and evidence that UNHCR has taken steps to ensure a sufficient number of supply staff are on emergency deployment rosters to meet anticipated needs.

Recording and verification of Property, Plant and Equipment

Steps were taken to enhance controls over the accuracy of Property, Plant and Equipment records

25. The UNHCR Manual requires that irrespective of how an asset becomes the property of UNHCR, it should be properly registered in the UNHCR asset management database in MSRP. UNHCR procedures require all Representations to perform an annual physical verification of PPE owned by UNHCR, including those held by partners under Right of Use agreements, to ensure compliance with the International Public Sector Accounting Standards.

26. Eleven recommendations in 11 internal audit reports observed non-compliance with the above requirements. In three audits, the annual physical verifications were not performed. In another three audits, the physical verifications of assets held by partners were not completed. In the remaining five audits, there were discrepancies between the results of the physical verification and records in MSRP. In four cases significant assets were not correctly recorded in MSRP and in one case significant assets in the records could not be physically located.

27. These shortcomings occurred because of gaps in the training available on asset management and a lack of institution level controls to detect and correct non-compliance with asset management policies. As a result, UNHCR was at risk of not fully complying with the International Public Sector Accounting Standards and lacked the information needed, in certain operations, to effectively control their assets. With regards to training, in response to control weaknesses identified in previous internal and external audit engagements, DESS had developed a series of webinars, including a webinar on asset management which addressed physical verification and recording of assets held both by UNHCR and by partners. As of mid-July 2015, these webinars had been delivered in English and French to supply staff from 19 field operations. DESS planned to deliver further webinars targeted at supply staff from operations which had significant levels of assets to manage or that had experienced difficulties with asset management. With regards to detective and corrective controls, DFAM was now closely monitoring compliance with annual physical verification of assets. It produced detailed reports of compliance rates by each Representation and followed up on non-compliance with the respective Representatives and Bureaux as needed. As a result of these enhanced controls, compliance with the 2014 annual physical verification of PPE was 98 per cent at the end of the year. DFAM also followed up on instances of non-compliance in early 2015. OIOS is therefore not raising an institution level recommendation in this report.

Recording and verification of Serially Tracked Items

Need to review whether current requirements of the policy on Serially Tracked Items can realistically be achieved with existing resources

28. UNHCR defines Serially Tracked Items (STIs) as specific categories of tangible assets with an acquisition value of less than \$10,000 that are used to support day-to-day official business. STIs include, *inter alia*, computers, small generators and office furniture. The current UNHCR policy on STIs, which was issued jointly by DESS and DFAM in 2011, requires STIs to be: expensed rather than capitalized on acquisition; registered in MSRP; and subject to annual physical verifications. This includes STIs issued to partners under a Right of Use Agreement as these items remain the property of UNHCR. This policy also requires field operations to process the disposal of STIs through MSRP.

29. Eight recommendations in eight internal audit reports observed non-compliance with the above policy. In three audits, STIs issued to partners had not been physically verified and in two audits significant discrepancies between the physical verification and the MSRP records existed but were not followed up. In a further three audits, no physical verification of STIs had taken place. As of April 2015, there were 82,492 STIs registered in MSRP globally. Of these, 51,285 (or 62 per cent) were older than their useful economic life. Of all STIs, 63,704 (77 per cent) had not been physically verified in the past year. The recorded acquisition value of these STIs was \$87.9 million. This also represented 77 per cent of the total acquisition value of all STIs currently held by UNHCR.

30. As a consequence, a large number of items of no further use to UNHCR were being kept without being disposed of. DESS and DFAM staff indicated that this happened because the current processes for disposing of STIs through MSRP were time consuming. They added that given the high volume and low value of STIs, staff in the field did not prioritize verifying and disposing of them within MSRP although they still controlled them outside of the system for operational purposes. One example was the tracking of laptops issued to staff members. OIOS concluded that, given the high levels of non-compliance with the current requirements for verifying and disposing of STIs, it was possible that these requirements were unrealistic with the existing resources and priorities of UNHCR.

(3) UNHCR should determine whether the current requirements for verifying and disposing of Serially Tracked Items can realistically be achieved with existing resources and, depending on the results of such an exercise, develop an action plan for an organization-wide review and clean-up of current records of Serially Tracked Items.

