



## INTERNAL AUDIT DIVISION

### REPORT 2017/119

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Audit of arrangements for staff accommodation in field operations of the Office of the United Nations High Commissioner for Refugees

There was an urgent need to revisit the governance and management accountability arrangements for staff accommodation and ensure that field operations meet the minimum standards on living conditions

17 November 2017  
Assignment No. AR2017/162/01

# **Audit of arrangements for staff accommodation in field operations of the Office of the United Nations High Commissioner for Refugees**

## **EXECUTIVE SUMMARY**

The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over arrangements for staff accommodation in the Office of the United Nations High Commissioner for Refugees (UNHCR) field operations. The audit covered the period from 1 January 2015 to 31 December 2016 and included a review of: (a) strategy and governance arrangements; (b) management and maintenance of accommodation; and (c) accounting and reporting of rental income and expenditures.

UNHCR had a well-articulated vision, goals and objectives for staff accommodation; however, it did not have adequate measures in place to implement them. Therefore, staff accommodations were not at a sufficient standard for ensuring the wellbeing of field-located staff. There was an urgent need for UNHCR to: (a) revisit the governance and management accountability arrangements for staff accommodation; and (b) develop an action plan to ensure field operations meet minimum living condition standards.

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

- Reactivate the Steering Committee on Staff Accommodation to robustly oversee the work and resources of the Global Staff Accommodation Unit (GSAU), ensure systemic issues identified by GSAU are addressed, and put in place appropriate internal coordination mechanisms on staff accommodation matters (**critical**);
- Develop an adequately resourced and time-bound action plan to ensure that the minimum standards on living conditions are achieved in all locations (**critical**);
- Establish arrangements to ensure that sufficiently resourced preventive and corrective repair and maintenance plans exist for all locations with staff accommodation;
- Put in place monitoring mechanisms to ensure that rental agreements for staff accommodation are systematically executed; and
- Develop an action plan to ensure accurate accounting and reporting of rental income and expenditures related to staff accommodation, and implement appropriate corrective actions in respect of the exceptions related to financial management observed during this audit.

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

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# **Audit of arrangements for staff accommodation in field operations of the Office of the United Nations High Commissioner for Refugees**

## **I. BACKGROUND**

1. The Office of Internal Oversight Services (OIOS) conducted an audit of arrangements for staff accommodation in field operations of the Office of the United Nations High Commissioner for Refugees (UNHCR).

2. The UNHCR People Strategy for 2016-2021 recognizes that of necessity, a high proportion of UNHCR staff must carry out their work in difficult and non-family duty stations. UNHCR's goal is to ensure that even in the most difficult working environments, staff can depend upon excellent organizational support for their health and wellbeing. Accommodation and living facilities are an integral component contributing to the wellbeing of staff and UNHCR is required to ensure the provision of appropriate living environment that meets minimum standards for staff to rest and recuperate after work. Managers in the field have a "duty of care" toward staff under their supervision and are accountable for failing to ensure that staff have access to accommodation arrangements that meet minimum standards established by UNHCR.

3. As of December 2016, UNHCR had arrangements for staff accommodation in 122 field locations. These were located in Africa (101), Asia (17), and Middle East and North Africa (4). In 2015 and 2016, UNHCR recorded as rental income from UNHCR-provided accommodation \$4.1 million and \$3.8 million respectively. The budget allocated for staff accommodation amounted to \$7.7 million in 2015 and \$6.1 million in 2016. For 2017, the budget was further reduced to \$5.8 million. The corresponding expenditures related to staff accommodation amounted to \$5.5 million in 2015 and \$4.3 million in 2016.

4. The UNHCR Staff Health and Welfare Service consists of the Staff Welfare Section, the Global Staff Accommodation Unit (GSAU), and the Medical Service. For the period covered by the audit, GSAU consisted only of the Global Staff Accommodation Manager (GSAM) at the P-5 level. Since February 2017, GSAM is supported by one general service staff member. A Steering Committee on Staff Accommodation was established in 2012, to meet at least once a year, in order to improve mechanisms for implementation of the minimum standards on living conditions and to provide guidance on matters relating to the work of GSAU, adequacy of budget allocations for staff accommodation, and support received by GSAM from Regional Bureaux, Divisions and field operations in carrying out his/her responsibilities. The Committee is composed of the Director of Division of Human Resources Management (DHRM) as Chairperson; and the Head of Staff Health and Welfare Service, Chief of Programme Budget Support Section, Coordinator of the Division of Emergency, Security and Supply, Head of Inspection Service, or their alternates, and GSAM as members. The Committee is required to meet, in principle, two times a year, but never less than once a year.

