United Nations

Financial report and audited financial statements

for the year ended 31 December 2020

and

Report of the Board of Auditors

Volume I
United Nations

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Official Records
Seventy-sixth Session
Supplement No. 5

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Note

Symbols of United Nations documents are composed of letters combined with figures. Mention of such a symbol indicates a reference to a United Nations document.

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Letters of transmittal

Letter dated 31 March 2021 from the Secretary-General addressed to the Chair of the Board of Auditors

In accordance with regulation 6.2 of the Financial Regulations and Rules of the United Nations, I have the honour to submit herewith the financial statements of the United Nations, volume I, for the year ended 31 December 2020, which I hereby approve. The financial statements have been completed and certified by the Controller as correct in all material respects.

Copies of these financial statements are also being transmitted to the Advisory Committee on Administrative and Budgetary Questions.

(*Signed*) António **Guterres**

Letter dated 22 July 2021 from the Chair of the Board of Auditors addressed to the President of the General Assembly

I have the honour to transmit to you the report of the Board of Auditors, together with the financial report and the audited financial statements of the United Nations (volume I) for the year ended 31 December 2020.

(*Signed*) Jorge **Bermúdez**
Comptroller General of the Republic of Chile
Chair of the Board of Auditors

Chapter I

Report of the Board of Auditors on the financial statements: audit opinion

Opinion

We have audited the financial statements of the operations of the United Nations as reported in volume I, which comprise the statement of financial position (statement I) as at 31 December 2020 and the statement of financial performance (statement II), the statement of changes in net assets (statement III), the statement of cash flows (statement IV) and the statement of comparison of budget and actual amounts (statement V) for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the operations of the United Nations as reported in volume I as at 31 December 2020, and its financial performance and cash flows for the year then ended in accordance with the International Public Sector Accounting Standards (IPSAS).

Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing. Our responsibilities under those standards are described in the section below entitled "Auditor's responsibilities for the audit of the financial statements". We are independent of the United Nations, in accordance with the ethical requirements relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The Secretary-General is responsible for the other information, which comprises the financial report for the year ended 31 December 2020, contained in chapter IV below, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, on the basis of the work that we have performed, we conclude that there is a material misstatement in the other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

The Secretary-General is responsible for the preparation and fair presentation of the financial statements in accordance with IPSAS and for such internal control as the Secretary-General determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Secretary-General is responsible for assessing the ability of the operations of the United Nations as reported in volume I to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going-concern basis of accounting, unless the Secretary-General intends either to liquidate the operations of the United Nations as reported in volume I or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the operations of the United Nations as reported in volume I.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentation or the overriding of internal control;

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the operations of the United Nations as reported in volume I;

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Secretary-General;

(d) Draw conclusions as to the appropriateness of the Secretary-General's use of the going-concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists in relation to events or conditions that may cast significant doubt on the ability of the operations of the United Nations as reported in volume I to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the operations of the United Nations as reported in volume I to cease to continue as a going concern;

(e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Furthermore, in our opinion, the transactions of the operations of the United Nations as reported in volume I that have come to our notice or that we have tested as part of our audit have, in all significant respects, been in accordance with the Financial Regulations and Rules of the United Nations and legislative authority.

In accordance with article VII of the Financial Regulations and Rules of the United Nations, we have also issued a long-form report on our audit of the operations of the United Nations as reported in volume I.

(*Signed*) Jorge **Bermúdez**
Comptroller General of the Republic of Chile
Chair of the Board of Auditors

(*Signed*) **Hou** Kai
Auditor General of the People's Republic of China
(Lead Auditor)

(*Signed*) Kay **Scheller**
President of the German Federal Court of Auditors

22 July 2021

Chapter II
Long-form report of the Board of Auditors

Summary

The Board of Auditors has audited the financial statements and reviewed the operations of the United Nations as reported in volume I for the year ended 31 December 2020. The audit included an examination of financial transactions and operations at United Nations Headquarters in New York, the offices at Geneva, Vienna and Nairobi and other entities, including selected country offices of the Office for the Coordination of Humanitarian Affairs and special political missions. The Board has also reported separately on the implementation of Umoja.

Audit opinion

In the Board's opinion, the financial statements present fairly, in all material respects, the financial position of the United Nations as reported in volume I as at 31 December 2020 and its financial performance and cash flows for the year then ended, in accordance with the International Public Sector Accounting Standards (IPSAS).

Overall conclusion

The overall financial position of the Organization as at 31 December 2020 remains sound. The regular budget was almost fully consumed in 2020. The Administration needs to continue to strengthen core business processes in finance, budget, cash and investment and human resources management. The Board also identified different areas of improvement in the operations of development, peace and security, and humanitarian affairs.

Key findings

Accounts and financial reporting

Financial overview

The total revenue of the United Nations as reported in volume I in 2020 amounted to $6.85 billion, down slightly from $6.90 billion in the previous year, which was mainly due to a slight decrease of $57.21 million for assessed contributions from Member States and a decrease of $92.57 million for voluntary contributions, offset by an increase of $100 million for other revenue. In respect of expenses, the total amount was $6.77 billion in 2020, compared with $6.65 billion in 2019, an increase of around 2 per cent, which was mainly attributed to the increase of grants and other transfers from $1.98 billion in 2019 to $2.22 billion in 2020.

The net assets of the United Nations as reported in volume I in 2020 decreased by $256.45 million (11 per cent), from $2.43 billion as at 31 December 2019 to $2.17 billion as at 31 December 2020, which was mainly due to actuarial losses on employee benefits liabilities ($321.69 million), offset by a surplus for the year ($74.54 million).

The Board was informed by the Administration that direct, visible and measurable impact of the coronavirus disease (COVID-19) pandemic on the financial performance for 2020 and the financial position at the end of the year was limited. No COVID-19-related asset impairment events were recorded during the annual asset impairment review.

Liquidity management

The overall financial situation of the United Nations as reported in volume I was relatively healthy. However, for regular budget and related funds, the cash ratio was 0.07, 0.06 and 0.26 at the end of 2018, 2019 and 2020, respectively, indicating some kind of liquidity risk. Through a dynamic analysis of the cash flows (in and out) for fund 10UNA (a major part of regular budget) in 2020, the Board noted significant cash shortages in the middle of the year, which was mainly due to the fact that assessed contributions were not paid in a timely manner. In recent years, most of the approved amount of the Working Capital Fund and the amount available in the Special Account had been used to deal with the liquidity crisis of the regular budget.

The Administration informed the Board that management of 2020 regular budget operations with respect to the liquidity crisis included the gradual release of budgets in line with projected cash inflows, carefully managing recruitment of staff and vacancy rates, postponing non-post expenses wherever feasible, negotiating delayed payments of cash to United Nations system entities and deferring intra-organization cash settlements.

Increasing surplus from cost recovery services

The Board noted a steady increasing trend for the accumulated surplus (or net assets) of the cost-recovery fund (i.e. fund 10RCR), with an amount of $407.95 million as at 31 December 2020, an increase of 108 per cent compared with the end of 2016. As at 31 December 2020, 33 entities under the reporting scope of volume I provided cost recovery services to various business partners, of which United Nations Headquarters had the largest accumulated surplus, of $219.88 million. Most of the accumulated surplus was included in the United Nations cash pool. The regular budget was the biggest funding source for fund 10RCR, accounting for 30 per cent of its total revenue in 2020.

Transfers to implementing partners

As disclosed in note 30 to the 2020 financial statements, transfers to implementing partners are presented as expenses when the funds are disbursed by the United Nations to the third parties. The Board noted differences in the accounting treatment of transfers to implementing partners across the United Nations system, reflecting differences in the business models of United Nations entities. For management purposes, the United Nations recorded an amount of $1.07 billion in grants unspent by the partners as an advance at the beginning of 2020 to monitor the progress of its partner’s programme activities, and a $1.29 billion advance was expensed by the end of 2020. The IPSAS Board is expected to issue a standard on transfer expenses by the end of 2021. The Administration indicated that it was possible that the new standard might result in a change in accounting policy with regard to the recognition of some categories of non-exchange expenses of the United Nations.

Insufficient monitoring of implementing partner projects pending financial closure

A total of 5,212 projects administrated by 10 entities, such as the Office for the Coordination of Humanitarian Affairs and various United Nations trust funds, were pending financial closure with an outstanding value of $521.98 million as at 31 December 2020. Of those projects, 2,790 projects with a total value of $143.27 million had been pending for over two years. Keeping projects pending financial closure for a long time may result in a delay in the refund of unspent grants and affect efficient utilization of the fund balances.

United Nations Foundation as a related party

In 1998, the United Nations Foundation was established as a legally independent charitable organization to channel a $1 billion gift to support the United Nations. According to the relationship agreement between the United Nations and the Foundation, the Foundation provides financial and other support to exclusively charitable United Nations activities in furtherance of the goals and objectives of the United Nations, and has been authorized to use the name of the United Nations as part of its corporate name. To strengthen their coordination with regard to the Foundation's activities, the United Nations and the Foundation established the joint coordination committee in 2014 to serve as the principal forum for consulting with one another on the strategies for the Foundation to support United Nations causes, as well as all significant projects, campaigns and activities funded or coordinated by the Foundation. As disclosed in note 33 to the 2020 financial statements, the Foundation made total contributions of $9.49 million to the United Nations Fund for International Partnerships (UNFIP) in the year 2020.

Budget management

Deficiencies in the creation of fund commitments

The balance of open commitments for the year ended 31 December 2020 was $219.53 million, of which 479 fund commitments totalling $122.85 million (56 per cent) had been established at year end with a posting date of 30 or 31 December 2020. The Board noted that 23 fund commitments, with a balance of $116.66 million, had been established with no supporting documents in December 2020. In addition, there were only approving officers, but no certifying officers, for the creation of the aforesaid 23 fund commitments, which was non-compliant with the requirements of the Financial Regulations and Rules of the United Nations.

Overexpenditures on consultants and experts

In its resolution 74/262, the General Assembly reiterated that the use of consultants should be kept to a minimum and decided to reduce the proposed resources for consultants by 10 per cent for 2020. The Board noted that 11 entities or programmes had higher actual expenditure on consultants and experts than original appropriations, with overexpenditure rates ranging from 13 per cent to 429 per cent.

Significant variances between planned and actual extrabudgetary posts

On a sample basis, the Board noted significant variances between planned and actual extrabudgetary posts for some departments. For instance, the planned extrabudgetary posts of the Department of Management Strategy, Policy and Compliance remained steady during the past three years, while the actual extrabudgetary posts were about 170 per cent of the planned posts. Similar cases had been observed at the Department of Political and Peacebuilding Affairs. Such significant variances may indicate that the staffing estimation does not take into due consideration the actual requirements.

Cash and investment management

Redundant house bank accounts

As at 31 December 2020, a total of 256 house bank accounts were managed by the United Nations Treasury in Umoja, of which 71 accounts (28 per cent) had been opened in one country (including 54 accounts in one particular bank of that country). In addition, nearly 10 per cent of the 256 accounts had a low frequency of usage and had seldom undertaken collection and payment functions between 2018 and 2020.

The practice of opening multiple bank accounts in a single country while leaving some of them barely used is not in keeping with the objective of house bank accounts of minimizing the number of bank accounts per country, and adds unnecessary administrative costs.

Lack of a specific investment strategy for long-term funds in the main pool

There was no specific investment strategy or guidelines for those pooled midterm or long-term funds. As at 31 December 2020, a total amount of $2.47 billion in midterm or long-term trust funds, as well as a $234 million reserve fund relating to end-of-service employee benefits, were mixed together with other operational funds in one cash pool (i.e. the main pool) and were mostly invested in short-term assets with a maturity period of less than one year. This may result in inconsistencies in term structure between the invested assets and the associated liabilities and might prevent the United Nations from obtaining potential economic returns. Between 2017 and 2020, the discount rates used in the actuarial valuation of end-of-service liabilities were consistently higher than the annual rates of return of the main pool, which may result in the Organization running the risk of having insufficient funds to cover end-of-service liabilities over the long-term term.

Lack of documentation on the decision-making process related to the selection of investment counterparties

The qualified banks and brokers or dealers (i.e. trading counterparties) were determined without clear selection criteria or procedures except for the minimum requirements defined in the United Nations Investment Management Guidelines. In 2020, 194 banks had reached the minimum requirements, of which only 86 banks (44 per cent) were selected as trading counterparties. The others were not included in the list, with no official document indicating the reasons, even though some of them had ratings that were higher than the minimum rating requirements and some had ratings that were even higher than those of some of the counterparties on the list.

Health insurance programme

Diagnosis mismatch with gender or age of the participants

On a sample basis, the Board performed an analytical review of the reimbursement data of third-party administrators for 2020 and noted some inconsistencies between the diagnosis and the gender or age of the participants. For instance, diagnoses of 25 participants were inconsistent with their gender, and $9,356 was reimbursed to 18 out of the 25 participants with the United Nations self-insurance fund as the subsidiary medical insurance plan. Diagnoses of nine participants were inconsistent with their age, and $1,999 was reimbursed by third-party administrators with United Nations self-insurance funds.

Assets management

Idle assets

The Board reviewed the equipment list of the United Nations as reported in volume I as at 31 December 2020 and noted that 1,306 items with an acquisition value of $42.6 million had the status of "equipment idle", representing 12 per cent in quantity and 10 per cent in value of the total equipment. A total amount of $29 million (69 per cent) of those assets had been idle for more than one year, and $14.6 million in assets had been idle since their acquisition.

Deficiencies in risk management of the strategic heritage plan

The lack of a description of mitigation actions on the master risk register in the monthly reports up to September 2020 had been an important gap of information on documenting risk mitigation measures. A standardized presentation of COVID-19 risks in the quarterly and monthly reports would facilitate understanding.

Anomalies in the risk database, such as a major risk that should already have been closed, risks without mitigation measures identified, outdated entries, entries that did not correspond to the purpose of the data field, empty data fields and entries in data fields that were not plausible vis-à-vis entries in other data fields, distort the risk registers.

Non-capitalization of the completed section of the strategic heritage plan

Depreciation of an asset starts when the United Nations obtains control over the asset. After the asset under construction is completed, it is recognized as a final asset. Although the strategic heritage plan team signed the substantial completion certificate for section 2 (covering of the existing spiral entrance ramp of the building E car park), the strategic heritage plan team did not capitalize the value for section 2.

Inaccuracies in the capitalization of the flexible workplace project

The Board noted that, among the incurred expenditure of $47.57 million for the flexible workplace project at United Nations Headquarters, $25.54 million had been capitalized as at 31 December 2020. However, according to the project progress report (A/75/342), relevant works on the 13th, 18th and 19th floors of the project had already been completed in 2015 and 2016, providing 166 additional work units, while there was basically no capitalized amount during the same period.

Issues relating to the United Nations Foundation

Significant decline in the Foundation's grants channelled through the United Nations Fund for International Partnerships account

During the first eight years of cooperation (i.e. 1999 to 2006) between the United Nations and the United Nations Foundation, 84 per cent of the Foundation's programme expenses were channelled through the UNFIP account, which was under the effective oversight of the United Nations. In recent years, annual grants to the UNFIP account decreased significantly to around $10 million (about 10 per cent of the Foundation's programme expenses). Recent expenditure breakdowns revealed that the Foundation allocated 46 per cent of its budget to its hosted initiatives,[a] for which in some cases the Foundation had not provided sufficient information as required to justify their alignment to the United Nations priorities and the Sustainable Development Goals.

Insufficient reporting by the Foundation on Member State donations

From 2018 to 2020, the Foundation reported on 14 initiatives that received contributions from Member States, out of which 7 were reported via email instead of the standardized template. In addition, the standardized template did not require the Foundation to provide detailed budgets for the initiatives, so it was not clear how the funds would be used. On a sample basis, the Board reviewed an initiative named "Digital Impact Alliance" and noted that the Foundation had not reported all necessary information in its initiative proposal as required by the template. Furthermore, it was not clear how the donation of $21.23 million from Member States (excluding $1.42 million transferred to implementing partners) was spent to support United Nations priorities and the Sustainable Development Goals due to a lack of detailed information.

Insufficient coordination at an appropriate level of the Foundation's reserve

The Foundation's Board of Directors established a reserve fund in 2006 and had set aside $141.2 million from the $1 billion gift originally pledged by the founder of the Foundation towards United Nations causes from 2006 to 2013, which was mainly used for investment. As at 31 December 2019, the balance of reserve investment was approximately $187.1 million, which was over 20 times its annual general and administrative expenses ($8.41 million) in 2019. The Board noted that general charity industry benchmarks suggested for the reserve of non-profits a minimum of three to six months of the operating expenses. The Board is of the view that the high reserve level may have a negative influence on public confidence in the Foundation's finance capability.

High amount of administrative expenses of the Foundation

General and administrative expenses as a percentage of total expenses of the Foundation had been basically within 2 per cent before 2006, and had continued to rise to $8.41 million (9 per cent) in 2019, not including an average of $2.53 million in annual investment management fees. The remuneration of the senior management employees of the Foundation remained high compared with average charity industry levels.

Delegation of authority

Setting of key performance indicators in need of improvement

A review of the existing 16 key performance indicators for monitoring the performance of the delegated authority revealed that some key risks in functional areas were not covered thereby, such as the risk of incorrect utilization of fund commitments and the lack of segregation of procurement duties, which had also been identified by the Management Client Board as significant risks to be covered in the new expanded set of indicators. Such deficiencies may risk non-compliance and improper exercise of delegation of authority going undetected and corrective action not being taken in a timely manner.

Accountability framework for heads of entity in need of improvement

The Board noted cases in which the accountability framework for the heads of entity could be further improved, namely: (a) lack of performance indicators and targets on delegation of authority in the senior managers' compacts, with no generally accepted indicators or targets having been established to measure performance on delegation of authority, such as management of subdelegations of authorities, monitoring the performance of key performance indicators and delivering the expected results of the budget documents; and (b) lack of an accountability mechanism for some heads of entity. Out of 233 entities under the delegation of authority framework, 134 heads of entity were at the D-2 level or below and were not required to sign the senior managers' compacts unless specifically prescribed and there was no proper mechanism to hold those heads of entity accountable.

Human resources management

Review of policies needs to be expedited

Ensuring review of the human resources policies to be aligned with the management reform is key to ensure clarity and consistency in human resources management practice. The Board noted that, as at 23 April 2021, six policies had been promulgated and 145 policies remained under review at different phases of policy development. The Administration explained that this was because resources had to be reprioritized to address the immediate needs related to developing COVID-19-related policies.

Procedures related to roster-based recruitment in need of improvement

There is no clear guidance from the legislative bodies on whether the roster-based recruitment method can be applied to vacancies at United Nations Headquarters. The General Assembly requested that all vacancies at United Nations Headquarters be advertised and equal treatment given to internal and external candidates while considering applicants for vacancies. On a sample basis, the Board noted 14 cases (or 20 per cent of the samples) in which rostered candidates had already been selected to fill the posts before the job posting deadline dates. The Board is concerned that the Organization's reputation might be impaired when recruitment decisions are made before the posting deadline date, and that it may lead to misunderstanding, especially among those who are not aware of the existence of roster-based recruitment procedures.

Deficiencies in roster management

An analysis of the rosters maintained in the Inspira system revealed that, as at 31 December 2020, the roster memberships were distributed over nine job networks and 47 job families, with 55,087 roster memberships, among which 21,291 (39 per cent) were of female candidates, while 380 roster memberships were of people over the age of 65 and 5,977 roster memberships were more than 10 years old. The current policy was focused mainly on roster establishment rather than on roster management, resulting in limited guidance for roster creation and maintenance in terms of roster duration, category, and geographical and gender distribution.

Disbursement of benefits and allowances

The Board sampled the disbursement of some benefits and allowances and noted cases in which relevant payments had not been processed properly. Deficiencies were identified in the existing procedures for processing the payment of danger pay, as well as the undue payment of cost-of-living allowances for experts working from home or in a location away from their duty stations.

Deficiencies in the management of consultants and individual contractors

The Board noted instances of non-compliance with guidelines for consultants and individual contractors, including 101 consultant contracts that exceeded 24 months within a 36-month period; 12 retirees in receipt of pension benefits from the United Nations Joint Staff Pension Fund being identified as having earnings exceeding $22,000 in the 2020, which resulted in engagements beyond the established ceiling in the amount of $95,045; and two consultants and seven individual contractors having more than one contract in an overlapping period.

Operations related to development affairs

Areas for further improvement relating to Sustainable Development Goal indicators

By the end of 2020, 21 of the 169 Sustainable Development Goal targets had matured, among which 18 targets had not been achieved, and outdated data had been used for calculation of 15 indicators. Deficiencies in the indicator framework for the Goals identified during the current audit included the following: four indicators had been unproperly classified as tier I indicators; the target for supporting least developed countries had no corresponding indicators; the statistical capacity indicator for Goal monitoring was without a custodian agency; and the custodian agency for the indicator on the proportion of total government spending on essential services was still under discussion.

Backlogs in implementation of the United Nations Sustainable Development Cooperation Framework cycle

The Board reviewed the implementation of each key step of the United Nations Sustainable Development Cooperation Framework cycle in 12 countries as at 31 December 2020, and noted that one country had not completed the common country analysis; eight countries had not held United Nations country team configuration dialogues; four countries had not yet completed joint workplans and three countries had not started or completed the upload of the joint workplans to the UN INFO platform; and three countries had not yet fully established joint steering committees.

Backlogs in the implementation of common back offices

The Board reviewed the progress of implementation of common back offices in a total of 9 countries and noted that the revised deadline had not been achieved for all such offices in those countries. Only one country had finished all of the first six stages,[b] while the implementation plan of the common back office was yet to be developed and it was not clear when such plan could be developed for substantive implementation. Five countries had finished stage three, while the data completeness check was still under way, and three countries were still at the early stage of implementation. The target of the establishment of a common back office for all United Nations country teams by 2022 would be difficult to achieve.

Backlogs in the implementation of common premises

The timeline of the target to increase the proportion of United Nations common premises to 50 per cent had been revised to be as at the end of October 2022. The current percentage of common premises was 22 per cent, indicating the risk of the expected target not being possible to achieve. Backlogs in project progress included lack of a resource mobilization plan and of capital funding for new common premises projects, lack of impact and prioritizing analyses and the need to put in place country common premises plans to indicate the key milestones, key enablers, main risks and risk mitigation measures, among other things.

Operations related to peace and security affairs

The mechanism for continuous improvement was not made clear

For the peace and security reform, it was not clear what the end-state vision was, or when the peace and security reform activities were to be completed, what type of a mechanism for continuous improvement was to be introduced and how the peace and security reform activities and benefits would be reported in the future.

Backlogs in the business re-engineering process

The Board noted that the re-engineering of a total of 21 critical processes was planned, out of which 11 had been completed and rolled out, while the remaining 10 were pending finalization and roll-out, which might result in a lack of clarity with regard to roles, responsibilities and procedures, as well as in process inefficiencies and fragmentation.

Deficiencies in roster management

The Department of Political and Peacebuilding Affairs is the lead entity of the United Nations for good offices, political analysis, mediation, electoral assistance, peacebuilding support and political guidance, and maintains rosters of experts for Security Council subsidiary bodies, international electoral experts and mediation experts. The Board identified deficiencies in relation to the size of the rosters and the geographical and gender representation of the roster members. For instance, out of the 871 experts on the roster for the Security Council subsidiary bodies, around 100 experts were inactive. Out of a total of 1,373 experts on the roster of electoral experts, 33 per cent were female. Out of 871 experts (from 99 countries) on the roster for Security Council subsidiary bodies, 457 experts (53 per cent) came from the 10 most-represented countries.

Deficiencies in providing electoral assistance

United Nations electoral assistance can be provided on the basis of a General Assembly or Security Council mandate or a Member State's request. The Board noted that there had been nine cases since 2017 in which, following the approval of the requests, the United Nations had not been able to mobilize the resources necessary, resulting in limited support being provided to these Member States. In 2020, due to the COVID-19 pandemic, 21 deployments for electoral assistance were made upon request, around half of the 2020 target.

Lack of documented policy on thematic reviews

Thematic reviews are cross-project evaluations to assess the effectiveness of Peacebuilding Fund projects dedicated to a specific theme and their overall impact on peacebuilding. The Board noted different means for conducting thematic reviews. For instance, the largest donor of the Peacebuilding Fund in 2020 provided full funding for conducting the thematic reviews on gender, and the implementing partners of the thematic reviews were contracted by the donor rather than the Department of Political and Peacebuilding Affairs. The implementing partners were co-managed by the donor in consultation with the Peacebuilding Support Office. In addition, there was no documented policy for thematic reviews indicating the funding sources of the activities, the scope of the review and the roles and responsibilities of the Peacebuilding Support Office and donors in managing the review.

Humanitarian affairs

Releasing loans from the grant element

In November 2019, the Emergency Relief Coordinator released $20 million in loans from the grant element of the Central Emergency Response Fund to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), which was not strictly in compliance with General Assembly resolution 66/119 and Secretary-General's bulletin ST/SGB/2010/5. Furthermore, during the 2016–2020 period, a total of $135 million in loans was provided to UNRWA as a long-term source of funding, which may have a negative impact on the flexibility of the Central Emergency Response Fund loan element as a cash-flow mechanism.