UNHCR accepted recommendation 3 and stated that it was reviewing and revising the policy on STIs. By the end of 2015, UNHCR would develop an action plan for an organization-wide review and clean-up of STIs. Recommendation 3 remains open pending receipt of evidence of an assessment conducted as to whether the requirements related to STIs can be realistically achieved with existing resources, and, if applicable, an action plan for the review and clean-up of the current records.

Disposal of assets

Controls over disposal of assets were strengthened by centralizing fleet management, developing new training materials and increasing institution level monitoring

31. UNHCR rules require assets to be disposed of in line with the needs of an office and the physical condition of the asset. Operations should consider disposing of PPE which, *inter alia*, are at the end of their serviceable life, are surplus to requirements or no longer required, or are damaged beyond repair or

use. The final decision on disposal, including whether the item should be sold, transferred to a partner or scrapped, should be taken by the relevant Asset Management Board following a documented process. Operations are expected to sell assets that are being disposed to the highest bidder. When transferring assets to a partner, operations are required to produce a signed transfer of ownership agreement, confirming legal transfer of the ownership of the asset.

32. Six recommendations in six internal audit reports addressed control weaknesses related to the disposal of assets. In two audits, vehicles that were sold were either not sold to the highest bidder or were sold without any documentation of the bids received. In one of the two operations in question, there was no Asset Management Board established and in the other the Asset Management Board only met twice in four years. Two other audits raised recommendations related to the transfer of vehicles to partners. In one instance, this was done without any formal transfer of ownership agreement, and, in the other, vehicles were transferred to a government partner without the United Nations number plates being removed which posed a reputational risk to UNHCR. In the remaining two audits, items at the end of their serviceable life and those items no longer needed by the operations were not disposed of as required.

33. The above control weaknesses occurred due to lack of monitoring and supervision and due to gaps in available training. UNHCR had taken two key steps to strengthen institution level monitoring and supervision. First, the management of vehicles was centralized by the creation of the Asset and Fleet Management Section in 2014. This section was responsible for all fleet activities including the acquisition and disposal of vehicles. Second, the Asset Management Unit of DESS now reviews all Local Asset Management Board minutes directly in MSRP. The Unit followed up to correct errors and collect missing information supplied by the field in disposing of assets and submitting physical verifications. These two measures had strengthened the controls over the disposal of motor vehicles and other assets. With regards to training, DESS had developed a webinar on asset management which covered in detail the processes required to dispose of assets correctly. Further training activities were being planned. OIOS is therefore not raising an institution level recommendation on this aspect.

IV. ACKNOWLEDGEMENT

34. 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.

(Signed) David Kanja
Assistant Secretary-General, Acting Head
Office of Internal Oversight Services

STATUS OF AUDIT RECOMMENDATIONS

**Review of recurrent asset and inventory management issues in field operations internal audit reports for the
Office of the United Nations High Commissioner for Refugees**

| Recom. no. | Recommendation | Critical ¹ / Important ² | C/ O ³ | Actions needed to close recommendation | Implementation date ⁴ |
|------------|--|---|----------------------|---|----------------------------------|
| 1 | The Division of Emergency, Security and Supply, in coordination with the regional bureaux, should: a) formally issue benchmarks for the number and seniority of supply staff and their reporting lines in different operational circumstances; and b) develop mechanisms to monitor and report on compliance of UNHCR Representations with the above-mentioned benchmarks. | Important | O | Submission to OIOS of confirmation that the benchmarks have been formally issued and receipt of documentation on the mechanisms through which compliance with the benchmarks will be monitored and reported on. | 31 December 2015 |
| 2 | The Division of Emergency, Security and Supply should issue guidance setting out the operational circumstances of an emergency under which the deployment of supply staff would be essential, in order to ensure that adequate emergency response resources for supply management are in place to meet future needs. | Important | O | Submission to OIOS of guidance setting out the operational circumstances of an emergency under which the deployment of supply staff would be essential, and evidence that UNHCR has taken steps to ensure a sufficient number of supply staff are on emergency deployment rosters to meet anticipated future needs. | 31 December 2015 |
| 3 | UNHCR should determine whether the current requirements for verifying and disposing of Serially Tracked Items can realistically be achieved with existing resources and, depending on the results of such an exercise, develop an action plan for an organization-wide review and clean-up of current records of Serially Tracked Items. | Important | O | Submission to OIOS of evidence of an assessment conducted as to whether the requirements related to STIs can be realistically achieved with existing resources, and, if applicable, an action plan for the review and clean-up of the current records. | 31 December 2015 |

¹ Critical recommendations address critical and/or pervasive deficiencies in governance, risk management or control processes, such that reasonable assurance cannot be provided with regard to the achievement of control and/or business objectives under review.