5. DHRM issued in 2014 the Administrative Instruction on UNHCR-Provided Accommodation in the Field which provides for: a revised mechanism for calculation of rental payments; reinforcement of accountabilities, responsibilities and authorities to meet the minimum standards on working and living conditions; and a mechanism whereby 75 per cent of rental income from staff accommodation is to be returned to the field for reinvestment in staff accommodation. The Administrative Instruction also gives responsibility to GSAU to: monitor living standards globally; coordinate with the Division of Emergency, Security and Supply and respective Regional Bureaux on staff accommodation related matters; manage the GSAU cost centre; and advise field offices on the implementation of the Administrative Instruction. GSAU is further required to maintain a database of the physical location and status of staff accommodations and undertake missions to the field. In addition, GSAU is required to provide an annual report on staff

accommodation to the Director of DHRM. The Regional Bureaux are required to ensure that Representatives in their respective regions support the requests of field offices to the UNHCR Budget Committee for sufficient budget for improvements and additional work in staff accommodations. The Representations in the field are responsible for managing the administrative budget for maintenance of UNHCR offices and accommodations and ensure compliance with the minimum standards. They are also required to submit a conformity checklist of compliance with minimum standards on living conditions to the Bureaux for review.

6. Comments provided by UNHCR are incorporated in italics.

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

7. The objective of the audit was to assess the adequacy and effectiveness of governance, risk management and control processes over arrangements for staff accommodation in UNHCR field operations.

8. This audit was included in the 2017 risk-based work plan of OIOS due to the risks associated with managing and overseeing the arrangements for staff accommodation to achieve the required minimum standards on living conditions in UNHCR field operations in line with the goals of the UNHCR People Strategy.

9. OIOS conducted this audit from March to July 2017. The audit covered the period from 1 January 2015 to 31 December 2016. Based on an activity-level risk assessment, the audit covered higher and medium risk areas pertaining to the provision of accommodation for UNHCR staff deployed in the field. These risks related to three categories: (a) strategy and governance arrangements; (b) management and maintenance of staff accommodation; and (c) accounting and reporting of rental income and expenditures. UNHCR offices covered in the audit included the Representations in Afghanistan, Cameroon, Chad, Somalia, and the South Sudan Refugee Operations in the Democratic Republic of Congo (DRC). OIOS visited staff accommodation in 13 locations for these five operations. During 2015 and 2016, these operations recorded total rental income of \$1.1 million and expenses of \$2.8 million.

10. The audit methodology included: (a) documentary review and physical inspection of staff accommodation; (b) interviews of key personnel; (c) review of relevant documentation; (d) analytical reviews of data, including financial data from Managing for Systems, Resources and People (MSRP), UNHCR's enterprise resource planning system; and (e) testing of controls using random sampling.

## **III. OVERALL CONCLUSION**

11. Overall, OIOS assessed that while the Global Staff Accommodation Unit had a well-articulated vision, goals and objectives, it lacked action plans, monitoring controls and adequate funding to achieve them. In its current state, staff accommodation was not an effective tool in ensuring the wellbeing of staff in field operations. There was an urgent need for UNHCR to: (a) revisit the governance and management accountability arrangements for staff accommodation; and (b) develop an action plan to ensure that field operations meet or exceed the minimum standards on living conditions. In addition, there was a need to improve monitoring and control arrangements, both at field and headquarters level, over the development and implementation of repair and maintenance plans and the execution of rental agreements with users, and strengthen controls over the accounting and reporting of rental income and expenditures related to staff accommodation.

## IV. AUDIT RESULTS

### A. Governance and accountability

There was an urgent need to revisit the governance and management accountability arrangements for staff accommodation

12. The 2014 Administrative Instruction detailed accountabilities, responsibilities and authorities to meet the minimum standards on working and living conditions in the field. OIOS assessed that while GSAU had a well-articulated vision, goals and objectives, it lacked action plans, monitoring controls and adequate funding to achieve them. In its coordination role, the GSAU regularly corresponded with field operations and Regional Bureaux on accommodation matters and conducted periodic field missions. In 2015 and 2016, it submitted an annual report to DHRM indicating its work plan and related accomplishments for each year, and pertinent issues related to staff accommodation. Although the roles, responsibilities and authorities for the delivery of accommodation services were well defined and clearly communicated, the actual delivery of the responsibilities was not optimal. There was a variety of issues in the policy framework and management accountability arrangements that impacted on the ability of UNHCR to deliver on its commitments to staff on accommodation, as follows:

- The Steering Committee on Staff Accommodation had held its last meeting in July 2013, and had therefore not convened during the past four years. As a result, this key governance body, responsible for strategic oversight and corporate-level monitoring of staff accommodation, was dysfunctional and did not fulfil its responsibilities.
- Neither DHRM nor the Steering Committee provided any feedback on the annual reports prepared by GSAU for 2015 and 2016, even though these reports highlighted important issues related, *inter alia*, to: the lack of awareness among field operations and Regional Bureaux regarding allocation of 75 per cent of previous year's rental income to the subsequent year's administrative budget to improve the standards of accommodation; budgetary constraints to make improvements; continuation of significant sub-standard buildings and equipment; and absence of architectural plans with building and electrical standards for certain staff accommodation units.
- GSAU had established a database for staff accommodations in the field relying on the information from MSRP. However, the database only provided information on cost centres and not the physical location of current staff accommodations. GSAU provided to OIOS the number of staff accommodations in existence as of December 2016, but this did not include other relevant information on whether staff accommodation was: (i) located in a new operation or emergency; (ii) due for maintenance or upgrading; (iii) owned or leased by UNHCR; (iv) compliant with minimum standards on living conditions; and (vi) occupied or not. Hence, GSAU was unable to effectively monitor and prioritize the accommodation needs on the ground.
- The mechanism for reinvestment of rental income in staff accommodations was not functioning as envisaged. In 2015, of the five operations visited by OIOS, only the Representation in Afghanistan had ensured that 75 per cent of the rental income was reinvested in the subsequent year, through an appropriate budget allocation. This occurred because the rental income for a specific year would be known only in the subsequent year once the accounts were closed, by which time detailed budgeting would already have been done. This had not been considered during the development of the Administrative Instruction. However, the operations could have made an appropriate budgetary provision based on guesthouse revenue trends for previous years.

- The Regional Bureau for Africa, responsible for four of the five operations reviewed, did not carry out its responsibilities in an effective manner. The Bureau, *inter alia*, did not ensure that Representations under its regional coverage: (a) completed the conformity checklist on minimum standards on living conditions; (b) compiled monthly reports on revenue received from the use of UNHCR accommodations; and (c) allocated 75 per cent of previous year's rental income to subsequent year's administrative budget. All of these were requirements outlined in the Administrative Instruction and under the purview of the Bureau Desks to monitor. Hence, the Bureau had not provided adequate support to the field operations to ensure that they had adequate resources for ensuring sufficient quality of staff accommodation.
- The Administrative Instruction contained references to clauses that were no longer applicable in their current form. For example, the rental rates were based on the Additional Hardship Allowance, which had since been replaced by the Non-Family Service Allowance.
- For the purposes of payment of rental rates, no specific method of calculating rental rates was specified in the Administrative Instruction for staff of other United Nations agencies or other guests (including partner staff) who may wish to (or need to) use the UNHCR staff accommodation. In the operations in Afghanistan and the South Sudan Refugee Operations in the DRC, this resulted in over and under charging of rent due from occupants. The Administrative Instruction was also not clear on who had the authority to approve reduction of rental rates requested by field operations. Further, no specific arrangements were established for rental computation for staff in transit without Daily Subsistence Allowance.

13. These deficiencies occurred because of a breakdown in governance and accountability arrangements, i.e., the absence of an oversight role that the Steering Committee on Staff Accommodation was expected to fulfil. As a result, monitoring controls were weakened and the Administrative Instruction was outdated and unresponsive to the needs in the field. The unresolved issues highlighted by GSAU did not receive adequate attention from senior management and continued recurring year after year. GSAU, with a staffing complement of only two, lacked the organisational structure and staffing strength necessary to effectively discharge its responsibilities in accordance with the Administrative Instruction. The cumulative impact was diminished attention to the wellbeing of staff members.

**(1) The UNHCR Division of Human Resources Management should revisit the governance and management accountability arrangements for staff accommodation; and in particular: (a) reactivate the Steering Committee on Staff Accommodation to robustly oversee the work and resources of the Global Staff Accommodation Unit (GSAU); (b) take action to ensure systemic issues identified by GSAU are addressed, including the need to reinvest rental income to improve standards of accommodation; and (c) put in place appropriate coordination mechanisms with the Regional Bureaux on staff accommodation matters and ensure that the respective responsibilities are clear.**

*UNHCR accepted recommendation 1 and stated that DHRM had the agreement of the Bureaux to revisit the governance issue, in cooperation with the Division of Financial and Administrative Management (DFAM) and the Division of Emergency, Security and Supply (DESS). Recommendation 1 remains open pending reassessment of the governance and management accountability arrangements for staff accommodation, including: (a) the role of the Steering Committee; (b) corrective actions to be taken on the systemic issues identified by GSAU; and (c) clarity on respective responsibilities and establishment of appropriate coordination mechanisms between DHRM and the Regional Bureaux.*

## **B. Implementation and monitoring of minimum standards on living conditions**

There was a critical need to ensure that field operations meet or exceed the minimum standards on living conditions

14. The minimum UNHCR standards on living conditions cover the provision of adequate: (i) space requirements of 12 square meters; level of privacy; quality of toilets and washrooms; electricity, including reliable generators and electrical installations; security installations and controls, and fire safety systems; (ii) availability of quality of food and water, and maintenance of proper hygiene; and (iii) recreational and communication facilities.