Deficiencies in subgranting arrangements

According to the data provided by the Office for the Coordination of Humanitarian Affairs, a total of $103.91 million was granted to sub-implementing partners by implementing partners in 310 country-based pooled fund projects in 2020. On a sample basis, the Board noted that seven implementing partners had subgranted all programmatic activities, totalling $3.75 million, to 16 sub-implementing partners, after charging 6.5 or 7 per cent of the actual project expenditure as programme support costs and some other management costs. Three of those sixteen sub-implementing partners were currently listed as the Office's eligible implementing partners, involving a subgrant amount of $1.38 million. In 22 projects, the primary implementing partners had subgranted a total amount of $4.69 million to 20 subimplementing partners who had been assessed as ineligible to receive direct funding by the Office.

Delay in adjustment of implementing partners' risk levels

The global Operational Handbook for Country-based Pooled Funds of the Office for the Coordination of Humanitarian Affairs, as well as most operational manuals at the country level, did not have any provisions regarding the frequency of manual adjustments of implementing partners' risk levels. As at 1 April 2021, out of 1,771 implementing partners listed as eligible country-based pooled fund implementing partners, the risk level of 91 implementing partners had not been adjusted to higher risk levels in accordance with the grant management system's notification for considering such an adjustment. The average time lag since the automated risk-level adjustment notification for 72 implementing partners (79 per cent) was 412 days. Moreover, the Office had allocated $88.98 million to 25 of the 72 implementing partners after the automated grant management system notification.

Information and communications technology

Duplication of information and communications technology functions

The Board continued its review of the functions of the three integrated divisions of the Office of Information and Communications Technology in 2020, and still noted instances of duplication and unclear definition of responsibilities among relevant divisions of the Office. For instance, in the case of emerging technologies, the Policy, Strategy and Governance Division has a role in focusing on emerging technologies with a view to their implementation in the Office and the Secretariat. Meanwhile, some of these technologies are already utilized in the Operations Support Division and the Enterprise Solutions Service.

Fragmentation of the information and communications technology budget

The Board was informed that, during the 2016–2020 period, a number of entities had not followed General Assembly resolution 69/262 and Secretary-General's bulletin ST/SGB/2016/11 and had not submitted proposals for new information and communications technology (ICT) investments or projects to the Office of Information and Communications Technology for review and approval, while nobody was held accountable for those cases of non-submission. Fragmentation of resources related to ICT leads to overlap, disconnect and redundancy of ICT function across the United Nations.

Main recommendations

The Board has made recommendations throughout the report. The main recommendations are that the Administration:

Accounts and financial reporting

(a) **Enhance the performance of fund utilization under the cost-recovery fund (10RCR) to contribute to improved mandate delivery;**

(b) **Ensure that heads of entities review their internal controls and existing agreements with implementing partners, including appropriate time limits, and strengthen supervision and guidance regarding projects past due for financial closure, including timely refunds;**

Budget management

(c) **Issue guidance on the creation and usage of fund commitments;**

(d) **Continue to centrally monitor and regularly review the fund commitments with the entities concerned and ensure that they are administered as pursuant to the Financial Regulations and Rules of the United Nations, including by maintaining proper supporting documentation;**

(e) **Enhance the justification for material variances between expenditure and appropriation in the context of the financial performance report and the financial statements, in particular in situations of higher expenditure under consultants and experts;**

(f) **Request entities to enhance monitoring of the expenditure under consultants and experts and to keep it to a minimum in accordance with the request of the General Assembly;**

(g) **Disclose information on the performance of post resources from extrabudgetary resources in order to improve its transparency;**

(h) **Intensify efforts to review more strictly estimated extrabudgetary posts in the proposed programme budget to ensure, to the extent possible, the accuracy of the estimated budget funded through extrabudgetary resources;**

Cash and investment management

(i) **Regularly review the actual usage of each account, identify those accounts that do not need to be retained and carry out the cleaning or consolidation necessary to better achieve administrative objectives and reduce management costs;**

(j) **Conduct a comprehensive analysis of the funds participating in the main pool in order to identify the funds associated with long-term liabilities and develop a tailored investment strategy and guidelines for them;**

(k) **Set out specified standards for the selection of trading counterparties and ensure that the decision-making process is well documented;**

Health insurance programme

(l) **In coordination with the third-party administrators, investigate gender- or age-related mismatches in medical diagnoses on a case-by-case basis, identify the reasons for such mismatches and take corrective action, where appropriate;**

Assets management

(m) **In coordination with the relevant department or office, analyse the reasons for assets remaining idle, actively use idle assets and retire unusable ones, and take more proactive measures to avoid further obsolescence in the future;**

(n) **Regularly integrate a "responses risk register" into future monthly risk management reports;**

(o) **Standardize the presentation of COVID-19 risks in risk registers in quarterly and monthly risk management reports;**

(p) **Correct anomalies in the risk database and keep it correct and up to date;**

(q) **Fill in all data fields when a risk has been taken up in the risk register;**

(r) **Allocate the 829,194 Swiss francs recorded under the new permanent building H as an asset under construction to the building E car park asset (final asset) and begin the depreciation as from the completion date in January 2019;**

(s) **For assets that become available for use in the future (e.g., the new permanent building H), review the directly attributable costs (labour, material and overhead) within the project that are to be split across different assets. Doing so would ensure that an asset moves from under construction status to final when the asset is substantially complete, accepted and available for use, thereby also taking into account the United Nations Policy Framework for International Public Sector Accounting Standards;**

(t) **Reverify project expenditure, analyse the nature and amount of each expenditure settlement in detail and re-evaluate whether it meets the capitalization criteria to ensure that the project expenditure is accurately capitalized in the financial statements;**

Issues relating to the United Nations Foundation

(u) **Continue to work through the joint coordination committee and the Advisory Board of UNFIP to urge the United Nations Foundation to contribute more resources directly to the United Nations in support of the Organization's activities;**

(v) **Coordinate with the United Nations Foundation to disclose more information on its programmatic initiatives in support of United Nations causes through the joint coordination committee, in order to provide further assurances that such activities are aligned to and support United Nations priorities and the Sustainable Development Goals;**

(w) **Request the United Nations Foundation to report, in a timely manner, on all donations from Member States in accordance with the agreed framework;**

(x) **Coordinate with the United Nations Foundation to ensure that the Foundation provides more detailed budget information through the joint coordination committee, according to the standardized template for reporting on the Foundation's initiatives;**

(y) **Coordinate with the United Nations Foundation to determine how the parties to the relationship agreement can coordinate regarding the Foundation's reserve policy, including by defining an appropriate level of the reserve and how the reserve is set aside and used;**

(z) **Coordinate with the United Nations Foundation to determine how the parties to the relationship agreement can coordinate regarding the high administrative expenses of the Foundation to ensure that funds are used more efficiently for United Nations causes;**

Delegation of authority

(aa) **Launch the expanded set of key performance indicators in a timely manner and ensure that they cover all risks identified by the policy owners in the exercise of delegated authority in their different functional areas;**

(bb) **Take measures to further improve the indicators in the senior managers' compacts and consider the alignment of the compacts' key performance indicators with the delegation of authority key performance indicators, so as to strengthen the effectiveness of senior managers' compacts as instruments of accountability;**

(cc) **Consider the development of a proper accountability mechanism for heads of entities at the D-2 level or below, so as to ensure the proper chain of command and hold them accountable;**

Human resources management

(dd) **Ensure that the Management Client Board continues to prioritize the development of policies in the Organization and reviews the progression of such work on a regular basis, with the aim of expediting their promulgation;**

(ee) **Further clarify the conditions of and criteria for roster-based recruitments and ensure that all candidates are duly notified;**

(ff) **Review the policies on rosters, taking into consideration geographical diversity, gender parity and sunset clauses, to ensure rightsizing based on workforce planning forecasts, clarify accountability for maintaining rosters and formulate guidance for hiring managers on selecting rostered candidates;**

(gg) **Closely follow up on the process of the roll-out of the new Umoja danger pay solution in 2021 to avoid future undue payments to staff;**

(hh) **Provide guidance to entities on the proper use of cost-of-living allowance exceptions, taking into consideration the nature of the allowance itself;**

(ii) **Provide clear operational guidance and strengthen the monitoring of the duration of the appointments of consultants and individual contractors and of applicable maximum allowable earnings to ensure that the requirements for consultants and individual contractors are duly followed, to monitor cases of contract overlap for consultants and individual contractors and to remind entities to avoid processing errors;**

Operations related to development affairs

(jj) **Provide support for the work of the Inter-Agency and Expert Group on Sustainable Development Goal Indicators regarding continuous improvement in the Goal indicator framework;**

(kk) **Rely on the promotion of innovation, capacity-building and improvement of data and metadata exchange to facilitate the achievement of the targets of the Sustainable Development Goals that have matured through the acceleration of data collection for indicators;**

(ll) **Further strengthen its monitoring of the process of the United Nations Sustainable Development Cooperation Framework cycle and identify the causes of backlogs to facilitate the completion of the key steps in the Cooperation Framework;**

(mm) **Support improvements in the process of developing joint workplans for the countries that have signed United Nations Sustainable Development Cooperation Frameworks and form joint steering committees that become operational;**

(nn) **Engage the Business Innovations Group in deciding on a streamlined approval process and a revised timeline to ensure that the common back office is implemented and generates the envisaged benefits;**

(oo) **Take all measures necessary to expedite the development of the country common premises plan at the country level and ensure that the resource mobilization plan and the impact and prioritizing analyses are finished as planned in accordance with the Business Innovations Group's annual workplan;**

Operations related to peace and security affairs

(pp) **Identify the mechanism for continuous improvement and benefits reporting after the transition;**

(qq) **Set up a schedule for finalization of the 10 pending processes, with due consideration given to the updated delegation of authority, and complete the roll-out of the processes in a timely manner;**

(rr) **Review the eligibility of the inactive experts on the roster of mediation experts and the roster for the Security Council subsidiary bodies in order to determine whether they should continue to be included on those rosters;**

(ss) **Intensify its efforts to increase gender and geographical representation on the three rosters;**

(tt) **Reconsider the financing mechanism of United Nations electoral assistance, coordinate with the relevant United Nations agencies to further increase fundraising efforts and the diversity of funding sources, and manage to meet the needs of requesting Member States;**

(uu) **Develop an explicit policy for thematic reviews with a view to providing clear policy guidance for conducting the thematic reviews more consistently;**

Humanitarian affairs

(vv) **Strictly comply with General Assembly resolution 66/119 and Secretary-General's bulletin ST/SGB/2010/5 to maintain the size of the loan element at $30 million and make advances up to the total amount of cash available in the loan element of the Central Emergency Response Fund;**

(ww) **Ensure that Central Emergency Response Fund loans are provided to United Nations agencies as a mechanism for mitigating ad hoc cash-flow gaps to ensure the rapid and coordinated response to humanitarian emergencies and not for addressing systemic cash-flow problems for specific agencies;**

(xx) **Make efforts, including but not limited to updating the operational handbook for country-based pooled funds, further specifying the rationale for implementing partner sub-granting modalities and continuing to provide sustained assurances thereon;**

(yy) **Review relevant clauses relating to implementing partner risk adjustments in the operational handbook for country-based pooled funds, with a view to ensuring that risk levels of implementing partners are reviewed and revised within a reasonable time frame;**

Information and communication technology

(zz) **Clearly define the functions and responsibilities of each division and service within the Office of Information and Communications Technology to avoid duplication and fragmentation within the Office;**

(aaa) **Enhance cross-department coordination to ensure strict compliance with the requirement of General Assembly resolution 69/262 and Secretary-General's bulletin ST/SGB/2016/11 relating to the ICT budget submission, and hold entities accountable for the submission of budgets and projects from all funding sources for all ICT initiatives and operations to the Office of Information and Communications Technology.**

Follow-up on previous recommendations

The Board noted that there were 279 outstanding recommendations for the United Nations as reported in volume I up to the year ended 31 December 2019, of which 96 (34 per cent) had been implemented, 150 (54 per cent) were under implementation, two (1 per cent) had not been implemented and 31 (11 per cent) had been overtaken by events. The reasons for being kept as pending could be attributed mainly to such factors as time constraints, multiple elements of the recommendations to implement, the impact of the COVID-19 pandemic and resource scarcity.

[a] Hosted initiatives are multi-stakeholder initiatives hosted or incubated by the Foundation to complement United Nations efforts and help advance United Nations priorities. The Foundation and its Board, as host, provide final fiduciary accountability, as well as back office services, to enable these initiatives to get up and running and focus quickly on results.

[b] The six stages are as follows: data entry ongoing, template filled, template submitted, data completeness check, quality assurance review and quality assurance check.

Key facts

$6.85 billion	Total revenue
$6.77 billion	Total expenses
$0.75 billion	Surplus for the year
$10.27 billion	Assets
$8.10 billion	Liabilities
$2.17 billion	Total net assets
$2.77 billion	Employee salaries, allowances and benefits

A. Mandate, scope and methodology

1. The United Nations, founded in 1945, provides the main forum for its 193 Member States to meet and take collective measures through its principal organs: the General Assembly, the Security Council, the Economic and Social Council, the Trusteeship Council, the International Court of Justice and the Secretariat. Under the Charter of the United Nations, the Organization can take action on a wide range of vital and complex issues. The Organization comprises a Headquarters in New York made up of multiple departments and offices, as well as entities (many with their own governance structures and systems) and offices away from Headquarters and projects across the globe.

2. The financial statements for the operations of the United Nations as reported in volume I encompass the full range of activities, entities and programmes falling under the auspices of the Secretariat and include all funds other than those of the peacekeeping operations, the United Nations Compensation Commission, the International Tribunal for the Prosecution of Persons Responsible for Serious Violations of International Humanitarian Law Committed in the Territory of the Former Yugoslavia since 1991, the International Residual Mechanism for Criminal Tribunals, the United Nations Human Settlements Programme (UN-Habitat) and the United Nations Environment Programme, among others, which are reported separately.

3. The 2020 financial statements were prepared under the International Public Sector Accounting Standards (IPSAS) and comprise five separate primary statements supported by explanatory notes.

4. The Board of Auditors has audited the financial statements of the United Nations as reported in volume I for the year ended 31 December 2020 in accordance with General Assembly resolution 74 (I). The audit was conducted in conformity with the Financial Regulations and Rules of the United Nations and the International Standards on Auditing. The latter require that the Board comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

5. The Board conducted the audit at various offices and divisions at United Nations Headquarters in New York and the offices at Geneva, Vienna and Nairobi, in addition to selected country offices of the Office for the Coordination of Humanitarian Affairs and special political missions. The Board coordinated its work with the Office of Internal Oversight Services (OIOS) to avoid unnecessary overlap of effort and to determine the extent of reliance that could be placed on its work. The Board's report was discussed with the Administration, whose views have been appropriately

reflected. The present report covers matters that, in the opinion of the Board, should be brought to the attention of the General Assembly.

6. The audit was conducted primarily to enable the Board to form an opinion as to whether the financial statements presented fairly the financial position of the United Nations as at 31 December 2020 and the results of its operations and cash flows for the financial period, in accordance with IPSAS. This included an assessment as to whether the expenses recorded in the financial statements had been incurred for the purposes approved by the governing bodies and whether revenue and expenses had been properly classified and recorded in accordance with the Financial Regulations and Rules. The audit included a general review of financial systems and internal controls and a test examination of the accounting records and other supporting evidence to the extent that the Board considered necessary to support its audit opinion.

7. The Board also reviewed the operations of the United Nations under regulation 7.5 of the Financial Regulations and Rules, focusing on areas of fundamental importance to the capability, effective management and reputation of the United Nations, in particular finance and budget, cash and investment and human resources management. The Board also identified different areas for improvement in the operations of development, peace and security, and humanitarian affairs.

8. Due to the outbreak of COVID-19 pandemic, and in line with the Organization's overall guidance on physical distancing and risk management, the Board conducted the audit through a combination of remote audits at back offices and field audits at United Nations Headquarters in New York. The remote audits had complicated the communication process between the Board and the Organization, as well as the collection of audit evidence. In accordance with International Standard on Auditing 500, the Board conducted alternative audit procedures in some focus areas such as property, plant and equipment and inventory, to obtain sufficient and appropriate audit evidence to issue its opinion. The Board is of the view that these remote audits were performed as an exception under unique circumstances and should not be viewed as a standard occurrence in future audits.

B. Findings and recommendations

1. Follow-up on previous recommendations

9. There were 279 outstanding recommendations up to the year ended 31 December 2019, of which 96 (34 per cent) had been implemented, 150 (54 per cent) were under implementation, 2 (1 per cent) had not been implemented and 31 (11 per cent) had been overtaken by events (see annex I). The status of implementation of recommendations by report is shown in table II.1. It can be seen from the table that the earliest pending recommendation pertains to the report for the biennium ended 31 December 2009 (A/65/5 (Vol. I), chap. II).

Table II.1
Status of implementation of recommendations

Report	*Number of recommendations*	*Recommendations pending as at 31 December 2019*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*	*Recommendations pending as at 31 December 2020*
A/65/5 (Vol. I), chap. II	72	1		1			1
A/67/5 (Vol. I), A/67/5 (Vol. I)/Corr.1 and A/67/5 (Vol. I)/Corr.2, chap. II	40	1				1	
A/69/5 (Vol. I) and A/67/5 (Vol. I)/Corr.1, chap. II	28	11	7			4	
A/70/5 (Vol. I) and A/70/5 (Vol. I)/Corr.1, chap. II	26	12	5	6		1	6
A/71/5 (Vol. I)	44	20	2	15		3	15
A/72/5 (Vol. I) and A/72/5 (Vol. I)/Corr.1, chap. II[a]	53	18	2	10		6	10
A/73/5 (Vol. I)	71	45	21	21		3	21
A/74/5 (Vol. I)[a]	71	58	18	34		6	34
A/75/5 (Vol. I)	113	113	41	63	2	7	65
Total	**518**	**279**	**96**	**150**	**2**	**31**	**152**

[a] Excludes the recommendations made in the section on the strategic heritage plan of the report of the Board of Auditors for the year ended 31 December 2016 (A/72/5 (Vol. I) and A/72/5 (Vol. I)/Corr.1, chap. II, and A/74/5 (Vol. I)), which were presented in the reports of the Board of Auditors on the strategic heritage plan (A/73/157 and A/75/135, respectively).

10. The Board analysed the 152 open recommendations as at 31 December 2020 and noted that 27 concerned financial management; 19 were related to human resources management; 13 dealt with cash and investment management; 12 referred to risk management; and 11 fell within the category of implementation of development reforms. Others were focused on, among others, the areas of budget management, health insurance programmes, delegation of authority, procurement management, implementation of peace and security reforms and humanitarian affairs.

11. With regard to the ageing of those recommendations, 32 (21 per cent) had been pending for more than three years; 21 (14 per cent) had remained open for three years; 34 (22 per cent) had been made two years ago; and 65 (43 per cent) had been made one year ago. The reasons for having those recommendations as pending could be attributed mainly to such factors as time constraints, multiple elements of the recommendations to implement, the impact of the COVID-19 pandemic and resource scarcity.

12. With regard to the recommended corrective measures, 75 (49 per cent) required full compliance with rules and regulations; 45 (30 per cent) indicated a need for the development of relevant policies or guidelines; 23 (15 per cent) involved further refinement of current policies; and 9 (6 per cent) related to information systems development.

13. In addition, as at 31 December 2020, of the 68 outstanding recommendations relating to the information and communications technology (ICT) strategy, 28 (41 per cent) had been implemented; 32 (47 per cent) were under implementation; and 8 (12 per cent) have been overtaken by events (see annex II). The strategy ended in February 2020.

14. Furthermore, as at 31 December 2020, of the 28 outstanding recommendations regarding the strategic heritage plan project, 13 (46 per cent) had been implemented in full and 15 (54 per cent) were under implementation (see annex III).

15. Lastly, there were two outstanding recommendations relating to the capital master plan, which were still under implementation as at 31 December 2020 (see annex IV).

2. Accounts and financial reporting

(a) Financial overview

16. Total revenue for the year 2020 amounted to $6.85 billion, down slightly from $6.90 billion in 2019, which was due mainly to a decrease of $57.21 million in assessed contributions from Member States, to $2.95 billion (2019: $3.01 billion), and a decrease of $92.57 million in voluntary contributions, to $2.93 billion (2019: $3.03 billion), offset in part by an increase of $100 million in other revenue, to $321.49 million (2019: $221.49 million), including revenue from services rendered and revenue-producing activities, among others. In respect of expenses, the total amount was $6.77 billion in 2020, (2019: $6.65 billion), an increase of approximately 2 per cent, attributable mainly to the increase in grants and other transfers from $1.98 billion in 2019 to $2.22 billion in 2020.

17. Net assets for the year 2020 decreased by $256.45 million, or 11 per cent, to $2.17 billion (2019: $2.43 billion), owing mainly to actuarial losses on employee benefits liabilities ($321.69 million), offset in part by the surplus for the year ($74.54 million).

18. The Board was informed by the Administration that the direct, visible and measurable impact of COVID-19 on the financial performance for 2020 and the financial position as at the end of the year was limited. No COVID-19-related asset impairment events were recorded during the annual asset impairment review.

(b) Liquidity management

19. In the light of the recommendation continued in the report of the Advisory Committee on Administrative and Budgetary Questions on the financial reports and audited financial statements, and reports of the Board for the period ended 31 December 2019 (A/75/539, para. 13), the Board continued its review of the liquidity situation of the United Nations as reported in volume I through ratio analysis and noted that, in the past three years, the main financial ratios had indicated a downward trend, as shown in table II.2. However, the overall financial situation of the United Nations volume I for the year 2020 was relatively healthy, and the Board had no major concerns in that regard.

Table II.2
Ratio analysis for the United Nations as reported in volume I

Financial ratio	*31 December 2020*	*31 December 2019*	*31 December 2018*
Cash ratio[a]			
Cash plus short-term investments: current liabilities	2.48	2.73	2.84
Quick ratio[b]			
Cash plus short-term investments plus accounts receivable: current liabilities	3.51	3.78	3.85

Financial ratio	31 December 2020	31 December 2019	31 December 2018
Current ratio[c]			
Current assets: current liabilities	3.79	4.11	4.24
Solvency ratio[d]			
Total assets: total liabilities	1.27	1.33	1.54

Source: Based on data provided by the Administration.

[a] The cash ratio is an indicator of an entity's liquidity by measuring the amount of cash, cash equivalents and invested funds there are in current assets to cover current liabilities.

[b] The quick ratio is more conservative than the current ratio because it excludes inventory and other current assets, which are more difficult to turn into cash. A higher ratio means a more liquid current position.

[c] A high ratio indicates an entity's ability to pay off its short-term liabilities.

[d] A high ratio is a good indicator of solvency.

20. The Board conducted a structural analysis of the financial situation of the United Nations as reported in volume I by fund group from 2018 to 2020, as disclosed in the financial statements, and noted that, for regular budget and related funds, the solvency ratio, current ratio and quick ratio had been approximately 1 in the past three years, while the cash ratio was 0.07, 0.06 and 0.26 at year end (2018, 2019 and 2020, respectively), indicating some liquidity risk, as shown in table II.3.

Table II.3
Ratio analysis for regular budget and related funds

Financial ratio	31 December 2020	31 December 2019	31 December 2018
Cash ratio[a]			
Cash plus short-term investments: current liabilities	0.26	0.06	0.07
Quick ratio[b]			
Cash plus short-term investments plus accounts receivable: current liabilities	0.98	0.97	0.95
Current ratio[c]			
Current assets: current liabilities	1.08	1.13	1.11
Solvency ratio[d]			
Total assets: total liabilities	1.32	1.41	1.41

Source: Based on data provided by the Administration.

[a] The cash ratio is an indicator of an entity's liquidity by measuring the amount of cash, cash equivalents and invested funds there are in current assets to cover current liabilities.

[b] The quick ratio is more conservative than the current ratio because it excludes inventory and other current assets, which are more difficult to turn into cash. A higher ratio means a more liquid current position.

[c] A high ratio indicates an entity's ability to pay off its short-term liabilities.

[d] A high ratio is a good indicator of solvency.

21. Given that effective liquidity management depends mainly on a well-matched cash inflow with cash outflow in a specific period, the Board also conducted a dynamic analysis of the cash flows (in and out) for the 10UNA fund (major component of the regular budget) in 2020 and noted cash shortages for the fund from May to November 2020, as shown in table II.4. The cash shortages of the fund, especially from June to September 2020, could be attributed in part to the sharp downward trend of the cash inflow during the period.

Table II.4
Monthly analysis of cash flows for 10UNA, 2020
(Millions of United States dollars)

Month	*Cash flow in*	*Cash flow (out)*	*Net cash flow in/(out)*
January	583.09	(63.65)	519.44
February	525.83	(224.78)	301.05
March	345.72	(237.34)	108.38
April	286.04	(224.04)	62.00
May	191.50	(203.31)	(11.81)
June	90.50	(216.32)	(125.82)
July	6.90	(239.35)	(232.45)
August	7.84	(214.85)	(207.01)
September	30.03	(212.49)	(182.46)
October	126.26	(222.59)	(96.33)
November	197.48	(230.44)	(32.96)
December	439.42	(368.88)	70.54

Source: Based on data provided by the Administration.

22. The Administration informed the Board that the downward trend of cash inflows in the middle of 2020 had been due mainly to the fact that assessed contributions were not paid in a timely manner. The Board reviewed the payment process of the assessed contributions from 2018 to 2020 and noted that the percentage of outstanding contributions to the amount payable for each year had increased incrementally, from 20.63 to 26.75 per cent, indicating a continuous delay in the payment of assessed contributions, as shown in table II.5.