² Important recommendations address important (but not critical or pervasive) deficiencies 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.

³ C = closed, O = open

⁴ Date provided by UNHCR in response to recommendations.

APPENDIX I

Management Response

Management Response

**Review of recurrent asset and inventory management issues in field operations internal audit reports for the
Office of the United Nations High Commissioner for Refugees**

| Rec. no. | Recommendation | Critical ¹ / Important ² | Accepted? (Yes/No) | Title of responsible individual | Implementation date | Client comments |
|----------|--|---|-----------------------|--|------------------------|---|
| 1 | The Division of Emergency, Security and Supply, in coordination with the regional bureaux, should: a) formally issue benchmarks for the number and seniority of supply staff and their reporting lines in different operational circumstances; and b) develop mechanisms to monitor and report on compliance of UNHCR Representations with the above-mentioned benchmarks. | Important | Yes | Head of Supply Management and Logistics Service (SMLS) | 31 December 2015 | UNHCR welcomes this recommendation as it addresses one of the main root causes for instances of inappropriate supply chain management. DESS has finalized the development of a benchmarking model and performed an analysis of the top 23 operations. The results have been validated and will be discussed with senior management and operations in the 4 th quarter of 2015. Based on these discussions, corrective action, if required, and the monitoring and reporting mechanisms required will be agreed with the Bureaux and senior management by the end of 2015. Adequate supply staff is impacted by funding restrictions. |
| 2 | The Division of Emergency, Security and Supply should issue guidance setting out the operational circumstances of an emergency under which the deployment of supply staff would be essential, in order to ensure that adequate emergency response resources for supply management are in place to meet future needs. | Important | Yes | Head of SMLS | 31 December 2015 | UNHCR's Policy on Emergency Response Activation, Leadership and Accountabilities (UNHCR/HCP/2015/1) determines that staffing needs in the areas of security and supply need to be identified as part of the emergency response and in collaboration with Emergency Service (ES). Security and supply should be deployed as needed within 72 hours if |

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.

Management Response

**Review of recurrent asset and inventory management issues in field operations internal audit reports for the
Office of the United Nations High Commissioner for Refugees**

| Rec. no. | Recommendation | Critical ¹ / Important ² | Accepted? (Yes/No) | Title of responsible individual | Implementation date | Client comments |
|----------|--|---|-----------------------|---------------------------------------|------------------------|---|
| | | | | | | required. DESS will further define criteria for operational circumstances of an emergency under which the deployment of supply staff would be essential. In addition, UNHCR is in the process of establishing a functional standby roster for supply staff which would be available for emergency operations on short notice. |
| 3 | UNHCR should determine whether the current requirements for verifying and disposing of Serially Tracked Items can realistically be achieved with existing resources and, depending on the results of such an exercise, develop an action plan for an organization-wide review and clean-up of current records of Serially Tracked Items. | Important | Yes | Chairperson HAMB | 31 December 2015 | <p>UNHCR agrees with the recommendation and the issue has been on the agenda of the Headquarters Asset Management Board Meeting (HAMB) on 30 July 2015. The HAMB noted that the complexity of the issues necessitates further discussions between the business owners. DESS and DIST were requested to draft a revised STI Policy to be presented to the HAMB by end of September 2015.</p> <p>The policy proposal will clarify which items require tracking, who is responsible to manage and track STIs and which system (MSRP, or disparate systems) should be used for this purpose. It will also determine which Headquarter Division should be responsible to provide policy guidance.</p> <p>By the end of 2015, UNHCR will develop an action plan for an organization-wide review and clean-up of STIs.</p> |