15. OIOS observed significant problems with some of the staff accommodations visited. With the exception of Afghanistan, UNHCR was not always providing suitable, safe and secure accommodation and living facilities to staff that were conducive to the welfare of staff in Cameroon and the South Sudan Refugee Operations in the DRC, and to a lesser extent in Chad and Somalia. Living accommodations were in poor condition and often in a state of disrepair. Interior and exterior painting was substandard, and sanitation, tiling and plumbing work was needed, and electrical wiring, windows and doors needed replacement. As a result, the living conditions in some locations were likely to adversely impact staff wellbeing. In two locations, Aba and Aru in the South Sudan Refugee Operations in the DRC, staff were forced to look for private accommodation, since UNHCR could not provide suitable accommodation. Specific issues observed in the locations audited are outlined in the following paragraphs.

16. In Cameroon, OIOS visited staff accommodations in two locations. In Batouri, OIOS identified that electricity was available only six days a month on average, and the water pressure was low due to plumbing defects. As a result, UNHCR did not ensure the supply of the required 65 litres of water a day and 12 hours supply of electricity. In addition, the premises were in a state of disrepair; there was an infestation of rats and cockroaches; room sizes were less than 10 square meters; air conditioners in three of the nine rooms did not work; bathrooms required shelves and provision for hot water; three rooms were not equipped with mosquito nets; and none of the rooms had window netting. In Djohong, the room size was less than nine square meters; the electricity network was in a poor state and recent repairs had not resolved the problem which posed a danger to staff; cabinets and cupboards, doors and beds inspected were in a poor condition and required refurbishment; only two rooms had attached toilets, while other rooms shared toilets; and the mattresses provided were below standards. GSAM had identified some of these issues during his visit to Cameroon in November 2015, but the pace of corrective actions initiated by the Representation since then was inadequate.

17. In the South Sudan Refugee Operations in the DRC, OIOS visited staff accommodations in three locations. In November 2016, the Representation rented staff accommodation in Aru and because it did not meet the minimum standards the rent was reduced from \$49 to \$15 per day. This arrangement was terminated in May 2017, but due to absence of any UNHCR-provided alternative accommodation, staff took up residence in private accommodations. This entailed extra expenditure for UNHCR on security and fuel. These private staff accommodations lacked fire extinguishers, medical kits, and air conditioning. The Representation did not inform GSAU of the closure of the accommodation in Aru or the reasons for it. In Aba, the Representation was relying on accommodation provided by a private institution, which OIOS assessed as sub-standard as toilets were shared, there was no water in the bathrooms, and no running water for bathing. In Dungu, UNHCR directly managed a guesthouse from September 2016, and in November 2016 GSAM approved a rental reduction from \$45 to \$21 a day for three months until February 2017 because the accommodation did not meet the minimum standards. This was because hot water tanks in the bathrooms were leaking, some toilets and shower units were broken, and elements and humidity had



damaged the floor and ceiling. Adequate corrective actions had not been taken as at the date of the OIOS audit visit in June 2017 and the conditions remained unchanged. In his mission in December 2016, GSAM offered to help fix the problems in Dungu and obtained a quote for replacement of equipment and repairs; however, the Representation did not submit any subsequent request for support. The rental rate was also still kept at \$21 per day.

18. In Chad, UNHCR maintained staff accommodation across 12 locations, 3 of which were visited by OIOS (Farchana, Iriba and Gore). Whilst all three met the requirements for room space and adequacy and reliability of water supply and electricity, there were privacy concerns for staff living in pre-fabricated containers as the walls between rooms were not sound-proof. Further, mosquito nets and reading lamps were not always available in the rooms; the heaters were not working; there were no shelves in the bathrooms; medical cabinets and first aid kits were not available in Iriba; and all 25 fire extinguishers in Farchana and Iriba had expired.

19. In Somalia, the villas rented by the Sub Office in Hargeisa serving as staff accommodation had no mosquito nets and the fire extinguishers had expired in 2015. In Mogadishu, the room size was less than the minimum standard of 12 square metres and there were no mosquito nets in the rooms.

20. As regards food, water and basic hygiene, there was partial compliance with the minimum standards. In Aru in the South Sudan Refugee Operations in the DRC, there was no water filtering system and running water was not available on a regular basis, and the food provided lacked variety and was based on a modest buffet style of locally available products repeated for every meal. In Afghanistan, Cameroon and the South Sudan Refugee Operations in the DRC, the kitchen staff were not trained on basic hygiene. In Chad, food and water for drinking purposes were provided as planned in the three locations visited; however, in Hargeisa, Somalia, potable drinking water was not provided.

21. The Representations in Afghanistan, Cameroon, Chad and Somalia had adequate recreational and communication facilities; however, such facilities were lacking in Aru in the South Sudan Refugee Operations in the DRC. The recreational facilities in Afghanistan, Cameroon, Chad and Somalia included a gym containing sports equipment such as treadmill, stationary bicycle, weights, and jumping ropes. The staff accommodations were also equipped with table tennis equipment, basketball/volleyball courts, badminton and tennis courts. Other recreational equipment was provided, such as television and satellite dish, video player, social games like cards and darts. Communication facilities included access to wireless internet connections and satellite phones.