Table II.5
Trend in outstanding assessed contributions
(Millions of United States dollars)

Year	*Contributions payable by Member States*	*Contributions outstanding by year end (non-cumulative)*	*Percentage of outstanding amount to current year payable*
2018	2 487	513	20.63
2019	2 849	699	24.53
2020	2 867	767	26.75

Source: Based on data provided by the Administration.

23. The Board also conducted a trend and ageing analysis of assessed contributions receivable from 2018 to 2020 and noted that the assessed contributions receivable totalled $831 million as at 31 December 2020, an increase of 20 per cent compared with that as of 31 December 2018, as shown in table II.6. With regard to the ageing of the assessed contributions receivable, the portion of assessed contributions outstanding for more than two years of the total also increased from 34 to 38 per cent, from 2018 to 2020. Furthermore, of the total amount of $831 million in assessed contributions receivable as at 31 December 2020, one Member State had an amount due of $639 million, or 77 per cent of the total outstanding amount.

Table II.6
Assessed contributions receivable
(Millions of United States dollars)

Year	*Amount outstanding for less than two years*	*Amount outstanding for more than two years*	*Total*	*Amount outstanding for more than two years (percentage)*
2018	456	237	693	34
2019	537	256	793	32
2020	516	315	831	38

Source: Based on data provided by the Administration.

24. As provided for in regulations 4.3 and 4.13 of the Financial Regulations and Rules of the United Nations, the Working Capital Fund and the United Nations Special Account were established by the United Nations to manage liquidity issues for the regular budget. In accordance with General Assembly resolution 74/266, the level of the Fund is maintained at $150 million. The Board noted that, in recent years, most of the approved level of the Fund and the amount available in the Special Account had been used to deal with the liquidity crisis concerning the regular budget, as shown in table II.7.

Table II.7
Trend analysis of cross-borrowing by regular budget from the Working Capital Fund to the United Nations Special Account
(Millions of United States dollars)

Year	*Outstanding from the Working Capital Fund*	*Outstanding from the United Nations Special Account*
2018	150.00	172.76
2019	150.00	202.76
2020	149.62	56.00

Source: Based on data from the Umoja Business Planning and Consolidation module.

25. The Administration informed the Board that management of 2020 regular budget operations with respect to the liquidity crisis included the gradual release of budgets in line with projected cash inflows, careful management of the recruitment of staff and vacancy rates, postponement of non-post expenses, where feasible, negotiation of delayed cash payments to United Nations system entities and deferral of intra-organization cash settlements.

(c) Increasing surplus from cost-recovery services

26. The Board reviewed the financial statements of the cost-recovery fund (i.e., fund 10RCR) during the period 2016–2020 and noted a steady increase in the accumulated surplus (or net assets) of 10RCR, with an amount of $407.95 million as at 31 December 2020, an increase of 108 per cent, as shown in table II.8.

Table II.8
Major line items in financial statements of the cost-recovery fund
(Millions of United States dollars)

Line item	*2020*	*2019*	*2018*	*2017*	*2016*
Cash pool balance	354.95	252.38	199.32	161.77	152.86
Total net assets	407.95	290.41	248.06	215.21	195.87
Surplus/(deficit) for the year	118.54	39.12	32.85	19.34	17.27

Source: Based on data from the Umoja Business Planning and Consolidation module.

27. The Board noted that, as at 31 December 2020, 33 United Nations entities (based on business area of Umoja) under the reporting scope of the financial statements of the United Nations as reported in volume I for the year 2020, had provided cost-recovery services to various business partners, of which United Nations Headquarters had the largest accumulated surplus, of $219.88 million, or 54 per cent of the total accumulated surplus. The entities with the five highest surpluses during the period 2018–2020 are shown in table II.9. Most of the accumulated surplus was included in the United Nations cash pool, with a balance of $354.95 million as at 31 December 2020, of which 67 per cent comprised short-term investments.

Table II.9
United Nations entities as reported in volume I with the five highest surpluses
(Millions of United States dollars)

	2020			*2019*			*2018*		
Entity	*Revenue*	*Expenses*	*Surplus*	*Revenue*	*Expenses*	*Surplus*	*Revenue*	*Expenses*	*Surplus*
Headquarters	206.05	115.93	90.12	116.47	104.78	11.69	107.09	92.89	14.20
United Nations Office at Geneva	45.99	44.79	1.20	50.33	45.77	4.57	49.81	44.60	5.21
United Nations Office at Nairobi	30.20	25.80	4.40	33.07	27.68	5.39	26.49	24.78	1.71
Economic and Social Commission for Asia and the Pacific	13.01	7.56	5.45	11.75	8.40	3.35	8.13	7.10	1.03
United Nations Assistance Mission for Iraq	11.49	8.35	3.13	10.90	8.00	2.90	5.85	4.15	1.70

Source: Based on data from Umoja Enterprise Central Component module.

28. The Board noted that revenue under the 10RCR fund totalled $342.65 million in 2020, of which the regular budget represented the biggest funding source, at $101.86 million, or 30 per cent of total revenue. The corresponding expenses of the fund totalled $224.12 million in 2020, yielding a surplus of $118.54 million for the current year. The Administration explained that the fund had operated on a multi-year basis and that there was often a lag between the timing of the recognition of revenue and expenses.

29. The Board is of the view that the cost-recovery service rate should be kept at a minimum level to cover the associated expenditure. A continuous increase in accumulated surplus generated by the United Nations entities through the cost-recovery service provided may indicate that the Administration needs to assess the root causes of the issue and take appropriate action.

30. **The Board recommends that the Administration enhance the performance of fund utilization under the cost-recovery fund (10RCR) to contribute to improved mandate delivery.**

31. The Administration accepted the recommendation.

(d) Lack of automatic generation of financial reports in Umoja

32. In a previous report (A/74/5 (Vol. I), paras.27–32), the Board noted that a large amount of manual and reverse eliminations had been carried out by the Administration in the Umoja Business Planning and Consolidation module and recommended that the Administration undertake a comprehensive review of the functionalities of the module and take the corrective action necessary to eliminate the need for manual adjustments and interventions in the preparation of the financial statements.

33. The Board continued its review of that issue and noted that the Administration still made approximately $929.13 million (2019: $561.48 million; 2018: $462.25 million) in manual adjustments and elimination entries for transactions in the year 2020. The Board also noted that financial statement V had been prepared separately on the basis of data in the funds management and the financial accounting modules in Umoja, owing to the fact that those two modules had no interface with Business Planning and Consolidation module. Furthermore, the Board noted that financial statement IV and a few accompanying notes (i.e., notes 12 and 15) had been produced manually.

34. The Board is of the view that the automatic generation of financial reports may further reduce the inherent risk associated with manual adjustments and interventions and improve the ease of preparing and disclosing financial information, while noting that improvements had been made in that area. The Board is also of the view that more elimination rules relating to internal cost recovery and cross-borrowing could be formulated and set up in the Business Planning and Consolidation module to facilitate the process for automatically generating the reports.

35. **The Board recommends that the Administration cooperate closely with the Umoja team to ensure the elimination rules that have already been set up in the Business Planning and Consolidation module are duly improved to reduce manual adjustments.**

36. **The Board also recommends that the Administration coordinate closely with the Umoja Change Board regarding the approval and implementation of improvements in the Business Planning and Consolidation module to ensure that the interface among the different modules in Umoja is enhanced towards the realization of the fully automated generation of financial reports, so as to ensure efficiency in financial reporting.**

37. The Administration accepted the recommendations.

(e) Transfers to implementing partners

38. As disclosed in the notes to the financial statements of 2020, transfers to executing agencies or implementing partners are presented as an expense when the funds are disbursed by the United Nations to third parties. There are differences in the accounting treatment of transfers to executing agencies and implementing partners across the United Nations system, reflecting differences in business models of the United Nations system entities. The Board noted that, for management purposes, the United Nations had recorded an amount of $1.07 billion in unspent grants by the partners as advances at the beginning of 2020 to monitor the progress of its partners' programme activities, and a total of $1.29 billion in advances had been expensed by

the end of 2020 in accordance with the accounting policy of the Organization. The IPSAS Board is expected to issue a standard on transfer expenses by the end of 2021. The Administration indicated that it was possible that the new standard would result in a change in accounting policy for the recognition of some categories of non-exchange expenses of the United Nations. That information was disclosed in the notes to the 2020 financial statements. The Board draws attention to those disclosures.

(f) Insufficient monitoring of implementing partners' projects pending financial closure

39. Regulation 5.8 of the Financial Regulations and Rules of the United Nations provides that the Secretary-General shall establish detailed financial rules and procedures in order to ensure effective and efficient financial management and the exercise of economy.

40. The Board noticed that 5,212 projects in Umoja, administrated by 10 entities such as the Office for the Coordination of Humanitarian Affairs and United Nations trust funds were in the process of closing (i.e., operationally closed but not financially closed), with an outstanding amount of $521.98 million as at 31 December 2020. Of those projects, 2,422 ($378.71 million in value) were pending financial closure within two years; 2,649 ($142.66 million in value) had been outstanding for two to five years; and 141 ($610,776 in value) had been overdue for more than five years.

41. The Administration informed the Board that follow-up action after operational closure (e.g., submission of the audited financial reports by the implementing partners) had led in part to a delay in the financial closure of those projects. In accordance with the new delegation of authority instrument (ST/SGB/2019/2), the authority and responsibility of the utilization of funds in general and financial arrangements with third parties corresponded to heads of entities. The Administration regularly reviewed the master data of grants, monitored the operationally closed grants and requested each department to follow up with implementing partners.

42. The Board is concerned that maintaining projects with a pending financial closure for a long period of time may result in delays in the refund of unspent grants and affect the efficient utilization of the fund balances. It may also affect the accuracy of the financial records relating to implementing partners' expenditure and refunds.

43. **The Board recommends that the Administration ensure that heads of entities review their internal controls and existing agreements with implementing partners, including appropriate time limits, and strengthen supervision and guidance regarding projects past due for financial closure, including timely refunds.**

44. The Administration accepted the recommendation.

(g) Excess funding for accrued liabilities relating to repatriation benefits

45. The United Nations accrued 8 per cent on gross salary less staff assessment for staff funded from extrabudgetary resources as a reserve to cover the Organization's repatriation grant obligation. From 2018 to 2020, the amount of the dedicated reserve for repatriation benefits had surpassed related liabilities. For example, by the end of financial year 2020, the accrued liabilities for repatriation benefits amounted to $78.96 million, while the corresponding reserve reached $136.13 million, or 172 per cent of the liabilities.

46. The Administration informed the Board that it was unable to locate the original memo on the percentages applied in funding of the reserve for extrabudgetary-related repatriation benefits. Therefore, the Board could not conduct a further review of the appropriateness of the relevant assumptions.

47. The Board is concerned that maintaining the funding level in excess of the repatriation liability may indicate that the associated funding policy is in need of review in order to ensure that the reserve for repatriation benefits is maintained at a reasonable level.

48. The Administration explained that it was aware of the issue and was working on an overall review of several interrelated financial policies aimed at optimizing funding policy for actuarially valued liabilities, including the repatriation grant.

49. **The Board recommends that the Administration optimize the funding policy and periodically review the funding proportion of repatriation liability in order to maintain funding at a reasonable level.**

50. The Administration accepted the recommendation.

(h) Inaccurate health-care cost shares in the valuation of after-service health insurance liabilities

51. In its report on the audit of peacekeeping operations (A/75/5 (Vol. II), paras.70–76), the Board raised the issue of understated health-care cost shares in the valuation of after-service health insurance liabilities and recommended that the Administration determine and provide the actuary with the actual health-care cost-sharing between the United Nations and after-service health insurance beneficiaries to appropriately reflect the United Nations cost shares in the next valuation of the after-service health insurance liabilities.

52. The Administration informed the Board that the actuary had applied the same health-care cost-sharing ratios for the financial statements for both the United Nations as reported in volume I and as reported in volume II, and that implementation of the above-mentioned recommendation was in progress, with the Organization intending to reflect the revised ratio in the actuarial valuation as at 31 December 2021. Therefore, the Board decided not to issue a similar recommendation in that regard.

(i) Disclosure on United Nations Foundation as a related party

53. In 1998, the United Nations Foundation was established as a legally independent charitable organization to channel a $1 billion gift to support the United Nations. According to the relationship agreement between the United Nations and the Foundation, the Foundation provides financial and other support to exclusively charitable United Nations activities in furtherance of the goals and objectives of the Organization, and it has been authorized to use the name of the United Nations as part of its corporate name. To strengthen their coordination on the Foundation’s activities, the United Nations and the Foundation established a joint coordination committee in 2014 to serve as the principal forum for joint consultation on the strategies for the Foundation to support United Nations causes and all significant projects, campaigns and activities funded or coordinated by the Foundation.

54. As disclosed in note 33 to the financial statements for the year 2020, the United Nations Foundation made total contributions of $9.49 million to the United Nations Fund for International Partnerships (UNFIP) (2019: $9.09 million) in financial year 2020. The note also provides some background information regarding the Foundation, including its purpose, relationship with the United Nations and related transactions with the United Nations. The Board draws attention to those disclosures.

3. Budget management

55. In its resolution 72/266 A, the General Assembly approved the proposed change from a biennial to an annual budget period, on a trial basis, beginning with the programme budget for 2020. The proposed programme budget for 2020 totalled

$15.65 billion, of which the regular budget was $2.87 billion (before recosting), estimates for other assessed resources amounted to $369.50 million and extrabudgetary resources were estimated at $12.41 billion. In the light of 2020 being the first year in which an annual programme budget was implemented, some progress has been made by the Administration in respect of budget performance management, streamlining budget processes and improving budget transparency in accordance with the results-based budgeting framework.

56. In its first report on the proposed programme budget for 2020 (A/74/7), the Advisory Committee on Administrative and Budgetary Questions expressed its concern over the existing deficiencies in budget preparation, including lack of explicit linkages between resource proposals and the mandated activities, improvements in the transparency and consistency of information related to resource requirements and changes, the justification for general temporary assistance and use of external consultants, and the lack of disclosure of clear and specific information on extrabudgetary resources. In response to the concerns raised by the Advisory Committee, the Board continued its review of budget formulation, implementation, redeployment and commitment management, and noted the issues outlined below that need further improvement.

(a) Deficiencies in creation of fund commitments

57. In accordance with the Financial Regulations and Rules of the United Nations, appropriations shall be available for commitments during the budget period to which they relate and remain available for the following 12 months. Outstanding commitments must be reviewed periodically by the certifying officer(s) responsible, and a commitment must be based on a formal contract, agreement, purchase order or other form of undertaking, or on a liability recognized by the United Nations. All commitments, disbursements and expenses must be signed ("certified") by a duly designated certifying officer and then duly designated approving officers, except that they do not exceed the amount committed by more than 10 per cent or $4,000 (or its equivalent in other currencies), whichever is lower, and an approving officer cannot exercise the certifying functions assigned.

58. The Board noted an increasing balance of open commitments in recent years. In addition, the cancellation amount was more than 15 per cent of total commitments. Details are shown in table II.10.

Table II.10
Trend analysis for open commitments
(Millions of United States dollars)

		Cancellation of commitments	
Year	*Total open commitments*	*Amount*	*Commitments cancelled (percentage)*
2016–2017	135.90	25.19	19
2018–2019	209.43	32.23	15
2020	219.53	–	–

Source: Based on data extracted from the financial statements from 2016 to 2020.

59. The Board noted that the balance of open commitments for the financial year ended 31 December 2020 was $219.53 million, of which 479 fund commitments totalling $122.85 million (56 per cent) had been established at year end with a posting date of 30 December or 31 December 2020. The Board reviewed the creation process of the fund commitments and noted the following for further improvement:

(a) Lack of supporting documents for the creation of fund commitments. On a sample basis, the Board noted that 23 fund commitments with a total balance of $116.66 million had been established with no supporting documents in December 2020;

(b) Lack of certification of the creation of commitments. The Board reviewed the workflow of commitment creation in Umoja and noted that only approving officers, and no certifying officers, had been involved in the creation of those 23 fund commitments, which did not comply with the requirements of the Financial Regulations and Rules of the United Nations.

60. The Administration explained that the Organization had faced a grave situation with respect to the regular budget liquidity position throughout 2019 and into 2020, owing to the onset of the COVID-19 pandemic, and that the Organization's budget implementation was, consequently, lagging. Similar to 2019, the decision to raise fund commitments by introducing a special process was made, in consideration of the liquidity environment, the tight reporting deadlines and the international time zones involved. The process was restricted to selected individuals at Headquarters and followed a rigid process and was necessary owing to the dire liquidity situation. Similar fund commitments were also raised in the 2019 financial statements.

61. The Board is concerned that a high number of year-end fund commitments through the introduction of a new process to do so, as well as the insufficient recording of decision-making processes, would have an impact on the validity of such fund commitments.

62. **The Board reiterates its recommendation that the Administration issue guidance on the creation and usage of fund commitments.**

63. **The Board recommends that the Administration continue to centrally monitor and regularly review the fund commitments with the entities concerned and ensure that they are administered pursuant to the Financial Regulations and Rules of the United Nations, including maintaining proper supporting documentation.**

64. The Administration accepted the recommendations.

(b) Insufficient disclosure of extrabudgetary resources

65. In its resolution 64/243, the General Assembly emphasized that all extrabudgetary posts must be administered and managed with the same rigour as regular budget posts, that such resources shall be used in consistency with the policies, aims and activities of the Organization, and that budget submissions should include clear and specific information on extrabudgetary resources, in order to make a distinction between voluntary and assessed contributions, and programme support costs.

66. The Board reviewed the proposed programme budget, budget fascicles and budget packages for 2020 and noted that only the financial resources and posts funded through the regular budget had been disclosed and elaborated for each subprogramme, and that no such disclosures had been made for those funded through extrabudgetary resources.

67. The Board is concerned that the insufficient disclosure of such information would not allow the legislative body to have a holistic picture of the resources required for each subprogramme.

68. **The Board recommends that the Administration intensify efforts to coordinate with programme budget entities to sufficiently disclose all the posts and financial resources required, including both regular budget and**

extrabudgetary resources, in the budget documents to allow for enhanced oversight, transparency and accountability.

69. The Administration accepted the recommendation and stated that the 2022 budget proposals had included such information in line with the guidance provided by the General Assembly. This will be subject to the Board's review in its next audit.

(c) Lack of performance indicators for non-quantified deliverables

70. The results-based budgeting framework was introduced by the United Nations for all sections of the programme budget beginning from the biennium 2002–2003. In 2001, the General Assembly, in its resolution 55/231, requested the Secretary-General to ensure that, where possible, indicators of achievement were included to measure achievements in the preparation of the programme budget.

71. The Board reviewed the proposed programme budget documents for 2020 and noted that there were performance indicators for quantifiable deliverables such as the number of reports or conferences. However, there were no performance indicators for all non-quantifiable deliverables in the proposed programme budget, the budget fascicles and budget packages, in accordance with the request of Member States. For example, the performance indicators for the non-quantifiable deliverables for consultations could be set as the users to be covered, the services to be provided or the results of the consultancy.

72. The Board is concerned that the lack of performance indicators may lead to difficulties in determining whether the deliverables are duly and fully accomplished.

73. **The Board recommends that the Administration intensify its efforts to coordinate with programme budget entities to set performance indicators for quantifiable and non-quantifiable deliverables, wherever possible, in preparation for the programme budget, in accordance with the results-based budgeting framework.**

74. The Administration accepted the recommendation and stated that the budget proposals for 2022 included enhanced information on deliverables, including by quantifying substantive and enabling deliverables, whenever practical. This will be subject to the Board's review in its next audit.

(d) Regular budget redeployment in need of improvement

75. The Board noted that the authority for budget redeployment among budget classes within non-post resources had been delegated to the heads of entities, pursuant to the most recent delegation of authority framework.

76. The Board conducted a variance analysis of regular budget implementation and noted that the overall implementation rate in 2020 was 98 per cent. Further analysis by budget class revealed some significant variances in travel, contractual services and furniture and equipment. For example, actual travel expenditure was $14.46 million, or 20 per cent of the appropriation, while the savings of $50.28 million were redeployed mainly to cover the extra expenses under contractual services ($31.18 million) and furniture and equipment ($13.15 million).

77. On a sample basis, the Board noted that, in 2019 and 2020, the United Nations Assistance Mission in Afghanistan (UNAMA) had redeployed a total amount of $6.18 million under ground transportation and communications and information

technology for, respectively, the procurement of 54 armoured vehicles,[1] totalling $5.67 million, and 485 laptops, valued at $506,030, in the context of current holdings beyond the quantities entitled at the time of submission of the budget proposal for 2020.

78. **The Board recommends that the Administration ensure that UNAMA justify in full its budget redeployments by duly considering and adhering to the requirements relating to vehicle and laptop holdings in the Standard Cost and Ratio Manual.**

79. **The Board also recommends that the Administration continue to closely and centrally monitor the regular budget redeployments of various entities, when warranted exceptionally.**

80. The Administration accepted the recommendations.

(e) Overexpenditure regarding consultants and experts

81. In its resolution 74/262, the General Assembly reiterated that the use of consultants should be kept to a minimum and decided to reduce the proposed resources for consultants by 10 per cent for 2020, in addition to the reductions recommended by the Advisory Committee on Administrative and Budgetary Questions.

82. The Board reviewed the budget implementation of consultants and experts in 2020 and noted that actual expenditure totalled $38.89 million, with an overall implementation rate of 94 per cent by year end. Through further variance analysis, the Board noted that 11 entities or programmes had higher actual expenditure for consultants and experts than the original appropriations, with overexpenditure rates ranging from 13 to 429 per cent, as shown in table II.11.

Table II.11
Entities or programmes with over-expenditure in consultants and experts in 2020
(United States dollars)

Functional area	*Appropriation*	*Expenditure*	*Variance*	*Variance (percentage)*
Department for General Assembly and Conference Management	–	24 933	24 933	N/A
International Court of Justice	68 300	108 286	39 986	59
United Nations Environment Programme	427 700	481 649	53 949	13
Economic Commission for Latin America and the Caribbean	881 500	1 196 231	314 731	36
Regular programme of technical cooperation	4 014 700	8 817 156	4 802 456	120
Department of Global Communications	–	190 944	190 944	N/A
United Nations Office at Geneva	–	7 150	7 150	N/A
Department of Management Strategy, Policy and Compliance	158 500	838 665	680 165	429
Department of Operational Support	217 100	272 737	55 637	26

[1] These armoured vehicles are included as light passenger vehicles in calculations pertaining to the light passenger vehicle component at the United Nations Assistance Mission in Afghanistan (UNAMA), in which security considerations dictate the increased use of the armoured vehicles pursuant to the guideline from United Nations Headquarters. The Standard Cost and Ratio Manual needs to be borne in mind when calculating the holdings of the as light passenger vehicles and armoured vehicles in the context of UNAMA.

Functional area	Appropriation	Expenditure	Variance	Variance (percentage)
Office of Information and Communications Technology	127 200	435 183	307 983	242
Construction, alteration, improvement and major maintenance	–	249 753	249 753	N/A

Source: Based on data extracted from Umoja.

83. **The Board recommends that the Administration enhance the justification for material variances between expenditure and appropriation in the context of the financial performance report and the financial statements, in particular in situations of higher expenditure under consultants and experts.**

84. **The Board also recommends that the Administration request entities to enhance monitoring of the expenditure under consultants and experts and to keep it to a minimum in accordance with the request of the General Assembly.**

85. The Administration accepted the recommendation.

(f) Significant variances between planned and actual extrabudgetary posts

86. In its resolution 74/262, the General Assembly stressed that all extrabudgetary posts must be administered and managed with the same rigour as regular budget posts and that extrabudgetary resources shall be used in line with the policies, aims and activities of the Organization. In general, staffing levels shall be kept under close scrutiny and be established in alignment with the mandates, objectives and programmes needs of the entities.

87. On a sample basis, the Board noted significant variances between planned and actual extrabudgetary posts for some departments. For example, for 2019, 2020 and 2021, the planned extrabudgetary posts of the Department of Management Strategy, Policy and Compliance were 110, 110 and 115, respectively, while the actual extrabudgetary posts were 188, 194 and 193, representing 171, 176 and 168 per cent of the planned posts. Similar cases were observed in the Department of Political and Peacebuilding Affairs. Details are shown in table II.12.

Table II.12
Comparison between planned and actual extrabudgetary posts
(Number of posts)

	2019		2020		As of April 2021	
Entity	Planned	Actual	Planned	Actual	Planned	Actual
Department of Management Strategy, Policy and Compliance	110	188	110	194	115	193
Department of Political and Peacebuilding Affairs	58	88	63	85	76	88

Source: Based on data provided by the Administration.

88. The Board is of the view that such significant variances may indicate that the staffing estimation was not conducted by duly taking into consideration the actual requirements, and that this increases the risk of the United Nations not being able to honour all its commitments with staff, including those staff funded through extrabudgetary resources.

89. **The Board recommends that the Administration disclose information on the performance of post resources from extrabudgetary resources in order to improve its transparency.**

90. **The Board also recommends that the Administration intensify efforts to review more strictly estimated extrabudgetary posts in the proposed programme budget to ensure, to the extent possible, the accuracy of the estimated budget funded through extrabudgetary resources.**

91. The Administration accepted the recommendations.

4. Cash and investment management

92. To enable the centralization of cash management for the United Nations and reduce transactional costs, cash pooling was introduced into Umoja by which all funds are consolidated into treasury fund house bank accounts. As a result, each department or office no longer has its own physical bank account but a specific share in the cash pool, and the United Nations Treasury is responsible for supporting the opening and closing of bank accounts globally. Meanwhile, local offices will keep the cash on hand to a minimum as a buffer for exceptional payment. The United Nations Treasury is in charge of maintaining appropriate cash levels for each house bank account and the cash pool as a whole. As at the end of 2020, there were 256 house bank accounts in Umoja, with a cash balance of $853.56 million, as well as 8 house bank accounts not in Umoja with $8.63 million cash balance.