22. The deficiencies mentioned above occurred because management at field level, the Bureaux and GSAU had not coordinated their work and conducted sufficient monitoring to ensure the implementation of minimum standards on living conditions. Regarding the South Sudan Refugee Operations in the DRC, the Representation also did not fully implement the requirements of Operational Guidelines on Support for the Provision of Offices and Staff Accommodation in Emergencies and the headquarters entities did not undertake scrutiny to ensure that adequate staff accommodations were provided during the emergency. As a result, UNHCR was not ensuring that the health and wellbeing of staff members were adequately protected by providing them the minimum standards on living conditions in already challenging working environments.

<p><b>(2) The UNHCR Division of Human Resources Management, in coordination with the Regional Bureaux and Representations managing staff accommodations, should develop an adequately resourced and time-bound action plan to ensure that the minimum standards on living conditions, as regards staff accommodation and living environment, food water and hygiene, and recreational facilities, are achieved in all locations.</b></p>
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*UNHCR accepted recommendation 2 and stated that GSAU would work with the Bureaux and monitor that relevant field offices submit adequately resourced time-bound action plans to establish minimum standards for living conditions in all locations. This would require time and be subject to the availability of resources. Recommendation 2 remains open pending confirmation of implementation of an action plan to ensure that the minimum standards on living conditions are achieved in all locations.*

### **C. Management and maintenance of staff accommodation**

There was a need to have repair and maintenance plans for all staff accommodations and ensure they can be implemented with sufficient availability of funding and technical expertise

23. To address the maintenance requirements of staff accommodation and ensure that existing units are maintained for long term use, it is reasonable to expect field operations to have assessed and documented the maintenance/renovation requirements and to have a plan in place to deal with any existing and emerging issues. However, a comprehensive repair and maintenance plan did not exist in any of the 13 locations visited by OIOS. In the absence of holistic preventive and corrective maintenance plans to sustain the viability of staff accommodations, the premises deteriorated over time, as discussed earlier in this report. In addition, the field operations in the countries visited by OIOS generally lacked technical expertise related to engineering, construction and electrical work and maintenance activities. Such expertise was also lacking in GSAU which had only one staff member during the period covered in this audit. The lack of capacity and technical knowledge both at the Representation and headquarters levels adversely affected the quality of proposals for upgrading of staff accommodations. Budgetary constraints also hindered allocation of resources available for maintenance.

24. The above weaknesses were evident at the onset of the South Sudan emergency in the DRC. GSAU provided \$25,000 to the Representation in DRC to renovate the office and staff accommodation in Aba. However, no competitive bidding was conducted for the works, no contract was signed with the two selected contractors, and the bill of quantities was not developed. As a consequence, there was a dispute between the Representation and the two contractors as to the cost and quality of work done and in the end the Representation paid only \$12,500 against the total amount of \$25,000 invoiced by the contractors. During its field visit to Aba, OIOS observed that the renovation work done was incomplete and of poor standard and the premises were unsuited for staff habitation.

**(3) The UNHCR Division of Human Resources Management, in coordination with the Regional Bureaux and Representations managing staff accommodations, should establish appropriate monitoring and control arrangements to ensure that preventive and corrective repair and maintenance plans exist for all locations with staff accommodation and that sufficient funding and technical expertise are available to implement such plans.**

*UNHCR accepted recommendation 3 and stated that GSAU would work with the Bureaux to monitor that relevant field offices establish preventative and repair maintenance plans with adequate funding. Recommendation 3 remains open pending establishment of appropriate monitoring and control arrangements to ensure that preventive and corrective repair and maintenance plans exist in all locations and that sufficient funding and technical expertise are available to implement such plans.*

There was a need to strengthen monitoring arrangements to ensure rental agreements with users are systematically in place

25. The Representations are required to ensure that users of UNHCR-provided staff accommodation observe their responsibility to make their living environment acceptable and liveable and take good care of the facilities. All users who stay at staff accommodation are required to pay for it and to sign a UNHCR rental agreement if they stay is for more than 60 days. UNHCR rules also require the Head of Office to assign rooms to users on a temporary or permanent basis, and request users to relinquish their room whilst absent from the duty station, to allow temporary occupation by visitors on mission.

26. The requirement of executing rental agreement between the staff and UNHCR was not consistently applied. For example, international staff in Kabul, Afghanistan, as well as one staff member in Cameroon and three staff members in Chad who stayed in staff accommodation for more than 60 days did not conclude rental agreements with UNHCR. Also, the offices in Afghanistan, Chad, Somalia and the South Sudan Refugee Operations in the DRC did not brief users on their responsibility for taking care of the facilities and accessories in the staff accommodation. Hence, it was difficult for these operations to hold users accountable in case of damage to the facilities and accessories caused by the users, especially in those cases where rental agreements did not exist to specify mutual rights and obligations.