93. Whenever a cash payment request is initiated by the relevant department or office, a house bank account will be automatically assigned for that payment in Umoja. Cash sufficiency checks at both fund level and the house bank account level will be done, after which the payment will be scheduled and released at least three days later (“T+3” rule). As required pursuant to the Financial Regulations and Rules of the United Nations, each transaction should be reconciled on time and the balance of all house bank accounts shall be replenished daily. Through daily replenishment, an overall surplus or deficit of house bank accounts would be determined and then invested into or withdrawn from the investment portfolio.

94. Given that the United Nations funds are consolidated into the house bank accounts, the priority for cash management is to provide sufficient cash for daily operations, and the cash surplus will be invested through two cash pools (i.e., main pool and euro pool) to earn a competitive rate of return. As at 31 December 2020, the cash pools held total assets of $10.67 billion (2019: $9.34 billion), of which $4.44 billion (2019: $4.04 billion) corresponded to the United Nations, and its share of revenue from cash pools was $78.5 million in 2020 (2019: $99.3 million).

(a) Redundant house bank accounts

95. In chapter 12 of the IPSAS accounting manual of the United Nations, it is stated that “Umoja introduces cash pooling where funds are consolidated into Treasury Fund House Bank Accounts. Treasury can manage the cash levels in House Banks based on payment forecasts compiled from multi-mission data. The goal is to minimize the number of bank accounts per country”.

96. As at the end of 2020, 256 house bank accounts were managed by the United Nations Treasury in Umoja, of which 71 (28 per cent) were in one country (including 54 accounts in one bank in that country). The Board noted that, from 2018, to 2020, nearly 10 per cent of the 256 accounts clearly showed a low frequency of use and seldom undertook the collection and payment functions of bank accounts.

97. On a sample basis, the Board reviewed seven accounts (10 per cent) opened in the above-mentioned country and noted that the yearly volume of transactions,

including both debit and credit transactions, of those accounts had always been below $10,000 since 2018. For example, from 2018 to 2020, the yearly transaction volume of one account (opened in the bank mentioned above) was $0, $542.82 and $534.43, respectively, with corresponding year-end balances of $0, $542.82 and $8.39.

98. The Board is concerned that the practice of opening multiple bank accounts in a single country while leaving some of them barely used is not in keeping with the objectives of a house bank to minimize the number of bank accounts per country and adds unnecessary administrative costs.

99. **The Board recommends that the Administration regularly review the actual usage of each account, identify those accounts that do not need to be retained and carry out the cleaning or consolidation necessary to better achieve administrative objectives and reduce management costs.**

100. The Administration accepted the recommendation.

(b) Making payments non-compliant with the "T+3" rule

101. With the adoption of the centralization of cash management at the United Nations, all funds were consolidated into the cash pool and the payments initiated by departments or local offices were supposed to follow the "T+3" rule. The Administration informed the Board that the rule had been announced through email and that no official document had been issued to guide the cash management practice at various offices globally.

102. The Board also noted that no official document provided clear definitions of the responsibilities of cashiers at United Nations Headquarters and at local offices. Therefore, a greatly enhanced business role (TR03) with full treasury authorization had been delegated to cashiers at both Headquarters and local offices, irrespective of difference. With that full authorization, local cashiers could process payments independently in Umoja, which might lead to non-compliance with the "T+3" rule. The practice could not be discovered or modified by the United Nations Treasury in a timely manner.

103. Meanwhile, the Board noted that payroll payments executed by the payroll units of offices away from Headquarters did not follow the "T+3" rule either, nor could they be monitored by the United Nations Treasury. As a result, when the United Nations Treasury received emails from cashiers away from Headquarters, in which they requested payroll payments outside the "T+3" system, it had no choice but to have to manually modify the date of payments in order to ensure that the cash was paid on time to staff.

104. The Board reviewed the data generated from Umoja in relation to payments and noted that, during the period from 1 January to 30 September 2020, 9,921 payments with a total amount of $170.11 million had been independently processed by the local offices and 313 payroll payments totalling $1.8 million had been processed by the payroll units of offices away from Headquarters, but that they did not follow the "T+3" rule.

105. The Board was informed that projects had been initiated to revise the Umoja cashier business roles and develop a new payroll process model. However, such projects have, to date, not been completed.

106. The Board is concerned that the practice of non-compliance with the "T+3" rule may result in a higher financial buffer being kept than necessary, which will reduce the amount of cash available for investment and affect cash flow forecasts and liquidity management. In addition, relevant procedures under the new cash

management model need to be formalized to ensure the consistency and effectiveness of cash management throughout the United Nations system.

107. **The Board recommends that the Administration formalize the procedures for cash management under the "T+3" model, clearly defining responsibilities of cashiers at United Nations Headquarters and local offices, and take action to accelerate the progress of modification of the Umoja cashier business roles and the development of the new payroll process model.**

108. The Administration accepted the recommendation.

(c) No specific investment strategy for long-term funds in the main pool

109. The United Nations Investment Management Guidelines set out the investment objectives of the Organization as preserving capital, ensuring sufficient liquidity to meet operating cash requirements and earning a competitive market return in each investment pool.

110. The Board reviewed the purpose and combination of the funds for the United Nations, and noted that, as at the end of 2020, 133 trust funds totalling $2.47 billion (56 per cent) had defined objectives and could be used only under certain conditions. As a result, the cash flows of those trust funds were more predictable and their fund balances would remain steady during specific periods. On a sample basis, the Board analysed 33 trust funds, each of which had a cash and investment balance of more than $10 million, and noted that the fund balances of 30 trust funds had a monthly variation rate below 5 per cent from January 2018 to December 2020.

111. The Board noted that the United Nations did not set a specific investment strategy and guidelines for the above-mentioned long-term or mid-term trust funds. Those funds were just mixed with other operational funds in the cash pool and were invested mostly in short-term assets with maturity of less than one year, as showed in table II.13. This practice would result in inconsistencies in term structure between the invested assets and the associated liabilities and might prevent the United Nations from obtaining potential economic returns.

Table II.13
Term structure of main pool investment as at 31 December 2020
(Millions of United States dollars)

Maturity	*Market value*	*Percentage*
Less than three months	4 322	42
Three to six months	2 259	22
Six months to one year	1 464	14
One to two years	1 073	10
Two to three years	846	8
Three to five years	431	4
Total	**10 396**	**100**

Source: Based on data from the compliance report as at the end of 2020.

112. Furthermore, the Board noted that a total amount of $234 million (5 per cent) of the pooled funds related to end-of-service employee benefits, including after-service health insurance, repatriation benefits and annual leave. Those funds were mainly long-term funds the purpose of which was to support continuous payments in the future. From 2017 to 2020, the discount rates used in the actuarial valuation of the

end-of-service liabilities were always higher than the annual rates of return of the main pool, as shown in table II.14.

Table II.14
Rate comparison between end-of-service employee benefits and the main pool

Year	*Discount rate of end-of-service employee benefits*	*Main pool annual rate of return*
2017	3.34–3.53	1.24
2018	3.93–4.22	1.94
2019	2.43–3.04	2.33
2020	2.07–2.25	1.11

Source: Based on data in the financial statements for the United Nations as reported in volume I and the annualized year-to-date rate of return report.

113. The Board was informed that a decision had been made to establish a separate pool for after-service health insurance extrabudgetary reserves and that the Organization would have its own investment guidelines separate from the main pool in the near future. However, such projects have, to date, not been completed.

114. The Board is concerned that the pooling of funds from different sources in the main pool with no specified separate investment strategy and guidelines applied to longer-term funds could affect the realization of an appropriate competitive rate of return for these assets. For the funds related to end-of-service employee benefits, if they were invested in the same way as other operational funds in cash pool, then the rate of investment return would have been less than the discount rate used continuously, which may result in the Organization running the risk of insufficient funds to cover end-of-service liabilities in the long term.

115. **The Board recommends that the Administration conduct a comprehensive analysis of the funds participating in the main pool in order to identify the funds associated with long-term liabilities and develop a tailored investment strategy and guidelines for them.**

116. The Administration accepted the recommendation.

(d) Lack of documentation on decision-making process on the selection of investment counterparties

117. The United Nations Investment Management Guidelines provide that “The assistant Secretary-General, Controller approves the United Nations Investment Management Guidelines and Treasury specific limits”, and the annex outlines specific guidelines for different transactions. For example, transactions relating to time deposits and certificates of deposits can be done only with banks with specific ratings and trading limits (in amount) according to the rating of the bank. For other transactions, counterparties such as brokers and dealers should have primary dealer status at the Federal Reserve Bank of New York.

118. However, the Board noted that the qualified banks and brokers/dealers (i.e., trading counterparties) were determined without clear selection criteria or procedures, except for the above-mentioned minimum requirements. For example, according to the Treasury specific limits approved by the Controller on 14 July 2020, 194 banks had met the minimum requirements, of which only 86 (44 per cent) had been selected as trading counterparties. The others were not included in the list, with no official document indicating the reasons why, even though some of them had

higher ratings than the minimum rating requirements and even higher than some counterparties on the list.

119. The Board is concerned that the lack of clear documented standards for selecting counterparties and official documentation to record this process could affect the transparency and fairness in the selection of trading partners.

120. **The Board recommends that the Administration set out specified standards for the selection of trading counterparties and ensure that the decision-making process is well documented.**

121. The Administration accepted the recommendation.

(e) Custodian management in need of improvement

122. It is stated in regulation 5.12 of the Financial Regulations and Rules of the United Nations that "The following general principles shall be given due consideration when exercising the procurement functions of the United Nations: (a) best value for money; (b) fairness, integrity and transparency; (c) effective international competition; (d) the interest of the United Nations". The Controller has the delegation of authority in relation to banking, while the principles set forth in regulation 5.12 guide the execution of the delegated authority.

123. The Board noted that one bank had been selected by the United Nations as its custodian for cash pool and United Nations Staff Mutual Insurance Society against Sickness and Accidents investment since 2008. The Board was informed that the custodian contract with the bank had been renewed in 2018 and again in 2020, and that the price comparison between the bank and potential alternatives had been done during the renewals. However, the comparison record in 2018 was not available owing to the demission of the staff member responsible, and, in 2020, the price offered by the bank had been compared only with that of another entity whose estimated price was slightly lower. The selected custodian was paid $270,650 by the United Nations in the form of a custody fee of the main pool in 2020, an increase of 115 per cent compared with 2019.

124. The Board was informed that the above-mentioned entity had been selected as the basis for comparison for pricing because it had been selected through a call for custodian services for the United Nations Joint Staff Pension Fund, and that continuing to select the previous bank in 2020 had been based on ensuring the smooth continuity of service, also taking into account factors beyond pricing, including the impact of the COVID-19 pandemic, the need to focus on managing the portfolio through significant market turbulence and the potential risks of changing custodian. The Board was also informed that the increase in the custodial fee had been due in part to the revised investment guidelines of December 2019, by which the volume of securities under custodianship was increased through the requirement that all securities be held by custodians, and due in part to an increase in the overall size of the main pool.

125. The Board is concerned that the service requirements of the United Nations Joint Staff Pension Fund and the United Nations may not be the same owing to the differences in investment strategy, the types of securities held and the scale of custodianship. Consequently, the competitive procedures of the Pension Fund cannot replace the competitive procedure of the United Nations. Therefore, the current practice to select only one entity for comparison may not reflect in full the principles stipulated in the Financial Regulations and Rules of the United Nations and may not be in the best financial interest of the Organization. In addition, complete records of decision-making processes need to be kept.

126. **The Board recommends that the Administration select custodians on a more transparent and competitive basis and maintain complete documentation of the decision-making process.**

127. The Administration accepted the recommendation.

(f) Absence of data interface between Bloomberg and Umoja

128. The United Nations Treasury front office (i.e., Investment Section) uses the Bloomberg trading system to undertake daily trading and recording of investment transactions. Meanwhile, the United Nations Treasury back office (i.e., Investment Accounting Unit) uses Umoja for the recording, settling and accounting of that investment. There is no data interface between the Bloomberg system and Umoja for automatic and real-time data exchange, and all investment transactions that are made through Bloomberg must be entered into Umoja manually.

129. The Board was informed that the Administration had already planned for a Bloomberg-Umoja interface and that the Umoja Change Board would consider the prioritization of the request, along with other change requests in Umoja that were pending during 2021.

130. The Board is of the view that the absence of a data interface between the Bloomberg core trading system and the Umoja core management system should be addressed as soon as possible, in order for the United Nations to improve efficiency, avoid duplication of work and possible errors, and better achieve the expected goal set forth in the IPSAS accounting manual.

131. **The Board recommends that the Administration maintain close communication with the Umoja Change Board committee and develop and implement a clear workplan to promote an early resolution of the absence of an interface between Bloomberg and Umoja.**

132. The Administration accepted the recommendation.

5. Health insurance programme

133. The United Nations has established medical and dental insurance plans as part of the social security scheme for its staff and retirees. Most of the plans are self-insured, and five of them are managed at United Nations Headquarters, comprising the United States-based medical and dental plans for staff, retirees and their eligible dependants in the United States, the worldwide plan for internationally recruited staff, retirees and their eligible dependants outside of the United States, and the Medical Insurance Plan for United Nations locally recruited staff, retirees and their eligible dependants at designated duty stations away from Headquarters. On 31 December 2020, the plans covered 176,232 participants, including staff members and retirees and their dependants.

134. In the case of self-insurance plans, the Organization and the participating subscribers assume the risk of providing health insurance to the members. Those plans are administered by third-party administrators on behalf of the United Nations. The third-party administrators receive the claims of the insurance participants on behalf of the United Nations, scrutinize them and determine the payments to be made against the claims.

135. The Advisory Committee on Administrative and Budgetary Questions, in its report on the financial reports and audited financial statement, and reports of the Board for the period ended 31 December 2018 (A/74/528), expressed its concern over the management of the health insurance programme, including the lack of adequate internal control mechanisms relating to expenditure for medical insurance; gaps in

data that affected the recognition of insurance plan participants; and the lack of assessment of medical expenditure and claims. In 2020, the Board continued its review through data analysis of the eligibility of the plan participants, the appropriateness of the medical expenditure and claims, as the reserves for the plans, and noted the issues presented below.

(a) Diagnosis mismatch with gender or age of the participants

136. According to information circulars regarding the United Nations Headquarters-administered health insurance programme (ST/IC/2019/14 and ST/IC/2020/13), it is vital that insurance cards be kept secured and utilized only by the appropriate participant.

137. On a sample basis, the Board performed an analytical review of the reimbursement data of third-party administrators for 2020 and noted some inconsistencies between the diagnosis and the gender or age of the participants, as follows:

(a) Diagnoses of 25 participants were inconsistent with their gender. In 2020, the 25 participants submitted medical expenses claims to third-party administrators for a total amount of $40,620, of which no reimbursements were made for 7 participants. For the remaining 18 participants, $9,356 was reimbursed through the United Nations self-insurance fund as the secondary medical insurance plan, and Medicare Part B as the primary plan of the participants covered a total amount of $16,068. For example, in 2020, a male participant sought a medical service following a diagnosis of a woman-specific disease costing a total amount of $17,078, of which $1,885 was reimbursed by the United Nations. The Administration informed the Board that the gender of the participant was not correctly recorded in Umoja and that it was taking appropriate corrective accordingly. The third-party administrator also explained that its reimbursement verification system did not perform all claim check functions such as a gender mismatch diagnosis if Medicare Part B as the primary plan had already verified the same;

(b) Diagnoses of nine participants were inconsistent with their age. In 2020, the nine participants claimed a total amount of $2,856, of which $1,999 was reimbursed by the third-party administrators through the United Nations self-insurance funds. For example, one participant, born in 1974, claimed in July 2020 that she had sought medical services following a diagnosis of “Encounter for routine child health examination”, costing a total of $700, of which $486 was covered by the United Nations self-insurance fund.

138. The Board is concerned that obvious gender or age mismatches from a diagnosis exist and emphasizes that all claims should be effectively screened by third-party administrators during the claim check process, given that such suspicious claims may indicate presumptive fraud or abuse of medical treatment.

139. The Board is also of the view that a reliance on Medicare Part B and a lack of adequate verification for plan participants with Medicare Part B as the primary plan may expose the third-party administrators to the risk of not being able to identify inappropriate claims, and therefore result in a loss of United Nations self-insurance funds.

140. **The Board recommends that the Administration, in coordination with the third-party administrators, investigate gender or age-related mismatches in medical diagnoses on a case-by-case basis, identify the reasons for such mismatches and take corrective action, where appropriate.**

141. The Administration accepted the recommendation.

(b) Risk of insufficient Medical Insurance Plan reserves

142. According to the report of the Secretary-General on managing after-service health insurance liabilities (A/68/353), the United Nations maintains and manages distinct health insurance reserves as premium stabilization provisions for each of its self-insured health plans in order to manage possible large fluctuations in premium requirements. For plans not based in the United States (e.g., Medical Insurance Plan), reserve balances equivalent to approximately six to eight average months of claim costs need to be maintained.

143. The Board reviewed the financial statements of the United Nations self-insurance funds for the period from 2016 to 2020 and noted that the Medical Insurance Plan had a deficit for five consecutive years and that its total revenue had decreased for two consecutive years, in 2019 and 2020, as detailed in table II.15.

Table II.15
Main financial performance items of Medical Insurance Plan
(Thousands of United States dollars)

Year	*2016*	*2017*	*2018*	*2019*	*2020*
Total revenue	29 282	32 832	33 308	32 630	32 439
Total expenses	42 704	38 792	45 565	37 797	36 067
Surplus/(deficit)	(13 422)	(5 960)	(12 257)	(5 167)	(3 628)
Total net assets (year-end balance)	**50 148**	**44 188**	**31 931**	**26 763**	**23 136**

Source: Based on data in the financial statements of the United Nations self-insurance funds from 2016 to 2020.

144. The Board also noted that a continuous deficit for the Medical Insurance Plan in recent years had resulted in a depletion of reserves. As at 31 December 2020, the reserve (i.e., total net assets) of the Medical Insurance Plan totalled $23.14 million, some eight times the average monthly claim costs in 2020. It should be noted that the claim costs in 2020 were relatively low, compared with previous years, and the ratio of reserve balances to average expenses per month also decreased incrementally in the past five years, as detailed in table II.16.

Table II.16
Reserve levels of the United Nations Medical Insurance Plan, 2016–2020
(Thousands of United States dollars)

Year	*2016*	*2017*	*2018*	*2019*	*2020*
Average expenses per month	3 558.67	3 232.67	3 797.08	3 149.75	3 005.58
Ratio (reserves/average expenses per month)	14.09	13.67	8.41	8.50	7.70

Source: Based on data in the financial statements of the United Nations self-insurance funds from 2016 to 2020.

145. According to the Medical Insurance Plan stewardship report for the period from July 2019 to June 2020 prepared by a designated third-party administrator, total reimbursements decreased by 21 per cent compared with the previous period, which could be attributed to, among others, a decrease in membership and the impact of the COVID-19 pandemic. Even under this scenario, the Medical Insurance Plan still ran a deficit in 2019 and 2020. According to the report, a bounce-back effect in the period

from July 2020 to June 2021 was anticipated, when deferred care will be sought by participants.

146. The Board is of the view that, owing to the current financial situation, the reserves of Medical Insurance Plan run the risk of being lower than the benchmark of six to eight average months of claim costs.

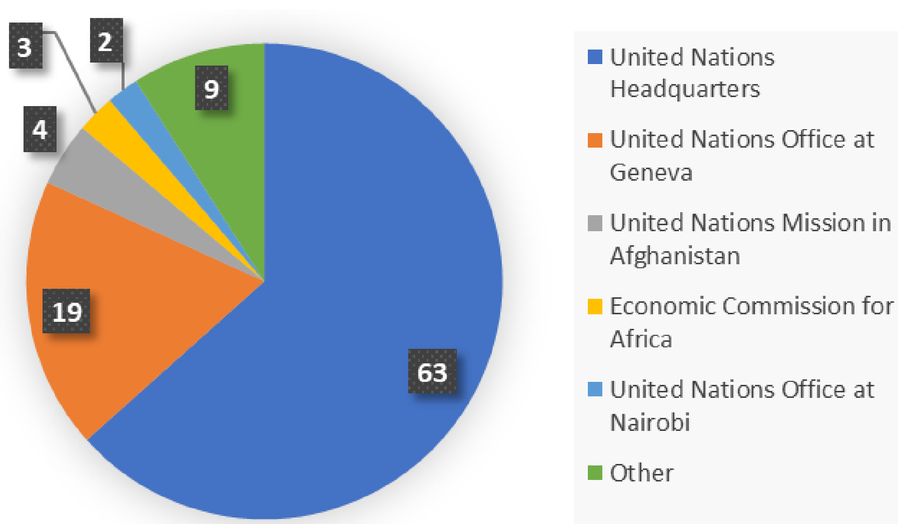
147. **The Board recommends that the Administration, in coordination with the third-party administrators, conduct an assessment on the affordability of the Medical Insurance Plan for locally recruited staff and retirees at designated duty stations, by taking into account the current financial situation of the Plan and the increasing cost of health care globally to ensure the sustainability of the Plan.**

148. The Administration accepted the recommendation.

6. Assets management

149. As disclosed in note 15 to the financial statements, the net book value of property, plant and equipment[2] of the United Nations as reported in volume I totalled $2.94 billion as at 31 December 2020, representing a 0.5 per cent decrease from the previous year's balance of $2.95 billion. The largest portion of property, plant and equipment comprised land and buildings, which accounted for $2.4 billion, or 81 per cent, of the year-end balances, while assets under construction totalled $0.3 billion, or 11 per cent. The breakdown of holdings by location (e.g., United Nations Headquarters and United Nations Office at Geneva) is shown in figure II.I.

Figure II.I
Breakdown of property, plant and equipment of United Nations (as reported in volume I) operations, by location, as at 31 December 2020
(Percentage)



Source: Based on data provided by the Administration.

[2] Property, plant and equipment are classified into different groups, based on their nature, functions, useful lives and valuation methodologies, such as vehicles, communications and information technology equipment, machinery and equipment, furniture and fixtures, and real estate assets (i.e., land, buildings, leasehold improvements, infrastructure and assets under construction).

(a) Physical verification

150. In accordance with the new delegation of authority instrument (ST/SGB/2019/2), the heads of entities have delegated authority for property management under financial rules 105.20 and 105.21 of the Financial Regulations and Rules of the United Nations and the responsibility for maintaining the property records throughout the life cycle of property, plant and equipment, from acquisition to disposal, as outlined in the administrative instruction on the management of property (ST/AI/2015/4).

151. The Board noted that the Department of Management Strategy, Policy and Compliance had issued a policy on physical verification and a guideline on physical verification of real estate property in 2020 to various entities to ensure that physical inventory checks were conducted and completed in full before the end of the financial year. In addition, a template was developed to record the findings and discrepancies of the physical verification of buildings, land and infrastructure items. The Department also provided guidance on the remote verification procedures under the new business environment resulting from the COVID-19 pandemic. The Board noted that the coverage of physical verifications in 2020 by the entities under the reporting scope of the United Nations as reported in volume I reached 99.5 per cent and that the majority of the discrepancies identified therein had been appropriately addressed. After assessing the physical verification procedures and control points of the Administration, the Board considered them to be effective.

152. Owing to the impact of the COVID-19 pandemic and considering the overall composition of the property, plant and equipment by group and of holdings by location, the Board chose to conduct an on-site sample inspection of property, plant and equipment and inventory, and observed the Administration's counting and verification procedures at United Nations Headquarters. During the remote audit of sampled special political missions (i.e., UNAMA and United Nations Assistance Mission in Somalia (UNSOM)), the Board also reviewed the Administration's verification procedures. Through those means, and limited to the 2020 financial year, the Board obtained sufficient and appropriate audit evidence for property, plant and equipment and inventory in the financial statements of the United Nations as reported in volume I.

(b) Idle assets

153. It is stated in paragraph 2.3 of ST/AI/2015/4 that "The responsibilities of such heads of departments or offices or other officials of the Secretariat include the receipt, recording, valuation, safekeeping, physical verification, and appropriate use and disposal of the property of the United Nations".

154. The Board reviewed the equipment list of the United Nations as reported in volume I as at 31 December 2020 and noted that 1,306 items with an acquisition value of $42.6 million had the status of "equipment idle", representing 12 per cent of the quantity and 10 per cent of the value of all equipment. The entities with largest number of idle assets were UNAMA, the Office of Information and Communications Technology and the United Nations Truce Supervision Organization, with amounts of $11.6 million, $5.8 million and $5 million (or 27, 13 and 12 per cent in value), respectively. The two main types of idle assets were ICT equipment (47 per cent of the value; 69 per cent of the quantity) and vehicles (40 per cent of the value; 17 per cent of the quantity).

155. Through further analysis, the Board noted that a total amount of $23 million (54 per cent) of those assets had been idle for one to three years, while $6 million (15 per cent) had been idle for more than three years. Moreover, a total amount of

$14.6 million in assets had been idle since their acquisition, with $5.6 million (38 per cent) held by UNAMA and the Office for the Coordination of Humanitarian Affairs.

156. The Board also noted that, at United Nations Headquarters, serialized equipment valued at $4.6 million[3] (e.g., computers and network switches) had a status of "equipment idle" as at 31 December 2020. For example, on 15 February 2016, the Office of Information and Communications Technology received 25 ThinkCentre M93p computers with a service life of four years. As at 20 November 2020, 17 units valued at $11,526 had never been distributed for use and had exceeded their service life. In another example, the Board noted that nine desktops belonging to the Office and valued at $7,263 had never been distributed for use and were awaiting disposal. In addition, 86 computers belonging to the Office and awaiting disposal and totalling $69,531 had been used for less than two years (50 per cent of their service life).

157. The Board is concerned that assets that remain idle for a long period of time might result in waste, obsolescence and possible loss due to theft. Furthermore, a large number of idle assets will also increase management and storage costs, which is not in the best interest of the United Nations and may indicate a waste of funds to Member States.

158. **The Board recommends that the Administration, in coordination with the relevant department or office, analyse the reasons for assets remaining idle, actively use idle assets and retire unusable ones, and take more proactive measures to avoid further obsolescence in the future.**

159. The Administration accepted the recommendation.

(c) Inaccuracies in property, plant and equipment capitalization

160. According to the United Nations Policy Framework for International Public Sector Accounting Standards, the capitalization threshold of the vehicles, prefabricated buildings, satellite communication systems, generators and network equipment is $5,000, and other equipment is $20,000.

161. The Board noted that 154 pieces of equipment (e.g., air conditioning, firewall security and network switches) with a total acquisition value of $8.37 million, whose unit cost of acquisition was above $20,000, had not been capitalized as at 31 December 2020. Among them, 20 pieces of equipment totalling $633,742 had been acquired in 2020.

162. The Board is concerned that these non-capitalization cases indicate that the internal controls over property, plant and equipment capitalization need further improvement and that those cases may lead to an understatement of assets and overstatement of expenditure.

163. **The Board recommends that the Administration review the listed records and capitalize these items, where necessary, in accordance with the United Nations Policy Framework for International Public Sector Accounting Standards.**

164. The Administration accepted the recommendation.

(d) Insufficient recognition of impairment of property, plant and equipment

165. It is required under the United Nations corporate guidance on property, plant and equipment that the United Nations record an impairment loss when the

[3] Serialized equipment is equipment that would otherwise meet the definition of a non-current equipment asset under IPSAS 17: Property, plant and equipment, but is below the established threshold for capitalization. Such equipment is treated as inventory for supply chain management purposes.

recoverable amount of that asset is no longer representative of the carrying value in the financial statements.

166. The Board noted that assets with a total acquisition value of $4.99 million (with a net book value of $281,757) had been earmarked as “bad” (i.e., recommended for write-off) in Umoja, indicating their unserviceability. However, no impairment had been recognized for those assets as at 31 December 2020. The Administration explained that this was due mainly to the fact that it normally took more than half a year for the entities to complete the retirement process for assets.

167. The Board is concerned that the lengthy retirement process for those unserviceable assets could lead to an overstatement of property, plant and equipment in the financial statements.

168. **The Board recommends that the Administration write off the unserviceable assets before closing the accounts at each year end in order to ensure the accuracy of the financial statements.**

169. The Administration accepted the recommendation.

(e) Inaccurate write-back of 10 per cent of depreciation

170. The instructions for the preparation of IPSAS-compliant financial statements provides that, for fully depreciated assets still in use, a write-back of 10 per cent of accumulated depreciations should be recorded for all fully depreciated assets (not including real estate and infrastructure).

171. The Board noted that, in 2020, $197,502 had been written back for not-in-use assets with a total acquisition value of $1.98 million, which did not meet the criteria of “fully depreciated assets still in use” for write-back. Meanwhile, the Board noted that most fully depreciated assets had not been re-evaluated before write-back owing to a corresponding lack of unified standardized procedures.

172. The Board is concerned that the write-back of depreciations for not-in-use assets will lead to an overstatement of assets in the financial statements. The Board is of the view that unified and standardized re-evaluation procedures, which set out clear definitions of management responsibility, are very important to ensure the accuracy of the asset value in the financial statements.

173. **The Board recommends that the Administration formulate and introduce guidelines to re-evaluate the status of fully depreciated assets before writing back 10 per cent of accumulated depreciations, to ensure compliance with the IPSAS requirement.**

174. The Administration accepted the recommendation.

(f) Deficiencies in warehouse management

175. The former Department of Peacekeeping Operations (now Department of Peace Operations) and the former Department of Field Support (now Department of Operational Support) had issued a policy on centralized warehousing operations in the field (version 2.0) in November 2018 for field missions. For non-field entities such as United Nations Headquarters, there was no such policy to be followed in their daily warehousing operations.

176. During its on-site physical verification, the Board noted some cases of insufficient management of warehouse and stock. For example, the central warehouse at United Nations Headquarters and one Office of Information and Communications Technology warehouse were not secured with high-security padlocks, a security measure stipulated in the centralized warehousing operations in the field manual. In

addition, the ICT equipment was not ordered according to category or equipment number. Therefore, 28 of 35 sampled items could not be successfully located and verified. Moreover, some items found on site were not included in the stock list.

177. The Board is concerned that, in the absence of a unified warehouse management policy, the security configuration and management methods remain different across warehouses and may lead to the risk of loss and damage of inventories.

178. **The Board recommends that the Administration formulate and issue a warehouse management guideline for United Nations Headquarters and other non-peacekeeping operations entities and urge all entities to implement the requirements and make unified rectifications accordingly.**

179. The Administration accepted the recommendation.

(g) Strategic heritage plan

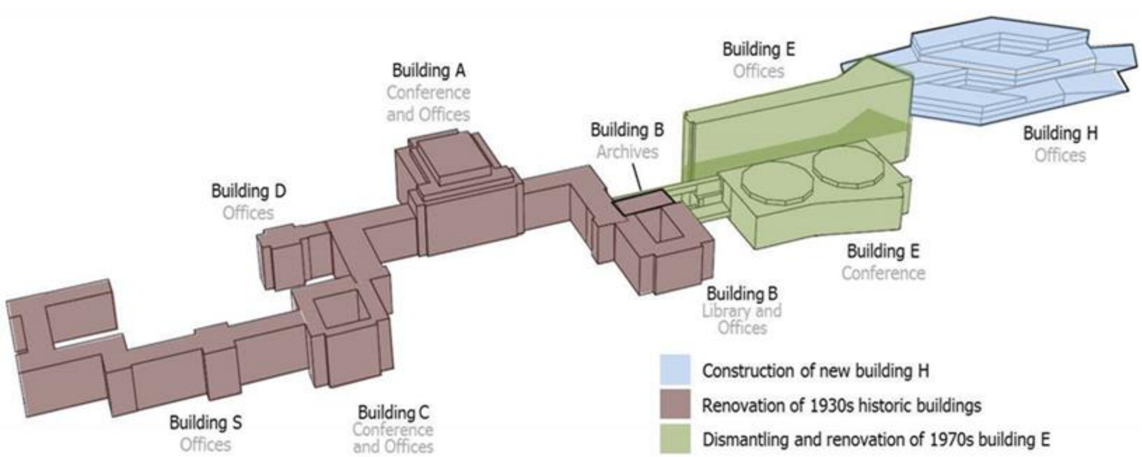
(i) Project oversight

180. The Palais des Nations, originally built for the League of Nations, comprises a historic building complex completed in 1937 and that was expanded in the 1950s. With building E, a conference facility and an office tower were added in 1973. The buildings contain 34 major conference rooms and some 2,800 workspaces, including 222 touchdown workspaces for conference participants. The United Nations Office at Geneva serves as a global centre for the Organization's sustainable development, humanitarian, human rights, disarmament and disaster risk reduction activities. The Office complex is the largest United Nations conference centre in Europe.

(ii) Background

181. According to the project schedule, construction work as part of the strategic heritage plan consists of three main sections: the construction of the new permanent building H (including the enabling work, which was tendered separately); the renovation of the historic 1930s and 1950s buildings A (assembly hall), B1 (historical archives), B2 (library and offices), C, D and S (mainly offices); and, eventually, work relating to the 1970s building E (renovation of the conference rooms and dismantling of the office tower).

Figure II.II
Schematic overview of Palais des Nations building complex



182. The schedules of the three main sections are interdependent. Mainly, the project phasing needs to ensure that both a minimum of office space and a minimum of conference space will be provided throughout the entire project.

183. In terms of office space, the strategic heritage plan team intends to use the new permanent building H office space as a swing space for staff who will have to leave the offices in the historic buildings, mainly in building S, during the renovation work. Following the relocation of the temporary occupants of the new permanent building H to mainly building S, the new permanent building H is intended to compensate for the decrease in office space that will result from the dismantling of the office tower of building E. Moreover, the new permanent building H is intended to ultimately provide a new home for the Office of the United Nations High Commissioner for Human Rights, thereby enabling the United Nations to dispose of the two premises currently leased by the Office. The renovation work on building S is therefore scheduled to begin following the completion of the new permanent building H work. Accordingly, the work on building E is scheduled to start after the completion of the work to the main section of building S.

184. The COVID-19 pandemic has led to a significant decrease in conference activities. Hence, more historic buildings with conference rooms can be renovated in parallel than had been originally planned. However, the renovation of building E will not be able to start before most of the conference rooms of the historic buildings have been renovated.

185. In addition, a temporary conference facility, which was not part of the original project scope, has been completed and commissioned, and is now in use.

186. In its most recent report on the strategic heritage plan (A/75/135, para. 44), the Board expressed its concerns that the overall completion date of the schedule, which was then August 2024, might not be met, even without considering the impact of the pandemic.

187. During the audit, the Board reviewed the planned and the actual project progress and made some observations, as presented below.

(iii) Construction of the new permanent building H

188. In January 2020, before the COVID-19 pandemic affected the project, the contractual completion date for the new permanent building H was 17 July 2020. Considering the actual progress made on the building site during the audit visit in January 2020, the Board deemed it almost impossible that the new permanent building H would be finished by that envisaged contractual completion date (ibid., para. 21).

189. In addition, works were delayed further owing to the impacts of the pandemic. On 19 March 2020, the government of the Canton of Geneva instructed that all construction sites on the Geneva administrative territory should be closed from 23 March 2020 until at least 19 April 2020. Consequently, construction work was suspended from 23 March to combat the spread of COVID-19 and resumed on 29 April in accordance with new stricter health and safety measures. Since then, the works have progressed at a lower productivity rate because the contractor has complied with the new regulations, in particular with regard to social distancing regulations.

190. To avoid and settle any potential disputes over various claims, the United Nations Office at Geneva and the contractor agreed on an amendment to the construction contract for the new permanent building H on 29 January 2021. Pursuant to this agreement, the contractor has to hand over levels 1 to 4 of the new permanent building H by 22 March 2021. The time for the substantial completion of all the works

(apart from some landscaping and the installation of the interior wooden façade frame) is now 17 May 2021.

191. The United Nations Office at Geneva waived delay damages arising from any failure by the contractor to meet the previously agreed completion date. Instead, the provisions on delay damages shall apply only in the event that the contractor fails to meet the modified completion dates as set forth in the amendment to the contract. The Office held that the agreement was a trade-off for both parties, whereby the United Nations potential claim for delay-related damages and the additional cost impact related to services from its consultants were counterbalanced by the contractor's waiver of claims for deadline extensions for variations and claim notices.

192. According to the project team, there is a time buffer or flexibility of no more than one month between the new contractual completion date for the new permanent building H and the planned start of works for building S. If there is a delay of more than one month in the new permanent building H works, which means a completion after mid-May 2021, this will compromise the overall project schedule.

193. In its quarterly report, of January 2021, the risk management firm forecasted that the completion of the new permanent building H at a P80 confidence level would be on 28 May 2021.

(iv) Preconstruction services phase and construction works for the 1930s and 1950s historic buildings

194. The main renovation contract for the historic buildings was signed on 15 November 2019. Pursuant to the contract, the construction works were scheduled to start after the establishment of a guaranteed maximum price and after the conclusion of the preconstruction services period, which was scheduled to last six months. According to the original contract, the time for completing all the works was 46 months after the date of the contract, which meant that the works would be completed in September 2023.

195. Eventually, a guaranteed maximum price of some 268 million Swiss francs was agreed on 21 December 2020 following a preconstruction services phase of more than 13 months. According to the project team, that time overrun was due in part to the impact of the COVID-19 pandemic and to the fact that the contractor had to carry out more surveys than previously expected. Moreover, the negotiations on the first guaranteed maximum price proposal of 3 November 2020 took almost two months, instead of one month as previously planned.

196. Pursuant to the guaranteed maximum price agreement, the indicated completion date is 20 December 2023. This means that the time overrun during the preconstruction services phase of seven months shall be offset in part by a reduction in the construction period of approximately four months.

197. The reduction in the planned construction time is the result of rephasing the various sections of the works. The contractor aims to deliver more works in parallel than originally planned. In particular, the contractor intends parallel works on the different subsections of building A. This phased work was made possible by a significant decrease in conferences held in 2021 due to the pandemic. The new phasing entails that a temporary ventilation for conference rooms is no longer needed during plant room works, given that the plant room and all connected conference rooms can be refurbished in parallel.

198. Another deviation from the original phasing is that the works on building S were divided into two subsections. Only the first of these subsections needs to be completed before the works on building E can start.

199. As a precondition for the start of the works, the notice to proceed with section AC (a part of building A) was given on 22 December 2020. The "right of access" for section AC was given on 12 January 2021.

200. The guaranteed maximum price agreement considers regulatory requirements on COVID-19 up to 30 June 2021. Should the regulatory requirements become more restrictive or a further shutdown implemented, this will probably affect the project schedule. The preconstruction services phase, comprising further surveys and extensive project planning by the contractor, has helped to reduce the execution risk from, for example, unexpected constraints on the structure of the historic buildings or an insufficient coordination of subcontractors. However, such risks are not eliminated completely. Other general risks continue to exist, such as risks in design errors, poor performance by the contractor and changes in stakeholder requirements.

201. In its quarterly report of January 2021, the risk management firm forecasted that the completion of the historic buildings at the P80 confidence level would be in May 2024.

(v) Procurement of building E works

202. According to the project schedule of January 2020, the request for expressions of interest for the technical design and renovation work for building E was to start in February 2020, and the contract should be signed in August 2021. For preconstruction services, technical design, negotiations on a guaranteed maximum price and mobilization, a period of one year was scheduled. The renovation work itself was scheduled from August 2022 to August 2024.

203. In fact, the request for expressions of interest for the design and construction of building E was published on 10 December 2020. Expressions of interest were due for return initially by 19 February 2021 and then extended to 17 March.

204. Although the request for expressions of interest was launched 10 months later than previously planned, the project team's project schedule of December 2020 provides for a completion of building E in October 2024, which is only two months later than previously planned.

205. A comparison of the project schedules of January 2020 and December 2020 showed that the time periods allocated to the preconstruction phase and the works itself remained unchanged. Instead, the period for the procurement procedure was reduced significantly: (a) by more than three months for the submission and evaluation of expressions of interest; (b) by more than one month for the submission of bidders' proposals; and (c) by three months for the evaluation of proposals and the finalization of a contract.

206. There might have been some flexibility in the procurement timeline for the technical design and the works for building E of January 2020. Nevertheless, the Board holds that the condensed procurement timeline of December 2020 is extremely challenging. Consequently, it foresees a high risk that the scheduled completion in October 2024 will not be met. Given that the building E section is the last section of the overall project, all delays in the completion of building E also mean a delay in the overall project.

207. In its quarterly report of January 2021, the risk management firm forecasted that building E at the P80 confidence level would be completed in September 2025.

208. It remains a challenge to meet the project schedule. In particular, the procurement procedure for building E needs to be monitored closely because the timeline is very tight and delays in this regard have a direct impact on the overall project schedule.

(vi) Budget and expenditure

209. In the context of General Assembly resolution 70/248 A, the second annual progress report on the strategic heritage plan of the United Nations Office at Geneva (A/70/394) became the baseline for the project in 2015. Since then, the design, procurement and construction activities of the project have been constantly evolving. The Secretary-General presented his most recent project update in his seventh annual progress report (A/75/355), in September 2020. Since 2015, the estimated and approved cost of the strategic heritage plan project has remained unchanged at 836.5 million Swiss francs. Thus, the Secretary-General stated in his seventh annual report that achieving the full approved project scope within the approved maximum budget was highly unlikely.

210. A comparison of the projected and incurred expenditure of the strategic heritage plan project as determined in 2015 and 2020 shows that expenditure up to 2021 is lower than when it was projected in 2015. The cumulative difference between the 2015 projected expenditure and the September 2020 projected/incurred expenditure amounts to 265.0 million Swiss francs, or only approximatively half of the projected amount in 2015.

211. At the end of 2020, the incurred total expenditure of the strategic heritage plan project reached 283.1 million Swiss francs, or 33.9 per cent of the total costs approved.

212. Furthermore, the overall projected amount for contingencies and escalations fell from 144.0 million Swiss francs in 2015 to 25.1 million Swiss francs in 2020, or 17.4 per cent of the projected total amount.

213. With regard to the new permanent building H, the baseline report in 2015 projected that the entire construction costs of 110.5 million Swiss francs would be spent up to the end of December 2019. According to the seventh annual progress report of the Secretary-General, the costs for the construction of the new permanent building H were expected to reach 121.6 million Swiss francs. This represents a 10 per cent increase only in the construction costs. As at the end of 2020, 110.3 million Swiss francs had been spent, or 90.7 per cent of the expected total costs for the construction of the new permanent building H.

214. This state of expenditure underlines the above-mentioned delays.

215. The cash outflow and the projected expenditure show that the strategic heritage plan project has not reached the halfway point of the projected time for the construction works and that the renovation of the Palais des Nations has only just begun. Nevertheless, renovation works of this scale are inevitably accompanied by unexpected difficulties owing to the nature of old buildings.

216. Therefore, the Board reiterates its concern about whether the full baseline project scope will be completed without exceeding the approved total costs.

(vii) Impact of the COVID-19 pandemic

217. As at 31 December 2020, the strategic heritage plan team had estimated a budget overrun of 19.3 million Swiss francs. From that amount, the team estimated and attributed 14.9 million Swiss francs to the impact of the COVID-19 pandemic on the project, from which 12.6 million Swiss francs related to the renovation of the Palais des Nations. A pandemic-related allowance for the costs until the end of June 2021 has been included in the contract for the renovation, together with the time impact based upon the known health and safety regulations in place at the date of the agreement on the guaranteed maximum price in December 2020. In addition, the amount of 14.9 million Swiss francs implies that the pandemic may not yet be

overcome by July 2021 and therefore includes also the costs for some time thereafter. The Board nevertheless recognizes that it is difficult to predict the future with regard to the ultimate impact of the pandemic on the project.

(viii) Status of implementation of previous recommendations

218. Of the 28 recommendations made, 13 (46 per cent) have been implemented and 15 are under implementation (54 per cent), as indicated in annex III.

(ix) Project governance

219. The independent risk management firm maintained registers for all risks faced by the strategic heritage plan. In September 2020, the strategic heritage plan risk registers contained 249 risks to be managed. In addition, 518 risks have already been closed since the inception of the strategic heritage plan project.

220. Risk registers rank risks in order of severity. According to the 2020 risk management strategy, “Critical” is the highest severity level, followed by “Major”, “Significant” and “Minor”. Critical, major and significant risks must have a summary mitigation plan with detailed action plans and minor risks must have a summary mitigation plan.

221. The risk owner is responsible for managing the risk, including determining the action required to mitigate the effect of the risk. In determining the treatment of the risk, the risk owner will allocate a treatment or mitigation owner. The treatment or mitigation owner is responsible for the action to mitigate the risk and the risk owner is responsible for ensuring that the treatment owner undertakes the action.

222. The Board checked the strategic heritage plan risk registers as to and whether risk/mitigation owners had summary mitigation plans with detailed action for critical and major risks and were prepared to act.

(x) Information structure regarding mitigation in risk registers

223. The independent risk management firm kept a risk database as a central repository of information, updated the database constantly as risk identification and risk management processes were completed and created risk register documents with selected data fields from the database for quarterly and monthly risk management reports and a separate monthly strategic heritage plan risk register.

224. The Board sampled quarterly and monthly risk reports produced in 2019 and 2020, including the “Quarterly risk management report 2020” of 30 October 2020 and the “Monthly risk management report for September 2020” of 6 October 2020.

225. The quarterly risk management reports comprise a “Master risk register”, a “Master risk register – mitigation actions”, a “COVID-19 risk register” (since April 2020) and a “Transition programme risk register” (since July 2020). The Board noted the following:

(a) The “Master risk register” did not provide any information on mitigation against each risk;

(b) The structure of the “Master risk register – mitigation actions” provided the data fields “Mitigation”, “Mitigation Owner”, “Action Code”, “Action Name”, “Action Description”, “Action Status”, “Action Owner”, “Action Due Date”, “Current Progress %” and “Action Commentary’’;

(c) The “COVID-19 risk register” provided the data fields “Mitigation Measures” and “Update”.

226. The monthly risk management reports comprised a "Master risk register" and a "Transition programme risk register" (since February 2020). The Board noted the following:

(a) The "Master risk register" did not provide any information on mitigation;

(b) Different from the quarterly risk management reports, COVID-19 risks had no separate risk register but were integrated into the "Master risk register";

(c) There was no "Master risk register – mitigation actions" in the monthly reports.

227. The monthly "Strategic heritage plan risk register" provided information on mitigation in the data fields "Risk Owner", "Mitigation Owner" and "Mitigation". It did not provide detailed action on mitigation and was not sent to project team members.

228. The lack of a "Master risk register – mitigation actions" in the monthly reports up to September 2020 would constitute an important gap in information on risk mitigation. Recipients of the monthly risk management reports, including the Project Executive and Project Owner, may have received considerably less information on risk mitigation than was necessary in order to be assured that adequate risk management has taken place.

229. The recipient groups of quarterly and monthly risk management reports overlap to a large extent. A standardized presentation of COVID-19 risks in the quarterly and monthly reports would therefore facilitate understanding.

230. **The Board recommends that the Administration regularly integrate a "responses risk register" into future monthly risk management reports.**

231. **The Board also recommends that the Administration standardize the presentation of COVID-19 risks in risk registers in quarterly and monthly risk management reports.**

232. The Administration accepted the recommendations.

(xi) Data on risk mitigation in risk registers

233. The Board checked the data on risk mitigation mainly of the critical and major risks in the "Responses risk register" annexed to the "Monthly risk management report for October 2020". The Board noted anomalies in the risk register such as a major risk that should already have been closed, risks without mitigation, outdated entries, entries that did not correspond to the purpose of the data field, empty data fields and entries in data fields that did not correspond to entries in other data fields.

234. As a basis for risk management, the risk register defines responsibilities for each risk and lists the risk measures adopted and their relevant status to enable efficient risk monitoring. Furthermore, the risk register is an important input for quantitative risk analysis. The risk register should therefore be as accurate, complete and up to date as possible. The anomalies found in the risk register distort the risk registers and need to be corrected. If a risk has been taken up in the risk register, then all data fields need to be filled in.

235. **The Board recommends that the Administration correct anomalies in the risk database and keep it correct and up to date.**

236. **The Board also recommends that the Administration fill in all data fields when a risk has been taken up in the risk register.**

237. The Administration accepted the recommendations.

(xii) Other capitalizable costs

238. As stipulated in the United Nations corporate guidance on property, plant and equipment, the strategic heritage plan is required to capitalize costs related to assets under construction that are expected to exceed $100,000. In order to collect costs associated with the construction, a cost collector in the form of either an internal order or work breakdown structure elements is required.

239. In 2014 and 2015, the strategic heritage plan team used the enterprise resource planning system called the Integrated Management Information System (IMIS). Within IMIS, no work breakdown structure assignments for specific buildings or components were recorded. In 2016, the strategic heritage plan team introduced Umoja as the enterprise resource planning system, which replaced IMIS.

240. The Board noted that, during the migration process, the costs incurred in 2014 and 2015 had been transferred in bulk from IMIS to Umoja.

241. In 2016, the strategic heritage plan project still had only two work breakdown structure elements for the entire project in Umoja, namely, AA-000018.10 for all capitalizable costs and AA-000018.11 for all non-capitalizable costs. The costs from the IMIS transfer were recorded in AA-000018.10 as “other capitalizable costs”. No costs were recorded on non-capitalizable costs (AA-000018.11).

242. It is stipulated in the IPSAS accounting manual on property, plant and equipment that capitalizable charges that will be distributed across multiple final assets can be capitalized as “other capitalizable costs” if it is not possible to define a percentage spilt when the purchase order is created. At final project settlement, these charges are settled to multiple final assets on a percentage basis. The accounting manual has a recommendation to keep charges to this work breakdown structure element to a minimum.

243. In mid-2017, the strategic heritage plan team created the work breakdown structure for the new permanent building H and in 2018 for the remaining buildings.

244. The work breakdown structure elements “other capitalizable costs” (AA-000018.10) and “non-capitalizable costs” (AA-000018.11) were also still in use. Costs that are charged to AA-000018.10 comprise mainly the employee benefits for the strategic heritage plan team and the costs for the independent risk management firm, the project management firm and the technical support services firm.

245. The Board noted that no guideline was in place to define how those costs could be allocated to multiple final assets.