27. The operations in Afghanistan, Somalia and the South Sudan Refugee Operations in the DRC did not implement the requirement for users to relinquish their rooms in case of temporary absence, thereby foregoing potential savings. For example, the Representation in Somalia had a buy-back lease agreement in Mogadishu under which the landlord rented the Representation's vacant rooms and agreed to share any rent received equally. However, the Representation had not benefitted from the buyback agreement because staff members on leave, mission or rest and recuperation did not vacate their rooms, which prevented the landlord from renting the vacant rooms to others.

28. The deficiencies discussed above exposed UNHCR to the risk of loss of revenue from guesthouse rentals and inability to hold users accountable in case of damage to the facilities and accessories caused by the users. These deficiencies occurred because of inadequate monitoring by Representations in the field. However, Bureaux and GSAU also did not sufficiently ensure that Representations effectively managed their rental agreements for staff accommodations.

29. OIOS also identified that lease agreements for staff accommodations were not systematically signed with the landlords. This was brought to the attention of DHRM, the Bureaux and visited field operations; however, no separate recommendation was considered necessary to be raised in this report.

**(4) The UNHCR Division of Human Resources Management, in coordination with the Regional Bureaux and Representations managing staff accommodations, should put in place monitoring mechanisms to ensure that rental agreements are systematically executed between users of staff accommodation and UNHCR.**

*UNHCR accepted recommendation 4 and stated that the field offices were expected to implement the established rental payment arrangements. GSAU would provide the field offices with a template for rental agreement recording. The Administrative Instruction on UNHCR-Provided Accommodation would be revised in 2018 to address weaknesses in rental rate authorities highlighted by OIOS. Recommendation 4 remains open pending establishment of monitoring mechanisms to ensure that rental agreements are systematically executed between users of staff accommodation and UNHCR.*

## **D. Accounting and reporting of rental income and expenditures**

### There was a need to strengthen controls over rental income and expenditures

30. The Representations are responsible for ensuring accurate and complete collection, recording and reporting of rental income from staff accommodations, including immediate banking of cash collections. This involves the Administration and Finance Officers compiling monthly reports on revenue from the use of UNHCR-provided staff accommodations to ensure completeness of recording of the rental income, both collected and accrued.

31. The Representations reviewed, with the exception of Cameroon, did not observe sound financial and administrative management practices. Significant control weaknesses were identified at the Representations in Afghanistan, Chad, Somalia and the South Sudan Refugee Operations in the DRC, as they did not ensure accurate and complete collection, accounting and reporting of the rental income.

32. In Afghanistan and Chad, the Representations erroneously deducted five per cent from the base rent, justifying this with the argument that kitchen and dining facilities were shared. Also in Afghanistan, the Sub Office in Jalalabad collected rent from international staff of other United Nations agencies at higher daily rates of \$60 and \$43 instead of \$34 and \$30 for 2015 and 2016, respectively, without a valid justification. In Chad, the Representation collected from international United Nations Volunteers \$100 per month instead of the applicable rate of \$145 for the period from July 2014 to October 2015 and \$160 from November 2015 to December 2016. In Somalia, the Representation in Mogadishu collected throughout 2015 rental income at varying rates of \$10, \$70 and \$90 per day from international staff of other United Nations agencies instead of the applicable rate of \$38. In the South Sudan Refugee Operations in the DRC, the office in Aru collected from its international staff a daily rate of \$30 instead of the required \$49 from November 2016 to May 2017, while the office in Dungu collected from international UNHCR staff \$45 instead of the required \$49 from September to November 2016 and \$21 instead of the required \$49 from international staff of other United Nations agencies. GSAM approved the reduced rates in Chad, Somalia and the South Sudan Refugee Operations in the DRC, upon the request of the Representations concerned. However, the authority and procedures for exercising such authority were not clear and documented.

33. In Somalia, the offices in Hargeisa, Galkayo and Mogadishu deposited rental income in 2015 and 2016 totalling \$30,864 only one to three months after collection, resulting in increased risk of misappropriation of cash. The Field Office in Dungu in the South Sudan Refugee Operations in the DRC did not deposit in the bank rental income from 1 September to 30 December 2016 totaling \$20,288, but instead incorrectly used it to fund guesthouse repairs, maintenance charges, payment of Daily Subsistence Allowance to UNHCR staff, and procurement of grocery items. The guesthouse manager in Dungu could not produce reliable records such as invoices, contracts and receipts to substantiate these expenditures. In addition, since the guesthouse manager was directly receiving rental income and making disbursements, without adequate UNHCR supervision, there was a risk of potential misappropriation and fraud.

34. The Representations in Afghanistan, Chad, Somalia and the South Sudan Refugee Operations in the DRC did not compile the required monthly reports on rental income from staff accommodation in either 2015 or 2016. Hence, these field operations did not ensure the completeness of recording of rental income, both accrued, earned and collected, during the year.