246. In order to allocate the costs to the different buildings, from 2017 onwards, the strategic heritage plan team used the construction/renovation base costs of buildings as presented in the most recent approved annual progress reports as weights to apportion costs that did not relate to a specific building only. In 2017, the team assigned costs for the main contractor and the design firm directly to the new permanent building. Since 2018, the team has assigned “other capitalizable costs” directly to all other buildings.

247. The strategic heritage plan team developed a job aid in January 2021, which outlines the methodology applied for the allocation of “other capitalizable costs”.

248. As at 31 December 2020, “other capitalizable costs” on work breakdown structure element AA-000018.10 amounted to $97,266,121. These costs still need to be allocated to the different buildings.

249. The Board noted that many of the costs incurred on AA-000018.10 between 2014 and 2018 related to the design firm and that several purchase orders and invoices

referred directly to one or several buildings. Overall, the Board identified invoices amounting to $39,652,032. All those costs had been charged to "other capitalizable costs".

250. The Board holds that only costs that cannot be attributed directly to a specific building are eligible for allocation using a percentage rate.

251. In February 2021, the strategic heritage plan team and the United Nations Office at Geneva redistributed $34,934,646 to the specific buildings. The remaining other capitalizable costs as at 31 December 2020 amounted to $63,954,903.

252. The first set of IPSAS-compliant financial statements for the Secretariat was produced for the financial year from 1 January 2014 to 31 December 2014 for all other reporting entities of the Secretariat.

253. The Board holds that the strategic heritage plan did not have a proper project structure in its enterprise resource planning system for 2014, 2015 and 2016 – even though IPSAS had been applicable since 2014 – which requires that significant components of an item of property, plant and equipment be defined and depreciated separately.

254. Furthermore, the Board holds that the strategic heritage plan team could have assigned the previously incurred "other capitalizable costs" to the different buildings once the project structure was established in 2017 and 2018.

255. Further, the Board holds that the strategic heritage plan team faces a lengthy review process, because costs have accumulated on the work breakdown structure element AA-000018.10 for six years. The Board holds that the strategic heritage plan team could have assigned costs directly to the buildings once the project structure was created.

256. Furthermore, the Board holds that the strategic heritage plan should charge other capitalizable costs that were, until now, charged to "other capitalizable costs" (AA-000018.10), directly to the "other capitalizable costs" of the different buildings, where possible, and should extend the project structure in Umoja accordingly.

257. Those costs that will remain to be charged to "other capitalizable costs" AA-000018.10 should be allocated to the different buildings on a yearly basis in order to avoid a lengthy review and calculation process when the asset is considered a final asset.

258. **The Board recommends that the Administration review the entries and invoices charged to "other capitalizable costs" (AA-000018.10) and, to the extent possible, assign these directly to the specific buildings.**

259. **The Board also recommends that the Administration allocate the remaining capitalized costs by applying an appropriate percentage rate to the different buildings.**

260. **In addition, the Board recommends that the Administration extend the project structure and include costs for the programme management firm, the independent risk management firm and the technical support service firm in the building-specific "other capitalizable costs".**

261. **Furthermore, the Board recommends that the Administration allocate remaining costs charged to "other capitalizable costs" (AA-000018.10) to the different buildings on a yearly basis.**

262. **Lastly, the Board recommends that the Administration formalize coordination with the United Nations Secretariat, in particular the global asset**

management policy service and document communication on accounting decisions or advice.

263. The Administration accepted the recommendations.

(xiii) Non-capitalization for the completed section of the strategic heritage plan

264. Control over assets arises when the United Nations can use or otherwise benefit from the asset in the pursuit of its objectives. For assets under construction, the stage of completion of the construction works should be reflected in the statement of financial position.

265. Occupancy starts after the Organization accepts the asset under construction, takes ownership of the asset and makes use of any part of the asset. For occupancy to be accepted, the following, among others, is required:

(a) Substantial completion certificate;

(b) Any outstanding punch list items do not affect the safety or materially affect the reliability or operability of the project;

(c) An asset inventory list is completed;

(d) Financial records are updated in relevant United Nations IPSAS and Umoja real estate platforms.

266. In September 2017, the United Nations Office at Geneva and a contractor signed the contract for the construction works of a new office building. The construction works of the contract consists of three major sections, comprising, among others, section 2 of the contract (the covering of the existing spiral entrance ramp of building E car parking).

267. In line with the contract, section 2 consists mainly of the following:

(a) Creation of the concrete slab covers directly over the spiral ramp at ground floor and required modifications to installations;

(b) Creation of a portion of the energy and pedestrian tunnels;

(c) Completion of the stairs within the core structure enclosure of the stairs;

(d) Reinforcements of the structure in levels 3 and 4 of building E car parking;

(e) Completion of the remaining structural slab of the new plaza.

268. Section 2 has been substantially completed, in that (a)-(d) above were finished and functional for employer use, while (e) has not been handed over to the employer.

269. The strategic heritage plan team stated that the contract value for section 2 was 480,450 Swiss francs. The strategic heritage plan team and the contractor signed two variations on the agree contract that contained elements of work within section 2 with a total value of 352,686 Swiss francs. On 1 February 2019, the team signed the substantial completion certificate for section 2. The annex of the certificate contained a note indicating that substantial completion included all components of section 2 and the work on the variations. In July 2019, the team and the contractor signed two new variations for works related to section 2 with a total value of 22,417 Swiss francs. Between February 2019 and January 2021, the team paid several invoices, which would have included some works for section 2.

270. During the audit, the strategic heritage plan team stated that some parts of bill 2 of the bill of quantities, which includes the section 2 works, contained works related to the building E car parking asset and some works related to the new permanent building H asset (sect. 3).

271. The Board noted that the strategic heritage plan team did not capitalize the estimated value and the variation costs for section 2 in January 2019 and continued to record it as an asset under construction. Furthermore, the team did not capitalize the subsequent variation cost for section 2 from July 2019. The Board reviewed the invoices from the contractor and the agreed variation contracts. The Board added the directly attributable costs to the construction costs such as the design fees. According to the Board's rough calculation, the cost for section 2 should be approximately 829,194 Swiss francs, which the United Nations Office at Geneva did not capitalize for the building E car parking asset to final assets.

272. The Board is concerned about the mix of works in section 2. It holds that the mix of the building E car parking asset and the new permanent building H asset in the bill of quantities, namely, bill 2, which covers sections 2 and 3, makes it very challenging and complicated to capitalize the directly attributable costs to the different assets. Furthermore, these difficult financial management activities would put a burden on the strategic heritage plan team and hamper the undertaking of the actual project work. Therefore, the Board considers that the team needs to ensure that, in future, the sections of work are clearly identified and costed in the contracts from the outset to avoid a lengthy review process of expenses charged to different assets under construction during the renovation works. In addition, the Board holds that the strategic heritage plan did not have a clear and proper asset structure when the strategic heritage plan project started.

273. The United Nations Office at Geneva recalled that, because the cover slab to the spiral ramp also supported the plaza above, it should continue to be an asset under construction and become final only when the plaza is completed, along with the new permanent building H. However, on the basis of the substantial completion certificate for section 2, the depreciation of the work done associated with the building E car parking asset should have started as from the service date of January 2019.

274. **The Board recommends that the Administration allocate the 829,194 Swiss francs recorded under the new permanent building H as an asset under construction to the building E car park asset (final asset) and begin the depreciation as from the completion date in January 2019.**

275. **For assets that become available for use in the future (e.g., the new permanent building H), the Board recommends that the Administration review the directly attributable costs (labour, material and overhead) within the project that are to be split across different assets. Doing so would ensure that an asset moves from under construction status to final when the asset is substantially complete, accepted and available for use, thereby also taking into account the United Nations Policy Framework for International Public Sector Accounting Standards.**

276. The Administration accepted the recommendations.

(h) Flexible workplace project

277. A comprehensive business case for the flexible workplace project was made in January 2015 to create a modern, agile business model for the Secretariat that would improve the Organization by modernizing the staff workplace environment (see A/69/749). The project at United Nations Headquarters was implemented by a project management team in the Department of Operational Support, which was also responsible for the planning, construction and project reporting, including raising the requisitions and processing invoices. The budgetary, accounting and human resources policy aspects of the project were under the purview of the Department of Management Strategy, Policy and Compliance.

278. As of April 2021, 22 floors of the Secretariat building had been reconfigured into flexible workspace, of the 27 originally planned, resulting in an additional capacity of 1,291 in the main United Nations Headquarters complex since the start of the project, which already exceeded the original estimated capacity of 1,220 for all 27 floors (see A/75/342/Add.1). Considering the reopening plan and the uncertainties about the workplace landscape post COVID-19, the Administration decided to place on hold the implementation of the remaining five floors (see A/75/342). No amount or balance was transferred from that project under construction to property in 2020, given that the project is pending closeout.

(i) Inaccuracies in project capitalization

279. The original estimated total cost of the flexible workplace project at United Nations Headquarters was $54.98 million. As at 31 December 2020, the incurred expenditure had reached $47.57 million, of which $2.01 million (4 per cent) was incurred for planning and design services; $39.74 million (84 per cent) was incurred for the reconfiguration and renovation of the Secretariat building; $3.28 million (7 per cent) was accrued for swing space; and $2.54 million (5 per cent) was accrued for project supervision and management.

280. The Board noted that, among the incurred expenditure of $47.57 million for the flexible workplace at United Nations Headquarters, $25.54 million had been capitalized as at 31 December 2020. However, according to the project progress report (ibid.), relevant works on thirteenth, eighteenth and nineteenth floors of the project had already been completed in 2015 and 2016, providing 166 additional work units, while there was basically no capitalized amount during the same period.

281. The Board is concerned about the accuracy of the capitalized balance of the project as at 31 December 2020.

282. **The Board recommends that the Administration reverify project expenditure, analyse the nature and amount of each expenditure settlement in detail and re-evaluate whether it meets the capitalization criteria to ensure that the project expenditure is accurately capitalized in the financial statements.**

283. The Administration accepted the recommendation.

(ii) Idle project assets

284. According to the progress report on the flexible workplace project (A/70/708, para. 37), the Secretary-General indicated that the standard personal technology package for each staff member would consist of a laptop computer. The Board noted that, in the current warehouse inventory, 273 notebook computers and corresponding accessories bought for the project had been idle for more than one year, with a total acquisition value of $220,416.

285. The Board is concerned that, because the service life of ICT equipment is only a few years, long-term non-use of these assets might lead to obsolescence and waste.

286. **The Board recommends that the Administration determine the usage of this ICT equipment as soon as possible to avoid obsolescence and waste resulting from its non-use.**

287. The Administration accepted the recommendation.

7. Issues relating to the United Nations Foundation

288. In 1998, the United Nations Foundation was established as a non-profit organization to channel a $1 billion gift to support the United Nations. According to the relationship agreement between the United Nations and the Foundation, the latter

provides financial and other support to exclusively charitable United Nations activities in furtherance of the goals and objectives of the United Nations, and it has been authorized to use the name of the United Nations as part of its corporate name. By the end of 2019, the Foundation had allocated a total amount of $1.47 billion to the United Nations for projects to be implemented by the United Nations system. Of this amount, approximately $0.45 billion represents core funds contributed by the founder of the Foundation and $1.02 billion was generated as co-financing from other partners.

289. In 1998, the Secretary-General established UNFIP as a trust fund to receive grants exclusively from the United Nations Foundation. In addition, the UNFIP Advisory Board was established to provide the Secretary-General with strategic advice concerning the relationship between the United Nations and the Foundation, including important reputational issues arising from the activities of the United Nations and the Foundation. In 2006, the United Nations Office for Partnerships was designated as the interface for coordinating relevant activities between the United Nations and the Foundation. To strengthen its coordination on the Foundation's activities, the United Nations and the Foundation established a joint coordination committee in 2014 to serve as the principal forum to consult with each another on the strategies for the Foundation to support the United Nations causes and all significant projects, campaigns and activities funded or coordinated by the Foundation.

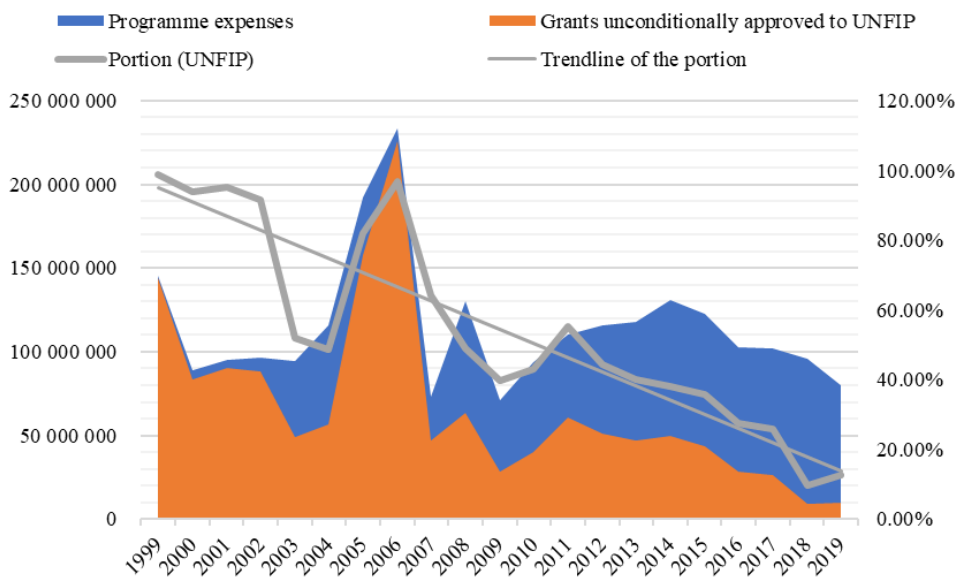
290. At the request of the Advisory Committee on Administrative and Budgetary Questions, the Board reviewed issues relating to the United Nations Foundation, including its relationship with the United Nations, implementation of the relationship agreement, the United Nations coordination through the joint coordination committee on the Foundation's activities, and financial performance and reporting thereof, and noted some deficiencies, as outlined below.

(a) Significant decline in the United Nations Foundation's grants channelled through the United Nations Fund for International Partnerships account

291. According to the revised relationship agreement of 2014, the United Nations Foundation provides financial and other support to exclusively charitable United Nations causes, either through grants to the United Nations system organizations or activities directly carried out or coordinated by the Foundation. The Foundation shall make payments to the UNFIP account in respect of any contributions and grants that exceed $99,999.99 that are intended to fund the activities of the United Nations, its subsidiary organs or other United Nations system organizations.

292. The Board noted that, during the first eight years of cooperation (i.e., 1999 to 2006) between the United Nations and the United Nations Foundation, 84 per cent of the Foundation's programme expenses had been channelled through the UNFIP account, which was under the effective oversight of the United Nations. However, annual grants to the UNFIP account had decreased significantly since 2007, to approximately $10 million (10 per cent of the Foundation's programme expenses), as shown in figure II.III. In its review notes on the administrative budget of the United Nations Office for Partnerships in 2019, 2020 and 2021, the Advisory Committee continued to express concern over the overall downward trend in contributions received from the Foundation and emphasized the need for sustainable, predictable and sufficient funding.

Figure II.III
Portion of grants to the United Nations Fund for International Partnerships account from the United Nations Foundation, 1999–2019
(United States dollars/percentage)



Source: Based on data from the financial statements of the United Nations Foundation.

293. The Board further reviewed the recent expenditure breakdown of the United Nations Foundation and noted that, during the period 2018–2020, the Foundation's expenditure budget totalled $297.42 million (approved by the Board of Directors of the Foundation), including $55.5 million for core operations (19 per cent),[4] $35.8 million for functional capacities (12 per cent),[5] $68.63 million for programme initiative (23 per cent)[6] and $137.49 million for hosted initiatives (46 per cent).[7] On a sample basis, the Board noted some cases in which, for the hosted programme initiatives, the Foundation had not provided sufficient information, as required, to justify their alignment to United Nations priorities and the Sustainable Development Goals.

294. In May 2019, the UNFIP Advisory Board also expressed its concern over the significant decline in the United Nations Foundation's grant-making to the United Nations. Some Board members held the view that the original model of the Foundation was to provide funding predominantly to the United Nations and that this was the reason for the name "United Nations Foundation". In addition, some Board members reinforced the need for greater clarity and understanding regarding how the

[4] Expenditure for core operations reflects expenditure on core operating costs of the Foundation, including the annual grant of $1.5 million to cover United Nations Fund for International Partnerships operations.

[5] Expenditure for functional capacities reflects expenditure in capacities that can be flexibly deployed to support the United Nations and the United Nations priorities.

[6] Expenditure for programme initiatives reflects a partner-funded programmatic activity that either directly or indirectly supports United Nations priorities.

[7] Expenditure for hosted initiatives reflects expenditure for multi-stakeholder initiatives that are hosted or incubated by the Foundation to complement United Nations efforts and help to advance United Nations priorities. The Foundation and its Board, as host, provides final fiduciary accountability and back office services to enable these initiatives to launch and focus quickly on achieving results.

allocation for the Foundation's own programmatic initiatives were aligned to and supported United Nations priorities and the Sustainable Development Goals.

295. Furthermore, as disclosed in the notes to its financial statements, the United Nations Foundation had approved an average of $44.24 million in grants to its affiliated organizations during the period 2011–2018. For example, from 2016 to 2018, the Foundation had provided an average of $2.41 million each year to its sister fund (Better World Fund) for general support.[8] The United Nations did not require the Foundation to report on the relationship between the Foundation and those affiliated organizations or the purpose of those grants.

296. The Administration concurred with the concern about the significant decline in grants from the United Nations Foundation to the United Nations through the UNFIP account in recent years and explained that it was due mainly to the fact that the core contribution from the founder of the Foundation had been expended. The Administration also explained that the United Nations had no authority over how the Foundation budgeted its finances.

297. **The Board recommends that the Administration continue to work through the joint coordination committee and the Advisory Board of UNFIP to urge the United Nations Foundation to contribute more resources directly to the United Nations in support of the Organization's activities.**

298. **The Board also recommends that the Administration coordinate with the United Nations Foundation to disclose more information on its programmatic initiatives in support of United Nations causes through the joint coordination committee, in order to provide further assurances that such activities are aligned to and support United Nations priorities and the Sustainable Development Goals.**

299. The Administration accepted the recommendations.

(b) Insufficient reporting by the United Nations Foundation on Member State donations

300. Pursuant to the 2014 relationship agreement, before the United Nations Foundation solicits or accepts donations from any State Member of the United Nations, the United Nations and the Foundation shall consult and coordinate through the joint coordination committee. To ensure timely and transparent reporting on programme initiatives undertaken by the Foundation, including those funded by Member States, a standardized template was developed in consultation with the committee in 2015, which includes the objectives, outputs, implementing and co-financing partners, overall budget and governance arrangements for each initiative.

301. The United Nations Foundation informed the Board that, from 2018 to 2019, its total revenue had amounted to $218.96 million, of which donations from the Member States were $43.51 million (20 per cent of total revenue). Those donations from the Member States were used mainly on the Foundation's hosted initiatives such as the Digital Impact Alliance, the Clean Cooking Alliance,[9] and Family planning 2020.[10] The Board reviewed the Foundation's reporting on the above-mentioned donations from the Member States and noted the following deficiencies:

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[8] Based on grants to the Better World Fund from 2016 to 2018.

[9] The Clean Cooking Alliance is a public-private partnership that is intended to save lives, improve livelihoods, empower women and protect the environment by creating a thriving global market for clean and efficient household cooking solutions.

[10] Family Planning 2020 is a global partnership that supports the rights of women and girls to decide, freely, and for themselves, whether, when and how many children they want to have.

(a) From 2018 to 2020, the Foundation reported on 14 initiatives that received contributions from the Member States. However, 7 initiatives were reported through email instead of the standardized template;

(b) A donation of $49,365 from one Member State in 2020 for the Global Partnership for Sustainable Development Data was not reported to the United Nations by the Foundation;

(c) The standardized template did not require the Foundation to provide a detailed budget for the initiatives, with the result that it was not clear how the funding would be used.

302. On a sample basis, the Board reviewed the Digital Impact Alliance, which was one of the United Nations Foundation's largest initiatives, funded mainly by a few Member States. According to the initiative's project proposal, the estimated total budget was $75 million over five years for core activities. According to its 2021–2026 strategic plan, the mission of the Alliance is to remove the barriers to using digital solutions in global development so that services can be delivered seamlessly to the underserved. The overall approach is governed by its commitment to putting the "Principles for digital development" into practice.

303. The Board reviewed the proposal of the Digital Impact Alliance that had been submitted to the joint coordination committee in September 2015 and noted the following deficiencies:

(a) The location, prospective implementing partners, their roles, the rationale for engagement, and the advocacy and communication strategy were not reported in accordance with the template because the strategic plan had not been finalized as at the time when the proposal was submitted to the joint coordination committee. The Board was informed that the United Nations had not formally requested the Foundation to provide such information later;

(b) The proposal provides that "the Mobile Hub" (the Alliance's previous name) "is initially envisioned as a five-year program running from 2014–2019". The Board noted that, while the Alliance was still in operation as at the time of audit, the Foundation had not provided updates to the United Nations on the initiative beyond 2019;

(c) According to data provided by the Foundation, from 2018 to 2020, the Alliance received a total of $22.65 million in donations from Member States, of which $1.42 million (6 per cent) was disbursed to implementing partners. Given that the Foundation did not provide relevant donor agreements and detailed budgets for and actual expenditures of that initiative to the Board, it was not clear how the remaining portion (94 per cent) had been used to support United Nations priorities and the Sustainable Development Goals.

304. The Administration explained that the United Nations had no role, influence or authority over how the United Nations Foundation budgeted its financial resources for its programmes.

305. The Board is of the view that adequate reporting by the United Nations Foundation on its acceptance of donations from Member States would enhance transparency of the Foundation's initiatives and would facilitate consultation and coordination between the two parties to ensure that donations from Member States are used in alignment with United Nations priorities and the Sustainable Development Goals.

306. **The Board recommends that the Administration request the United Nations Foundation to report, in a timely manner, on all donations from Member States in accordance with the agreed framework.**

307. **The Board also recommends that the Administration coordinate with the United Nations Foundation to ensure that the Foundation provides more detailed budget information through the joint coordination committee, according to the standardized template for reporting on the Foundation's initiatives.**

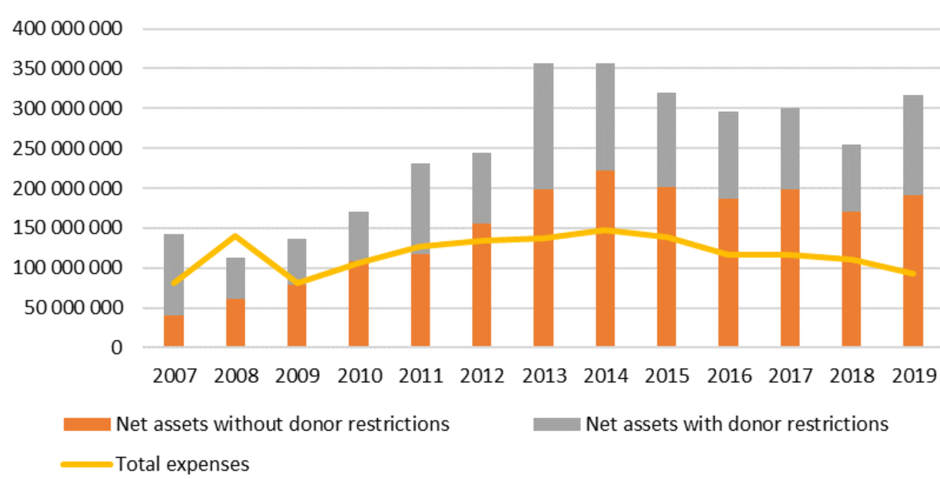
308. The Administration accepted the recommendations.

(c) High amount of net assets retained by the United Nations Foundation

309. According to the 2014 relationship agreement, the United Nations Foundation shall report to the United Nations regularly and in a timely manner with regard to its grantors and advocacy and fundraising activities. The Board noted that, instead of regularly submitting a separate report on its fundraising activities to the United Nations, the Foundation normally shared information on its grantors and fundraising activities through its strategy narrative and finance narrative in the meetings of the joint coordination committee, which did not include detailed information on the contributions received, such as the amount of major donor contributions and donor restrictions or intentions.

310. The Board further noted that, as disclosed in the United Nations Foundation's financial statements, its total net assets had increased rapidly since 2007 and amounted to $317.15 million as at 31 December 2019, including $191.42 million unearmarked and $125.73 million with donor restrictions. Total net assets as at 31 December 2019 were more than three times the Foundation's annual expenses ($93.41 million) in 2019, as shown in figure II.IV.

Figure II.IV
Net assets of the United Nations Foundation at year end, 2007–2019
(United States dollars)



Source: Based on data from the United Nations Foundation's financial statements.

311. Given that the Foundation did not provide the donor agreements, the Board was unable to determine whether the Foundation had allocated funds to the United Nations or to implement the Organization's activities in a timely manner in accordance with donor intentions. The Board is concerned that such a high amount of net assets held by the Foundation may negatively affect the efficient utilization of the funds.

312. The Administration explained that the United Nations Foundation assumed sole responsibility for ensuring that the contributions that it received from donors were utilized in a manner consistent with the mission of the Foundation to support the

United Nations and its causes. The solicitation and use of donor funds by the Foundation were also subject to applicable national and local laws and regulations.

313. **The Board recommends that the Administration coordinate with the United Nations Foundation to periodically provide further detailed information regarding its fundraising activities in accordance with the relationship agreement and to ensure efficient utilization of the funds.**

314. The Administration accepted the recommendation.

(d) Insufficient coordination at an appropriate level of the United Nations Foundation's reserve

315. The 2014 relationship agreement provides that, as an ongoing condition for the authorization of the United Nations Foundation to use the name of the United Nations, in its corporate name and general public communications, the Foundation shall refrain from any action that may adversely affect the United Nations or its interests.

316. The Board noted that there was no clause in the 2014 agreement about acceptable levels of reserves that the United Nations Foundation may set aside from the contribution in support of United Nations causes or when and how the Foundation may use this reserve to support those causes in the future.

317. The Board was informed that the United Nations Foundation's Board of Directors had established a reserve fund in 2006 by setting aside funds from the $1 billion gift originally pledged by the founder of the Foundation towards United Nations causes within a 10-year period (1998–2007), with the goal of enabling the Foundation to support the United Nations through at least 2030. From 2006 to 2013, the Foundation had set aside a total amount of $141.2 million for the reserve fund, which was used mainly for investment. As at 31 December 2019, the balance of reserve investment was approximately $187.1 million, which was more than 20 times its annual general and administrative expenses ($8.41 million) in 2019.

318. According to the results of the "non-profit sector survey 2018" conducted by the Nonprofit Finance Fund, only 25 per cent of non-profits had more than six months of cash in reserve,[11] while the majority of the non-profits had fewer than three months of operating reserves on hand. The Board also noted that general charity industry benchmarks suggested a minimum of three to six months of operating expenses for the reserve of non-profits.

319. The Administration informed the Board that the United Nations had not been formally consulted about the establishment of the reserve fund, given that the 2014 agreement did not give the United Nations any rights over the level or use of the United Nations Foundation's reserve fund. The Foundation's reserve fund was established by its Board of Directors to support its own legal obligations under law. The Board requested relevant meeting minutes of the Foundation's Board of Directors and financial records on building those reserves, but they were not provided by the Foundation.

320. The Board is of the view that, considering that the United Nations name is part of the United Nations Foundation's corporate name and the high reserve level may have a negative influence on public confidence in the Foundation's finance capability, the United Nations could play a more proactive role in coordinating with the Foundation regarding an appropriate level of the reserve fund.

321. **The Board recommends that the Administration coordinate with the United Nations Foundation to determine how the parties to the relationship agreement**

[11] See https://nff.org/surveydata. The number of respondents was 3,369.

can coordinate regarding the Foundation's reserve policy, including by defining an appropriate level of the reserve and how the reserve is set aside and used.

322. The Administration accepted the recommendation.

(e) Insufficient coordination on high amount of investment by the United Nations Foundation

323. The 2014 agreement provides that any significant project, campaign or other activity shall have been, firstly, considered in a timely manner by the United Nations and the United Nations Foundation through the joint coordination committee.

324. According to its financial statements, the United Nations Foundation's total investment amounted to $187.1 million as at 31 December 2019. The Board noted that, among that investment, $148.11 million (79 per cent) had been invested in commingled funds, private equity funds and hedge funds, which carried certain risks and could not be liquidated quickly. In the case of private equity investment, there were limited options to transfer or withdraw from these funds prior to their termination, and some shares had liquidity every three years.

325. During the period 2009–2019, the United Nations Foundation's average annual purchase and sale of investment was $65.66 million. In addition, the Foundation paid an average of $2.38 million in investment management fees each year of that period.

326. The Board was informed that the United Nations Foundation did not consult with the United Nations about its investment policy because this was considered to be an internal matter of the Foundation, which was an independent legal entity with its own Board of Directors that oversaw such decisions.

327. Given that the United Nations Foundation was established to support the United Nations and the investment was made mainly from part of the $1 billion gift originally pledged by the founder of the Foundation towards United Nations causes, the Board is of the view that the United Nations could play a more active role in coordination with the Foundation regarding its investment policy, to ensure the safekeeping of the funds raised for United Nations causes.

328. **The Board recommends that the Administration coordinate with the United Nations Foundation to determine how the parties to the relationship agreement can coordinate the Foundation's investment policy to ensure that funds are used more efficiently for United Nations causes.**

329. The Administration accepted the recommendation.

(f) High amount of administrative expenses of the United Nations Foundation

330. The 2014 relationship agreement provides that, insofar as the United Nations Foundation has been authorized to use the name of the United Nations and has the purpose of supporting United Nations policies, aims, activities and causes, the United Nations and the Foundation acknowledge and agree that coordination on all significant projects, campaigns and other activities carried out by the parties pursuant to the agreement is essential to their ongoing relationship. Accordingly, any such significant project, campaign or other activity shall have first been considered in a timely manner by the parties of the joint coordination committee.

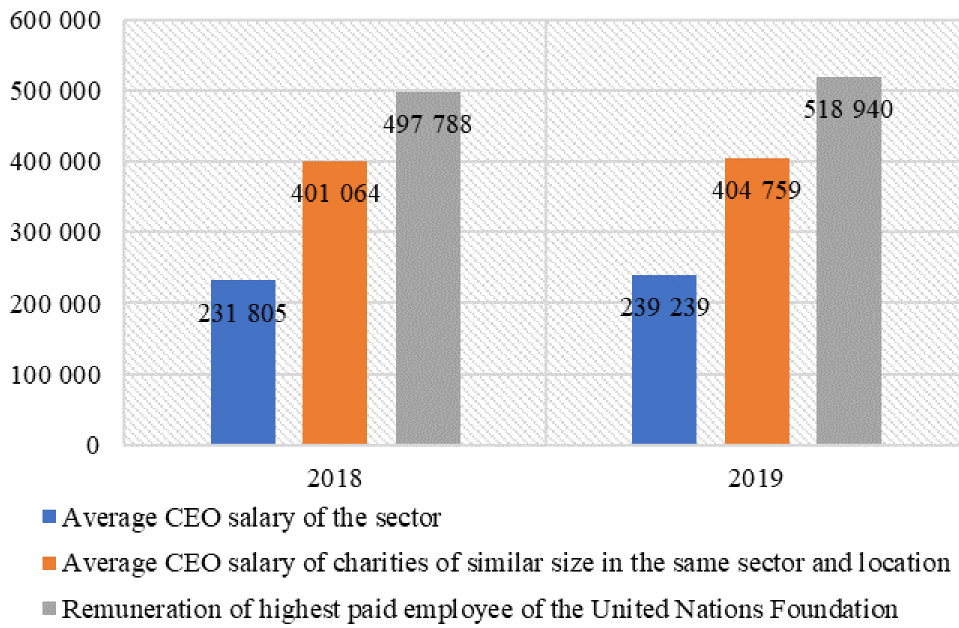
331. In May 2019, one of the Board members of the UNFIP Advisory Board expressed his concern about the United Nations Foundation's high administrative expenses, compared with the declining grants to the United Nations system through UNFIP. The Board noted that, since the Foundation's establishment in 1998, the percentage of programme expenses to total expenses had been decreasing. Before 2006, the percentage had been maintained at approximately 95 per cent (except for

2003 and 2004) and had decreased incrementally to approximately 85 per cent in recent years. The decrease could be attributed in part to the continuous increase in the general and administration expenses of the Foundation.

332. The Board further compared the percentage of general and administrative expenses to total expenses of the United Nations Foundation and noted that, before 2006, it had been basically within 2 per cent and that it had continued to rise, to $8.41 million (9 per cent) in 2019. In addition, an average of $2.53 million in annual investment management fees[12] was not included in the general and administrative expenses of the Foundation's financial statements.

333. The Board noted that the remuneration of the senior management employees of the United Nations Foundation remained high, compared with the average charity industry levels. According to its tax form (Form 990), the compensation of 10 senior management employees of the Foundation in 2019 totalled $3.23 million. In addition, the annual remuneration of the highest paid employee was $518,940, which was 2.17 times the average level in the sector and 28 per cent higher than the average level for charities of similar size in the same sector and location,[13] as shown in Figure II.V.

Figure II.V
Comparison of annual remuneration of the highest paid employee of the United Nations Foundation with the industry average, 2018–2019
(United States dollars)



Source: Based on the United Nations Foundation's Form 990 tax form for 2018 and 2019.

334. The Board is of the view that the United Nations could be more proactive in questioning the administrative expenses of the Foundation so as to maximize the resources available to support the Organization's causes.

335. **The Board recommends that the Administration coordinate with the United Nations Foundation to determine how the parties to the relationship agreement**

[12] A total of $2.53 million was the average amount of annual investment management fees from 2016 to 2019, as disclosed in the notes to the United Nations Foundation's financial statements.
[13] See www.charitynavigator.org.

can coordinate regarding the high administrative expenses of the Foundation to ensure that funds are used more efficiently for United Nations causes.

336. The Administration accepted the recommendation.

8. Delegation of authority

337. At the core of the management reform at the United Nations is the rationalized delegation of authority framework that achieves a proper segregation of roles and responsibilities and aligns programme/mandate delivery with managerial responsibilities and accountabilities. A new framework for the delegation of authority was outlined in Secretary-General's bulletin ST/SGB/2019/2. According to this framework, all previous delegations of authority were rescinded and new delegations of authority assigned. All authorities were delegated by way of the United Nations delegation of authority portal. Several initiatives have been put in place to support heads of entities in better implementing delegations of authority and ensuring accountability, including: (a) introduction of an accountability framework, containing an initial 16 key performance indicators, for monitoring the exercise of delegated authority; (b) the issuance of a handbook and policy guidance for delegations and sub-delegations; (c) periodic reports from the Department of Management Strategy, Policy and Compliance to heads of entities on the exercise of delegated authority; and (d) inclusion in the senior managers' compacts for 2020 of a commitment by senior managers to operating an effective system of delegation of authority.

338. In its report on shifting the management paradigm in the United Nations (A/75/538), the Advisory Committee on Administrative and Budgetary Questions raised concerns about key performance indicators constituting the main instrument of accountability for the use of delegated authority, transparency and decision-making therein. The Board followed up on those concerns and identified the areas below as needing further improvement.

(a) Key performance indicator setting in need of improvement

339. The initial set of 16 key performance indicators has been in effect since 1 January 2019 and is used for monitoring the exercise of delegated authority by the recipient. A review of those key performance indicators revealed that some of the risks in functional areas were not covered by them, such as the risk of the incorrect utilization of fund commitments, the lack of segregation of procurement duties, the overuse of informal methods of solicitations and delays in the various stages of the recruitment process. These had also been identified by the Management Client Board as significant risks to be covered in a new, expanded set of key performance indicators.

340. The Board was informed that an expanded set of key performance indicators was under review/discussion with the policy owners and that the timeline for the release of the expanded set depended on the policy owners and the technical enhancements required.

341. The Board is concerned that significant risks not covered in the current key performance indicators may result in non-compliance and the improper exercise of delegation of authority going undetected and corrective action not being taken in a timely manner.

342. **The Board recommends that the Administration launch the expanded set of key performance indicators in a timely manner and ensure that they cover all risks identified by the policy owners in the exercise of delegated authority in their different functional areas.**

343. The Administration accepted the recommendation.

(b) Lack of key performance indicators and targets regarding delegation of authority in senior managers' compacts

344. In his ninth progress report on accountability (A/74/658), the Secretary-General indicated that the senior managers' compacts set out what is expected of senior managers and how their performance will be measured, both of which are essential to promoting a culture of empowerment and accountability.

345. The Board noted that, in the section on the reform initiative of delegation of authority of senior managers' compacts, the commitments of different entities were self-defined benchmarks and narratives. No generally accepted indicators or targets had been established to measure the performance of the delegation of authority, such as the management of sub-delegations of authorities, monitoring of the performance against the key performance indicators and delivery of the expected results of the budget documents.

346. The Board is of the view that the development of generally accepted indicators and targets for delegations of authority would contribute to the performance management of the senior managers and promote a culture of empowerment and accountability.

347. **The Board recommends that the Administration take measures to further improve the indicators in the senior managers' compacts and consider the alignment of the compacts' key performance indicators with the delegation of authority key performance indicators, so as to strengthen the effectiveness of senior managers' compacts as instruments of accountability.**

348. The Administration accepted the recommendation and will consider this during an exercise to revisit the format of the compacts for 2022.

(c) Delay in signing the senior managers' compacts

349. The Board noted that, of the 64 senior managers' compacts in 2020, 5 had been signed by May 2020.

350. The Board is concerned that delays in the signing of the senior managers' compacts may weaken the effectiveness of the compacts as a useful tool in the evaluation of the performance expected of senior managers.

351. **The Board recommends that the Administration take measures to ensure that the senior managers' compacts are duly signed in a timely manner for their proper functioning as a performance management tool.**

352. The Administration accepted the recommendation and will take measures to improve timeliness, noting that time would be needed to finalize compacts, improve the texts therein and clarify expectations. In addition, where senior managers are new, more time would be needed for them to familiarize themselves with their functions before a compact could be completed.

(d) Lack of accountability mechanism for some heads of entities

353. The Board noted that, of 233 entities under the delegation of authority framework, 134 heads of entities were at the D-2 level or lower and were not required to sign the senior managers' compacts unless specifically prescribed. Furthermore, there was no proper mechanism to hold those heads of entities accountable.

354. The Board is of the view that, because the Secretary-General delegated the authorities to all heads of entities under the new framework, including both senior managers and heads of entities at the D-2 level or lower, those authorities should be aligned with responsibilities to ensure the chain of command from the Secretary-

General to all heads of entities while also holding them accountable. Notwithstanding the current Performance Management and Development System, which can, to some extent, serve as an accountability mechanism for heads of entities at the D-2 level or lower, the Board is of the view that a more robust accountability system needs to be put in place to clarify what is expected of them and how their performance will be measured in respect of the delegated authority.

355. **The Board recommends that the Administration consider the development of a proper accountability mechanism for heads of entities at the D-2 level or below, so as to ensure the proper chain of command and hold them accountable.**

356. The Administration accepted the recommendation and was conducting a comprehensive analysis of accountability instruments for all managers with delegated authority for further improvement thereof. This includes the resident coordinators, with the process for assessing their performance under development.

(e) Management of key performance indicator on exceptions in need of improvement

357. Among the 16 key performance indicators that were monitored through an online accountability indicator monitoring tool, key performance indicator 6 (Exceptions to administrative instructions) is defined as "Exceptions used rarely and only where absolutely necessary". The delegation of authority from the Secretary-General to heads of entities requires that all exceptions to administrative instructions in the area of human resources shall be reported to the Under-Secretary-General for Management Strategy, Policy and Compliance. Accordingly, an exception log was designed to record exceptional cases in this regard, which was under the review of the Department of Management Strategy, Policy and Compliance.

358. The Board reviewed the key performance indicator reports in the accountability indicator monitoring tool in 2019 and 2020 and noted that there was no target set for key performance indicator 6. The reports for key performance indicator 6 displayed exceptions in numbers either from the perspective of entities or exception types, which might result in a misunderstanding that the quantity of cases was the target.

359. The Board further noted a significant discrepancy between the exceptions reported by the entities and those identified by the Department of Management Strategy, Policy and Compliance. Notwithstanding sustained efforts by the Administration to enhance the reporting tool and to communicate with the entities on their self-reporting requirement, the overall reporting compliance percentage (i.e., the exceptions reported by the entities divided by the exceptions identified by the Department) was 43 per cent.

360. The Board is concerned that, when a benchmark was absent, the assessment could neither be measurable nor comparable, resulting in the exercise of the delegated authority in human resources management areas not being duly monitored and measured.

361. The Board is also concerned that the significant discrepancy between the exceptions self-reported by the heads of the entities and those identified by the Department of Management Strategy, Policy and Compliance indicates deficiencies in reporting exceptions by the heads of the entities and was not in compliance with relevant policies.

362. **The Board recommends that the Administration provide measurable benchmarks to match the objectives and offer clear guidance to entities in the use of the assessment results of key performance indicator 6.**

363. **The Board also recommends that the Administration continue to strengthen the guidance and monitoring of entities in reporting exceptions in order to improve entities' compliance with the reporting requirements.**

364. The Administration accepted the recommendations.

(f) Coverage and performance of key performance indicator on training to be enhanced

365. According to the Secretary-General's bulletin on United Nations mandatory learning programmes (ST/SGB/2018/4), the Secretary-General requested staff members to complete the self-paced mandatory learning programmes within six months of the issuance of the present bulletin, or within six months of joining the Organization or assuming a role for which additional learning was mandatory.

366. Therefore, key performance indicator 4 (Conduct and disciplinary matters – mandatory training) was established to track the process of those training programmes. The Board noted that key performance indicator 4 captured and reported on only two of the nine mandatory courses.

367. The Board further noted that, by the end of 2020, only 54 per cent of staff members had completed both the mandatory training courses. As at 27 April 2021, 50 per cent of the staff members had completed all nine mandatory training courses, indicating a need for further improvement.

368. The Board is of the view that the mandatory courses are designed so that all staff members have a basic understanding of United Nations culture such as requirements on ethical and integrity, information security and fraud prevention. A low completion rate of mandatory courses would result in the underachievement of the mandate or given assignment.

369. **The Board recommends that the Administration consider expanding the scope of key performance indicator 4 to include all mandatory training courses and request all entities to ensure that all the mandatory courses are completed as requested in a timely manner.**

370. The Administration accepted the recommendation.

(g) Development of operational guidance on delegation of authority

371. In his eighth progress report on the accountability system in the United Nations Secretariat (A/73/688), the Secretary-General indicated that the Department of Management Strategy, Policy and Compliance would provide guidance on and support for the delegation of authority and systematic and frequent monitoring of the use of delegations and segregation of duties. The Board noted that the areas covered by the operational guidance needed to be expanded. For example, treatment of cash advances to and receivables from implementing partners and all approved disposal methods, among others, had not been covered. In addition, there was no clear plan for the release of the operational guidance.

372. The Board is of the view that operational guidance plays a very important role in helping recipients to better understand which authority they have, how it could be executed and what they need to report, among others. Therefore, it is necessary to develop a timeline to issue the operational guidance and ensure that a tracking mechanism is in place to track progress in this regard.

373. **The Board recommends that the Administration ensure that a phased plan is developed for the issuance of the guidance to operationalize the delegation of authority and closely track the progress thereof.**

374. The Administration accepted the recommendation.

(h) Interface between information technology systems to support monitoring of exceptions

375. The Business Transformation and Accountability Division of the Department of Management Strategy, Policy and Compliance regularly reviews the reported exceptions to the administrative instructions by entities to determine the rate of reporting compliance through a deep-dive analysis based on the data from different systems. Key enablers of such analysis are the availability and comparability of data and the interface among different systems.

376. The Board noted that Umoja was not automatically linked to Inspira, which resulted in a manual process of review of whether the job openings had been issued for temporary appointments over three months' duration, as required. Similarly, the United Nations Joint Staff Pension Fund had a separate information technology system to manage retiree benefits that was not connected to Umoja. As a result, it was challenging to determine whether United Nations common system retirees, who were in receipt of a United Nations pension benefit from the Pension Fund, earned more than $22,000, which is the limit established by the General Assembly.

377. The Board is concerned that the lack of an appropriate interface between the information technology systems mentioned above would result in manual processing and verification and reduce the efficiency of the monitoring process on exceptions relating to delegation of authority.

378. **The Board recommends that the Administration address deficiencies in the linkages among information systems to better support the monitoring of exceptions in coordination with the enterprise resource planning teams.**

379. The Administration accepted the recommendation.

(i) Functioning of the Management Client Board

380. The purposes of delegation of authority are to decentralize decision-making, align authorities with responsibilities, strengthen accountability and delegate to managers the managerial authority over the human, financial and physical resources necessary to allow for effective mandate delivery. A core principle of delegation of authority is the delegation of centrally held decision-making closer to the point of service delivery.

381. The Management Client Board is a standing mechanism to enhance communication between the Department of Management Strategy, Policy and Compliance, the Department of Operational Support and their clients and to facilitate joint identification of and collaborative action on opportunities, in order to improve the implementation of the new decentralized management paradigm. It is therefore important that the clients (i.e., the entities) be being kept abreast of the work of the Management Client Board. Members of the Management Client Board will disseminate the action points to the heads of entities within their constituency.

382. To seek feedback on the decisions and action points of the Management Client Board and assess progress in achieving management reform benefits, the Management Client Board deployed a survey on management reform in January 2021. The survey was sent to all entities represented by the Management Client Board and the response rate was 51 per cent. The questionnaire consisted of 51 questions covering the following topics: functioning of the Management Client Board, delegation of decision-making authority, global servicing architecture, regulatory framework, budget and finance, and human resources.

383. The Board reviewed the results of the survey and noted that 65 per cent of the respondents had reported their receipt of the decisions and action points of the

Management Client Board, while 26 per cent reported that they rarely or never received them. Some entities reported that, until their nomination to serve on the Management Client Board, they were unaware of its work and not kept informed through its constituency.

384. The result of the survey also indicated that 59 per cent of entities agreed that the new delegation of authority system had led to "timelier implementation of decisions in procurement" and 54 per cent agreed that "any increase in workload is outweighed by the overall benefits of enhanced decision-making authority in Budget and Finance and Human Resources". However, the Board notes some 10 per cent of entities did not agree with either of those statements.

385. The Board is of the view that more efforts are needed to make sure that the decisions and action points of the Management Client Board are well communicated and accepted in full. In addition, results of the survey need to be followed up to ensure that the deficiencies and shortcomings revealed in the survey are properly tracked and addressed.

386. **The Board recommends that the Administration ensure that a more robust communication strategy is in place to bring the decisions and action points of the Management Client Board to the attention of all the heads of entities represented on the Management Client Board.**

387. **The Board also recommends that the Administration follow up on the results of the survey to ensure that the deficiencies and shortcomings revealed in the survey are properly tracked and addressed, as appropriate, to improve the delivery of the envisaged benefits of the reform.**

388. The Administration accepted the recommendations.

(j) Deficiencies in monitoring the delegation of authority to resident coordinators

389. The Secretary-General's bulletin on the delegation of authority in the administration of the Staff Regulations and Rules and the Financial Regulations and Rules (ST/SGB/2019/2) provides that the Department of Management Strategy, Policy and Compliance shall monitor the use of delegated authority to ensure that delegatees are complying with the applicable legal and policy framework.

390. The Board noted that the resident coordinators were not evaluated in the accountability indicator monitoring tool module of the management dashboard.

391. The Board was informed that the accountability indicator monitoring tool was based in large part on data from Umoja and that any entity supported by other United Nations entities outside the Secretariat not using Umoja could not be included in the tool. Given that Umoja human resources functions had begun to be used for all resident coordinator offices as from 1 January 2021, the Department of Management Strategy, Policy and Compliance was discussing with the Development Coordination Office the criteria needed to identify staff in each resident coordinator office. As soon as the Business Transformation and Accountability Division received that information from the Development Coordination Office, resident coordinator offices would be monitored in the accountability indicator monitoring tool as with the other entities, which was expected to be ready in September 2021.

392. The Board is concerned that excluding the evaluation of resident coordinators from the accountability indicator monitoring tool may affect the effectiveness of the module in the performance management of resident coordinators.

393. **The Board recommends that the Administration formulate a specific plan to include the resident coordinators in the accountability indicator monitoring tool, to the extent possible, based on data available in Umoja and Inspira.**

394. The Administration accepted the recommendation.

9. Human resources management

395. Human resources management at United Nations Headquarters is carried out through a dual structure arising from the management reform that was initiated by the Secretary-General and approved by the General Assembly. This structure ensures that there is dedicated capacity and attention to allow the Secretariat to focus on strategic human resources requirements in the Department of Management Strategy, Policy and Compliance, operational and transactional activities in the Department of Operational Support, and programme delivery in the other organizational entities across the Secretariat.

396. In its report on an overview of human resources management reform for the period 2019–2020 and an outlook beyond (A/75/765, para. 11), the Advisory Committee on Administrative and Budgetary Questions expressed its concerns, including but not limited to deficiencies in staff selection processes, including roster management, the quantity of temporary appointments (including the use of special post allowance), impediments to achieving equitable geographical distribution and gender balance targets, as well as an appropriate accountability framework for the management of human resources. For 2020, the Board covered some of those issues and identified some that need further improvements, as discussed below.

(a) Policies review needs to be expedited

397. In line with the report of the Secretary-General on shifting the management paradigm in the United Nations (A/72/492/Add.2), the Department of Management Strategy, Policy and Compliance will review, on a continuous basis, all existing administrative issuances to ensure that they are up to date and remain relevant, and the Management Client Board will serve as a feedback and consultation mechanism between the management architecture at Headquarters and entities across the Secretariat.

398. The Board noted that, as at 23 April 2021, of 151 policies endorsed in June 2020 as priorities by the Management Client Board for the biennium 2020–2021, 6, such as those on temporary special measures for the achievement of gender parity (ST/AI/2020/5) and danger pay (ST/AI/2020/6), had been promulgated, while the other 145 policies remained under review at different phases of the policy development process. The Administration explained that, owing to the enormous amount of COVID-19-related policy work that had to be completed and to resource scarcity, there were backlogs in the policy review and development.

399. The Board is of the view that policy reviews and updates need to be expedited in alignment with the Secretary-General's reforms and in support of the implementation of the new delegation of authority framework.