35. In Afghanistan, the rental income in Kabul was only recognized and offset from payments when processing staff members' entitlements such as danger and Special Operations Living Allowance. In Somalia, the rental income was only recognised when it was settled by the occupants. In the South Sudan Refugee Operations in the DRC, rental income received in cash was only recognized when deposited at the

bank, contrary to the accrual accounting requirement in the International Public Sector Accounting Standards.

36. The Representation in Afghanistan erroneously recorded rental income of \$195,985 and \$12,929 for 2015 and 2016 by crediting the amount to a “rental of staff accommodation” (an expenditure account); hence, the rental income was netted from rent expenses. This meant that both the rental income and expenditures were understated. In Afghanistan, in 2016, the Representation incorrectly recorded expenses of \$386,603 for the construction and modification of the Kabul guesthouse to the account “Guesthouse repairs and maintenance” instead of “Guesthouse construction and renovation”. In Somalia, the offices in Galkayo and Hargeisa incorrectly recorded rental income for 2015 and 2016 totalling \$173,336 into the expenditure account “Rental of office premises” instead of “Guesthouse rental”, thereby understating rental income and expenditures.

37. The Representations in Afghanistan, Chad, Somalia and South Sudan Refugee Operations in the DRC also did not maintain adequate records of users of staff accommodations. Logbooks containing the details such as the name of occupants, office address, rental payment calculations, dates of check-in and check-out, were not available. Without these details, Representations were not able to verify if the correct amount of rental income was collected.

38. The cited deficiencies occurred because finance and administration staff did not follow the procedures for collection, accounting and reporting of rental income, including expenditures related to staff accommodation. As a result, revenues and expenditures were not reported accurately. This could lead to misappropriation of funds and inaccurate financial statements. The weak financial monitoring and supervision mechanisms needed attention at the institutional level.

**(5) UNHCR should: (a) develop an action plan to ensure accurate collection, accounting, reporting and utilization of rental income and expenditures related to staff accommodation, including the proper handling of cash collections and disbursements; and (b) implement appropriate corrective actions in respect of the exceptions observed in the audit.**

*UNHCR accepted recommendation 5 and stated that DFAM, in cooperation with DHRM and Bureaux, would develop an action plan to improve procedures for accounting, reporting and utilization of rental income, and for monitoring compliance with the instructions on staff accommodation. The Bureaux would monitor the expenditures by field location to ensure that rental funding is spent appropriately. DFAM would communicate to the field to take corrective action on items incorrectly recorded as highlighted by the audit. Recommendation 5 remains open pending development of an action plan to ensure accurate collection, accounting, reporting and utilization of rental income and expenditures on staff accommodation and the implementation of corrective actions on the exceptions observed during the audit.*

## V. ACKNOWLEDGEMENT

39. 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) Eleanor T. Burns  
Director, Internal Audit Division  
Office of Internal Oversight Services

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of arrangements for staff accommodation in field operations of the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
1	The UNHCR Division of Human Resources Management should revisit the governance and management accountability arrangements for staff accommodation; and in particular: (a) reactivate the Steering Committee on Staff Accommodation to robustly oversee the work and resources of the Global Staff Accommodation Unit (GSAU); (b) take action to ensure systemic issues identified by GSAU are addressed, including the need to reinvest rental income to improve standards of accommodation; and (c) put in place appropriate coordination mechanisms with the Regional Bureaux on staff accommodation matters and ensure that the respective responsibilities are clear.	Critical	O	Submission to OIOS of evidence of reassessment of the governance and management accountability arrangements for staff accommodation, including: (a) the role of the Steering Committee; (b) corrective actions to be taken on the systemic issues identified by GSAU; and (c) clarity on respective responsibilities and establishment of appropriate coordination mechanisms between DHRM and the Regional Bureaux.	31 December 2018
2	The UNHCR Division of Human Resources Management, in coordination with the Regional Bureaux and Representations managing staff accommodations, should develop an adequately resourced and time-bound action plan to ensure that the minimum standards on living conditions, as regards staff accommodation and living environment, food water and hygiene, and recreational facilities, are achieved in all locations.	Critical	O	Submission to OIOS of evidence of implementation of an action plan to ensure that the minimum standards on living conditions are achieved in all locations.	31 December 2019
3	The UNHCR Division of Human Resources Management, in coordination with the Regional Bureaux and Representations managing staff	Important	O	Submission to OIOS of evidence of establishment of appropriate monitoring and control arrangements to ensure that preventive	31 December 2019

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> C = closed, O = open

<sup>4</sup> Date provided by UNHCR in response to recommendations.

## STATUS OF AUDIT RECOMMENDATIONS

## Audit of arrangements for staff accommodation in field operations of the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	C/ O <sup>3</sup>	Actions needed to close recommendation	Implementation date <sup>4</sup>
	accommodations, should establish appropriate monitoring and control arrangements to ensure that preventive and corrective repair and maintenance plans exist for all locations with staff accommodation and that sufficient funding and technical expertise are available to implement such plans.			and corrective repair and maintenance plans exist in all locations and that sufficient funding and technical expertise are available to implement such plans.	
4	The UNHCR Division of Human Resources Management, in coordination with the Regional Bureaux and Representations managing staff accommodations, should put in place monitoring mechanisms to ensure that rental agreements are systematically executed between users of staff accommodation and UNHCR.	Important	O	Submission to OIOS of evidence of establishment of monitoring mechanisms to ensure that rental agreements are systematically executed between users of staff accommodation and UNHCR.	31 December 2018
5	UNHCR should: (a) develop an action plan to ensure accurate collection, accounting, reporting and utilization of rental income and expenditures related to staff accommodation, including the proper handling of cash collections and disbursements; and (b) implement appropriate corrective actions in respect of the exceptions observed in the audit.	Important	O	Submission to OIOS of evidence of the development of an action plan to ensure accurate collection, accounting, reporting and utilization of rental income and expenditures on staff accommodation and the implementation of corrective actions on the exception observed during the audit.	31 December 2018

# **APPENDIX I**

## **Management Response**



## Management Response

## Audit of arrangements for staff accommodation in field operations of the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
1	The UNHCR Division of Human Resources Management should revisit the governance and management accountability arrangements for staff accommodation; and in particular: (a) reactivate the Steering Committee on Staff Accommodation to robustly oversee the work and resources of the Global Staff Accommodation Unit (GSAU); (b) take action to ensure systemic issues identified by GSAU are addressed, including the need to reinvest rental income to improve standards of accommodation; and (c) put in place appropriate coordination mechanisms with the Regional Bureaux on staff accommodation matters and ensure that the respective responsibilities are clear.	Critical	Yes	Global Staff Accommodation Manager	End 2018	DHRM accepts the findings and has the agreement of the Bureaux to revisit the governance issue, in cooperation with DFAM & DESS.
2	The UNHCR Division of Human Resources Management, in coordination with the Regional Bureaux and Representations managing staff accommodations, should develop an adequately	Critical	Yes	GSAU/Bureau Resource Manager	End 2019	DHRM/GSAU will work with the Bureaux and monitor that relevant field offices submit adequately resourced time-bound action plans to establish minimum standards for living conditions in all locations.

<sup>1</sup> 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.

<sup>2</sup> 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.

## Management Response

## Audit of arrangements for staff accommodation in field operations of the Office of the United Nations High Commissioner for Refugees

Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
	resourced and time-bound action plan to ensure that the minimum standards on living conditions, as regards staff accommodation and living environment, food water and hygiene, and recreational facilities, are achieved in all locations.					This will require time and be subject to the availability of resources.
3	The UNHCR Division of Human Resources Management, in coordination with the Regional Bureaux and Representations managing staff accommodations, should establish appropriate monitoring and control arrangements to ensure that preventive and corrective repair and maintenance plans exist for all locations with staff accommodation and that sufficient funding and technical expertise are available to implement such plans.	Important	Yes	DHRM/Bureau Resource Manager	End 2019	DHRM/GSAU will work with the Bureau to monitor that relevant field office establish preventative and repair maintenance plans with adequate funding.
4	The UNHCR Division of Human Resources Management, in coordination with the Regional Bureaux and Representations managing staff accommodations, should put in place monitoring mechanisms to ensure that rental agreements are systematically executed between users of staff accommodation and UNHCR.	Important	Yes	DFAM/Representatives	End 2018	The field offices are expected to implement the established rental payment arrangements. The GSAU will provide the field offices with a template for rental agreement recording in ESAFE. UNHCR/AI/2014/11 will be revised in 2018 to address weaknesses in rental rate authorities highlighted by OIOS.

## Management Response

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Rec. no.	Recommendation	Critical <sup>1</sup> / Important <sup>2</sup>	Accepted? (Yes/No)	Title of responsible individual	Implementation date	Client comments
5	UNHCR should: (a) develop an action plan to ensure accurate collection, accounting, reporting and utilization of rental income and expenditures related to staff accommodation, including the proper handling of cash collections and disbursements; and (b) implement appropriate corrective actions in respect of the exceptions observed in the audit.	Important	Yes	Head of Field Unit DFAM & Bureau Resource Manager	End 2018	<p>Under the coordination of DFAM and in cooperation with DHRM and Bureaux, an action plan will be developed to improve the procedures for collection accounting, reporting and utilization of rental income, as well as reinforcing the roles and responsibilities in monitoring compliance with the existing instructions on staff accommodation. Expenditure by field location will also be monitored by the Bureau to ensure that rental funding is spent appropriately.</p> <p>DFAM will communicate to the field to take corrective actions in respect to items incorrectly recorded as highlighted by the audit in the para 36 of the report.</p>