400. **The Board recommends that the Administration ensure that the Management Client Board continues to prioritize the development of policies in the Organization and reviews the progression of such work on a regular basis, with the aim of expediting their promulgation.**

401. The Administration accepted the recommendation.

(b) Benchmark of 120 days for filling a post not met

402. In its resolution 65/247, the General Assembly set a benchmark of 120 days for the filling of a post. To monitor the recruitment timeline across the Organization, key performance indicator 3 (Recruitment process) is managed, tracked and reported on

periodically by the Department of Management Strategy, Policy and Compliance through the accountability indicator monitoring tool on the management dashboard.

403. In its previous report (A/75/5 (Vol. I), para. 338), the Board raised its concerns regarding targets not being met and the need for continuous efforts, including the implementation of innovation initiatives, to realize the target recruitment time of 120 days for filling vacant posts.

404. The Board continued its review in that regard and noted that 999 selections had been made in 2020 for positions at the D-1, P-5, P-4 and P-3 levels, of which 536 (54 per cent) went beyond the 120-day target on the basis of data from the accountability indicator monitoring tool. The average number of days that it took for the selection in 2020 was 162. In addition, the Board noticed that the timeline data on selections in the P-1, P-2 and Field Service categories had not been captured in the tool for key performance indicator 3.

405. **The Board reiterates its recommendation that the Administration continue its efforts, including the implementation of innovation initiatives, to realize the target recruitment time of 120 days for filling vacant posts.**

406. **The Board recommends that the Administration ensure that the accountability indicator monitoring tool will be enhanced to expand the scope of key performance indicator 3 to cover Field Service categories and Professional and above categories up to D-1.**

407. The Administration accepted the recommendations.

(c) Procedures on roster-based recruitment in need of improvement

408. Roster-based recruitment is applied in field missions to expedite the recruitment process, wherein positions are advertised for candidates on a relevant roster and are selected quickly to meet operational requirements. However, there is no clear guidance from the legislative bodies on whether such a method can be applied to vacancies at United Nations Headquarters.

409. The General Assembly, in its resolution 63/250, requested that all vacancies at United Nations Headquarters be advertised and, in its resolution 68/265, requested the Secretary-General to give equal treatment to internal and external candidates when considering applicants for vacancies.

410. Section 9.4 of the administrative instruction on the staff selection system (ST/AI/2010/3) provides that, following the advertisement of a job opening, up to the D-1 level, hiring manager may immediately recommend the selection of eligible roster candidates, who have applied to the job opening, to the head of entity. The head of entity has the discretionary authority to select a rostered candidate.

411. On a sample basis, the Board reviewed the 2020 recruitment process of two departments at United Nations Headquarters and noted 14 cases (20 per cent of the samples) in which rostered candidates had already been selected to fill the posts before the job posting deadline dates.

412. The Board is concerned that the Organization's reputation might be damaged when the recruitment decision has been made before the posting deadline date. This may lead to misunderstanding, especially to those who are unaware of the existence of roster-based recruitment procedures.

413. **The Board recommends that the Administration further clarify the conditions of and criteria for roster-based recruitments and ensure that all candidates are duly notified.**

414. The Administration accepted the recommendation.

(d) Deficiencies in roster management

415. The above-mentioned administrative instruction on the staff selection system includes a definition of a roster as a pool of assessed candidates reviewed and endorsed by a central review body and approved by the heads of entities who are available for selection against a vacant position. Rostered candidates shall be retained in a roster indefinitely or until the current administrative instruction is amended. The general rosters are created in two ways: (a) generic job openings issued by the Department of Operational Support for the purpose of creating and maintaining viable rosters; and (b) candidates who apply to standard requisition/position-specific job openings and are endorsed by the central review body.

416. The Board analysed the rosters maintained in Inspira and noted that, as at 31 December 2020, roster memberships were distributed over 9 job networks and 47 job families, with 55,087 roster memberships, among which 21,291 (39 per cent) were of women, 380 were of candidates over 65 years old and 5,977 been in place for more than 10 years.

417. The Board further noted that the current policy was focused mainly on roster establishment rather than roster management, resulting in limited guidance on roster creation and maintenance. Meanwhile, the authority to maintain rosters went beyond the Department of Operational Support or any entity delegated to use roster-based recruitment, which would complicate the analysis to determine whether existing rosters could fulfil the demand of missions/field entities or whether they needed to be refreshed.

418. The Board is concerned that limited guidance on roster creation and maintenance may result in obsolescence, skill sets not keeping up with the most recent professional development and a waste of time and energy on the part of candidates.

419. **The Board recommends that the Administration review the policies on rosters, taking into consideration geographical diversity, gender parity and sunset clauses, to ensure rightsizing based on workforce planning forecasts, clarify accountability for maintaining rosters and formulate guidance for hiring managers on selecting rostered candidates.**

420. The Administration accepted the recommendation.

(e) Geographical representation in need of improvement

421. It is required under Article 101 of the Charter of the United Nations that while securing the highest standards of efficiency, competence and integrity in the employment of staff and in the determination of the conditions of service, due regard should be paid to recruiting staff on as wide a geographical basis as possible. In its resolution 65/247, the General Assembly reiterated its request to the Secretary-General to present proposals to effectively increase the representation of developing countries in the Secretariat.

422. The Board noted that only 20 per cent of appointments for geographical posts were from unrepresented and underrepresented countries in 2020, which did not meet the target of 50 per cent in line with key performance indicator 1 (Equitable geographic distribution). In addition, although developing countries constitute 74 per cent of all Member States, they comprised 81 and 90 per cent of underrepresented and unrepresented Member States, respectively, as at 31 December 2020.

423. The Board is concerned that the performance against the key performance indicator still needs improvement and that the representation gap may weaken the Organization’s ability to become more inclusive and comprehensive in implementing

and fulfilling its mandates worldwide and delivering the Sustainable Development Goals by 2030.

424. **The Board recommends that the Administration issue guidance to entities to increase their focus on improving equitable geographical representation.**

425. The Administration accepted the recommendation.

(f) Disbursement of location-dependent entitlements

426. In an effort to contain the spread of COVID-19, the Secretary-General and relevant heads of entities in duty stations decided to restrict physical access to the United Nations premises while keeping offices open virtually. Owing to staff telecommuting in response to the pandemic, the Board sampled the disbursement of location-dependent entitlements and noted some cases in which relevant payments had not been processed properly.

(i) Danger pay

427. Danger pay is a special allowance established for internationally and locally recruited staff who are required to work in locations where dangerous conditions prevail. In Umoja, the recording of required recoveries for days with no danger pay is, in general, made after the danger pay entitlement has been disbursed automatically.

428. The Board analysed attendance reports and danger pay records in Umoja and noted that there were 37 cases with 807 days with no danger pay, while all payments were made in full during the relevant period. For example, the attendance report for one Office for the Coordination of Humanitarian Affairs staff member indicated 198 days with no danger pay in 2020, while the full amount of danger pay was disbursed without a corresponding deduction. The Administration replied that the delay in recording “no danger pay” was because the senior time administrator had access issues and the full recovery had been made in the March and April 2021 salaries.

429. The Administration also stated that the new Umoja danger pay solution would require staff members, at the end of each month, to certify the days in the month when they were present at or outside a danger pay location. By using the certified data, Umoja would end the automatic payment of the full danger pay amount in a month, with possible recoveries in future months. This new solution was expected to be rolled out in 2021.

430. **The Board recommends that the Administration closely follow up on the process of the roll-out of the new Umoja danger pay solution in 2021 to avoid future undue payments to staff.**

431. The Administration accepted the recommendation.

(ii) Cost-of-living allowance

432. The cost-of-living allowance is an ad hoc monthly lump-sum amount authorized by the Office of Human Resources on a case-by-case basis and represents the Organization’s total contribution to charges associated with rental accommodation, meals and incidental expenses associated with an expert’s assignment to an area or a country that is beyond commuting distance from their normal place of residence.

433. In order to receive the cost-of-living allowance, the expert must have travelled at the Organization’s expense to an area that is beyond commuting distance from their normal place of residence and must reside in rental accommodation or hotel lodging at the duty station of assignment and incur expenses as a result. The experts were eligible for the cost-of-living allowance when working in New York or Nairobi, with a monthly allowance rate of $5,500 and $3,700, respectively.

434. The Board reviewed cost-of-living allowance payments to 62 experts engaged in 2020 and noted that 10, although they had been working from home or a location apart from their duty stations (New York and Nairobi) owing to the impact of COVID-19, had received a cost-of-living allowance.

435. The Administration informed the Board that an exception had been approved on 30 April 2020 to allow experts to continue to receive cost-of-living allowance payments until COVID-19 measures abated. This exception was subject to the presentation of copies of lease agreements and payment of rent and/or hotel lodging. The Board noted that, in most cases, the lease payments were lower than the cost-of-living allowance amount, with the minimum lease as $500 per month in New York. For the 10 experts mentioned above, a total of $101,858 in cost-of-living allowance was issued after their actual lease payments had been covered.

436. The Board is of the view that the cost-of-living allowance is an allowance for specific expenses incurred at the duty station. In circumstances in which lease agreements already came into force and could not be terminated, it is acceptable to cover lease payment during alternate working arrangements away from the duty station. However, it is unreasonable to provide a full cost-of-living allowance that is much higher than the actual rental payment, which does not comply in full with the nature and initial purpose of the allowance.

437. The Administration stated that it had modified payment of the cost-of-living allowance for experts exceptionally authorized to telecommute away from the duty station during the COVID-19 pandemic so that reimbursement of actual accommodation costs did not exceed the cost-of-living allowance amount when accommodation was retained at the duty station.

438. **The Board recommends that the Administration provide guidance to entities on the proper use of cost-of-living allowance exceptions, taking into consideration the nature of the allowance itself.**

439. The Administration accepted the recommendation.

(g) Deficiencies in temporary appointments management

440. According to the administrative instruction on the administration of temporary appointments (ST/AI/2010/4/Rev.1), a temporary job opening shall be issued by a programme manager when a need for service for more than three months but less than one year is anticipated. In exceptional cases, the period of a temporary appointment can be extended up to a maximum of 729 days.

441. The Board reviewed the temporary appointments for the period from 1 January to 31 December 2020 and noted that 15 of a duration longer than three months were without a corresponding temporary job opening and that the service durations of 24 others had exceeded the 729-day limit.

442. The Board is concerned that non-compliance with the requirements of the administrative instruction in relation to temporary job openings and with the service duration for temporary appointments might have a negative impact on the competitiveness, fairness and transparency of the recruitment process.

(h) Deficiencies in special post allowance management

443. Under staff rule 3.10, payment of a non-pensionable special post allowance is authorized in exceptional cases when a staff member holding a fixed-term or continuing appointment and who is called upon to assume the full duties and responsibilities of a post that is clearly recognizable at a higher level than his or her own, for a temporary period exceeding three months.

444. The Board reviewed the data relating to the special post allowance for the period from 1 January to 31 December 2020 and noted the following non-compliance cases, which amounted of $50,493:

(a) Six staff members were granted a special post allowance prior to completion of one year of continuous service on a fixed-term appointment, in a total amount of $22,578;

(b) With no exceptional circumstances indicated, 12 staff members were granted the special post allowance at a date earlier than the fourth month of service at the higher level, in a total amount of $27,915.

445. The Board is of the view that provisions of the administrative instruction on the special post allowance shall be strictly observed to ensure that temporary posts at a higher level are assigned to the eligible staff and that the allowances are duly paid in strict compliance with the related requirements.

(i) Deficiencies in mandatory break-in-service management

446. The break-in-service refers to the period in between the staff member's separation and reappointment date. Mandatory break-in-service varies from one appointment type to another according to the relevant administrative instructions.

447. The Board reviewed the data relating to the break-in-service between separation and reappointment dates for staff and non-staff in 2020 and noted 241 cases of non-compliance, for example, 182 with a break-in-service period of fewer than three months between two temporary appointments at the same duty station and 21 others with a break-in-service period of fewer than 31 days between two temporary appointments at different duty stations.

448. The Board is of the view that administrative instructions on mandatory break-in-service shall be complied with strictly to ensure: (a) the competitiveness and fairness of the recruitment process; (b) that appointments are assigned to eligible staff members; and (c) that employees do not have an expectation of continuous appointment.

449. **The Board recommends that the Administration issue clear operational guidance to entities on the proper use of temporary appointments, the special post allowance and mandatory break-in-service.**

450. The Administration accepted the recommendation.

(j) Deficiencies in consultant and individual contractor management

451. Former staff (except for language services staff) who are in receipt of a pension benefit from the United Nations Joint Staff Pension Fund may not receive compensation as consultants and individual contractors of more than $22,000 per calendar year, and their period of service shall not exceed six months per calendar year. In addition, no consultant shall provide services for more than 24 months in a 36-month period, and the services of an individual contractor shall be limited to 9 months in any period of 12 consecutive months.

452. The Board reviewed the data relating to consultants and individual contractors for the period from 1 January to 31 December 2020 and noted the following cases of non-compliance: (a) 3 consultant contracts exceeding 36 months; (b) 101 consultant contracts exceeding 24 months within the 36-month period; (c) 7 retirees in receipt of pension benefits from the United Nations Joint Staff Pension Fund had contracts longer than 6 months; (d) 27 individual contractor contracts exceeding 12 months; (e) 126 individual contractor contracts exceeding 9 months within a 12-month period; and (f) 12 retirees in receipt of pension benefits from the Pension Fund were identified

with consultant and individual contractor earnings exceeding $22,000, for engagement beyond the established ceiling, with a total amount of $95,045.

453. The Board also noted the cases of two consultants and seven individual contractors who had more than one contract in an overlapping period.

454. The Administration stated that the overlapping of contract periods was a processing error and that the individual contractor or consultant had not been paid twice for the same period.

455. **The Board recommends that the Administration provide clear operational guidance and strengthen the monitoring of the duration of the appointments of consultants and individual contractors and of applicable maximum allowable earnings to ensure that the requirements for consultants and individual contractors are duly followed, to monitor cases of contract overlap for consultants and individual contractors and to remind entities to avoid processing errors.**

456. The Administration accepted the recommendations.

(k) Occupational safety and health management system

457. Risks of occupational safety and health are those that threaten the sustainability of a business and its ability to sustain itself. In the Secretary-General's bulletin on the introduction of an occupational safety and health management system (ST/SGB/2018/5), it was stated that such a system needed to be established at the United Nations.

458. With regard to the COVID-19 pandemic, a functioning occupational safety and health management system is of high importance, which could help to prevent illnesses related to work and to improve the working conditions and the surrounding environment within Secretariat entities.

459. The Board noted deficiencies in that regard. While a governance mechanism using the Management Committee as the oversight body had been agreed in December 2016, it had not been active owing to competing priorities at the time. Draft concepts for policy and standards were yet to be developed and promulgated owing to the absence of a technical working group. The function of the Incident Reporting System was limited owing to limited capacity to review, assess and develop mitigation plans for the incidents identified. A risk compliance process was in place only for field missions and was based on a very limited set of indicators, and therefore required expansion and integration with a proposed new policy. Training and capacity development were under way but limited to two formal courses. All these deficiencies result in the envisaged benefits for the occupational safety and health management system not being realized.

460. **The Board recommends that the Administration improve the occupational safety and health governance structure to ensure that the oversight body functions properly in providing Secretariat-level plans.**

461. **The Board also recommends that the Administration establish a technical working group to draft Secretariat-level policies in a timely manner.**

462. **The Board further recommends that the Administration optimize the occupational safety and health incident collection, analysis, response and reporting procedures within the Secretariat.**

463. The Administration accepted the recommendations and stated that the Secretariat was undertaking a personnel resourcing plan for the occupational safety and health management system and that the full implementation of the recommendation was subject to the availability of resources from the General Assembly.

10. Procurement management

464. The Office of Supply Chain Management is one of the offices of the Department of Operational Support. The Office provides official guidance on supply chain planning and performance management, logistical support, procurement, vendor management and supplier diversity, aviation safety, and uniformed capabilities support. The United Nations supply chain covers client demand, tracking and tracing, demand planning, sourcing, evaluation, inbound logistics, storage and transport, outbound logistics, and delivery and receipt.

465. The Procurement Division of the Office of Supply Chain Management provides procurement services and business advice to United Nations Headquarters, peacekeeping missions and United Nations agencies. United Nations procurement for major commodities totalled some $2.7 billion in 2020.[14] Financial regulation 5.12 provides that procurement functions include all actions necessary for the acquisition, by purchase or lease, of property, including products and real property, and of services, including works. The following general principles shall be given due consideration when exercising the procurement functions of the United Nations: (a) best value for money; (b) fairness, integrity and transparency; (c) effective international competition; and (d) the interest of the United Nations.

466. On a sample basis, the Board reviewed the procurement process and contract management and noted the issues presented below that need further improvement.

(a) Lack of documentation for essential steps in the procurement processes

467. The United Nations held a contract with vendor X for the provision of on-call moving services in New York. The contract was established on 27 December 2013, had a duration of five years[15] and expired on 26 December 2018.

468. On 26 April 2018, the former Facilities Management Service at the then Department of Field Support requested the Procurement Division to initiate the solicitation for the provision of on-call moving services.

469. The Procurement Division issued a source selection plan on 13 November 2018.[16] It was stipulated in paragraph 6, "Planning/Procurement Activity Schedule", that the contract award was scheduled for 31 January 2019. The Division made a case submission to the Headquarters Committee on Contracts on 19 June 2019. The contract with vendor X, which had initially been a 3+1+1-year contract, was listed as having an expiry date of 26 July 2019 following request for proposal 1846 and in accordance with the minutes of the recommendation of the Committee.

470. On 4 January 2019, the Procurement Division assessed whether the vendors' offers met the five mandatory technical requirements that had been established pursuant to the source selection plan.[17] Initially, no applicant met all the requirements, and vendor Y failed to meet four of the five requirements. A formal evaluation of vendor Y's submission took place on 1 May 2019. Vendor Y passed all mandatory technical requirements and scored an overall score of 136.5 of a maximum 160 points.

471. The files do not show how vendor Y went from failing to meet four of five minimum technical requirements on 4 January 2019 to passing them all on 1 May 2019. The Procurement Division stated that, in order to ensure fair competition and assessment of the market, it had taken guidance from chapter 11.17.1 (Requests for

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[14] See www.un.org/Depts/ptd/procurement-by-commodity-table-detail/2020.

[15] The contract was concluded for an initial three years and the option to extend it twice for one year each was exercised.

[16] Requisition number 100043yyyy; solicitation number 310000yyyy.

[17] The relevant file was named "4 January 2018".

clarification and additional information) of the United Nations Procurement Manual (version 7.0, dated 1 July 2013), in which it was indicated that clarifications could be requested from bidders to conduct a proper evaluation process, including with the aim of requesting missing information, among other justifiable factors, to ensure that as many offers as possible would be deemed compliant with the needs of the United Nations for effective competition and observing and respecting the principle of fairness to bidders that presented good and timely offers. The missing information on which to follow up was assessed by the Division and deemed allowable to request from the bidders, with a 24-hour turnaround request time for response. Following receipt of the requested missing information from the seven of the eight bidders, the information was immediately shared with the technical evaluation committee. The Division received the technical evaluation report on 4 May 2019, in which it was indicated that seven of the eight bids received had ultimately passed the mandatory criteria and that six of those seven bids met the technical evaluation passing threshold, including vendor Y, the eventual awardee.

472. Six and half months passed between the request for proposal from the Facilities Management Service on 26 April 2018 and the source selection plan that the Procurement Division issued on 13 November 2018. The contract with the previous vendor X was due to expire some six weeks later, on 26 December 2018. The Division considered the technical supporting documents provided by the Facilities Management Service as not sufficient for undertaking the initial request for proposal.

473. The contract with the previous vendor X was extended to 26 July 2019. In the absence of files supporting the reasons for this, the Board must deduce that the extension was necessary because the Procurement Division could not find a new vendor earlier. The extension could have been avoided by the timely issuance of the source selection plan as a first step. The Division claimed not to have received a request for the files corresponding to the extensions of said contract.

474. The Administration stated that, while the proposed timeline should be realistic and feasible in some cases, it often happened that the request for procurement received by the Procurement Division was either incomplete or the documentation attached to it could not be used in a solicitation. In those cases, the Division must engage with the requisitioner to reiterate/clarify the reasons why certain elements missing in the request (e.g., an evaluation matrix) must be developed and submitted or why some elements may not be acceptable (e.g., brand names mentioned in the requirements or specifications that restrict competition or are not easily understandable). This process tended to be time-consuming and caused delays in the subsequent procurement process. For example, the Administration stated, for reference, under the solicitation timeline for contract with vendor X (PD/C0xxx/xx) for the provision of on-call moving services:

(a) On 27 April 2018, the client had sent an original request memorandum for a new request for proposal;

(b) The final source selection plan was signed off on 13 November 2018 once the statement of work and evaluation documents had been finalized, which took months to achieve. This tended to be a recurring issue with many clients;

(c) The request for proposal exercise was finally launched on 13 November 2018, with a deadline date of 11 December 2018:

(i) The technical evaluation report was submitted to the Procurement Division on 4 May 2019 (taking almost five months to be sent from the client);

(ii) The first Headquarters Committee on Contracts case presentation, reviewed on 28 June 2019, resulted in a recommendation of rejection of proposals to enter into negotiations with the vendors (Committee minutes signed off on 11 July 2019);

(iii) The second Headquarters Committee on Contracts case presentation, to finalize the award following negotiations initiated through a best-and-final-offer exercise approach from 25 to 31 July 2019, was reviewed on 6 September 2019 (Committee minutes signed off on 17 September 2019);

(d) Vendor X's original contract expired on 26 December 2018. It was extended another eight months under the Procurement Division's delegation of authority, to 26 August 2019. Subsequently, the contract was extended for another three months following the Headquarters Committee on Contracts review, to allow for the finalization of the request for proposal award in process. The awarding of the contract with vendor Y was signed on 25 October 2019, following delays in execution due to negotiations on contract terms.

475. The Administration also stated that procurement was a process that depended highly on the planning and requirement definition, which required efforts by requisitioning entities/offices beyond the Procurement Division.

476. The Administration further stated that the reasons for the extension of a contract were outlined in written form and provided in the statement of award for the extension. In most cases, the extension of any contract beyond the maximum duration was requested by the requisitioning office with the justification that such an extension was to ensure continuity of service, avoid a disruption in operations, pending the conclusion of a new solicitation process, or respond to emergencies. The Procurement Division would review the request and evaluate whether such an extension was in the best interest of the Organization and achieved best value for money. If yes, the request for extension was processed by submitting it to the appropriate authorities or committee for further review and approval in accordance with the established regulations, rules and procedures.

477. The Board holds that the procurement process should be transparent and understandable for every Procurement Division official and for every auditor and other stakeholders simply by examining the relevant files. This is best achieved by a single document that lists the essential steps taken in the procurement process.

478. **The Board recommends that the Administration not extend any contract beyond the maximum duration prescribed and that, should this be unavoidable, the reasons for it be documented in written form.**

479. **The Board recommends that the Administration document the following for each current and future procurement case: officers in charge; steps taken in the procurement process, including expected time frames and delays, if any; and the reasons for selecting the specific vendor.**

480. The Administration accepted the recommendations.

(b) Uncovered contract periods and expired performance security

481. In section 11.2 of the United Nations Procurement Manual, issued by the Procurement Division on 30 June 2020, it is mentioned that performance securities can be requested by the United Nations from the selected vendor in order to mitigate the risk of vendor non-performance and breach of contractual obligations. In addition, in section 13.5 (c), it is stated that any such amendment should be requested, reviewed, approved and signed prior to the expiry date of the original contract and that retroactive contract extensions after contract expiry are not possible.

482. On behalf of other United Nations entities, the United Nations Office at Vienna signed a contract with a contractor, which went into force in 2020. As indicated in

article 2 of said contract, the initial period of the contract was until 8 April 2017. Subsequently, the contract was extended through six amendments, remaining effective until 7 April 2021. In addition, in article 8 of the contract and its annex D, it was stated that a performance security shall be provided by the contractor amounting to 34,547 euros, which shall remain valid until a date between 60 and 180 days after the initial term or the extended term of the contract.

483. With regard to said contract, the Board observed that three amendments had been signed after the expiry date of its prior amendment, resulting in three periods of 26, 135 and 70 calendar days in which the contract was not in force. In addition, the Board observed that the performance security expired on 6 August 2017. Since then, the performance security had not been renewed.

484. The Board is of the view that the situations observed are not in line with the United Nations Procurement Manual and that these situations reflect weakness in the contract management of the Organization, adding to the exposure to legal uncertainty in the event that any difficulties with the contractor arise. In addition, the Board deems that the lack of proper monitoring could generate financial losses if the contractual obligations are not fulfilled by the contractor.

485. **The Board recommends that the Administration enhance the control mechanism for contract management in order to avoid the expiration of contracts and, consequently, of performance securities, that need to be extended.**

486. The Administration accepted the recommendation.

11. Operations of the United Nations development system

487. The development system of the United Nations has, since 2016, been centred on the goal of realizing the 2030 Agenda, and a series of reforms have been put in place to ensure that the programmes of the Organization are aligned with the achievement of the 17 Sustainable Development Goals and their 169 targets. At the core of this reform is the reinvigorated resident coordinator system and a new, strengthened generation of United Nations country teams.

488. In its first report on the proposed programme budget for 2020 (A/74/7), the Advisory Committee on Administrative and Budgetary Questions expressed concerns over the central monitoring and evaluation capacity of the Department of Economic and Social Affairs and highlighted the need to strengthen the overall monitoring and evaluation of its own work programme.

489. In its report on the financial reports and audited financial statements, and reports of the Board for the period ended 31 December 2019 (A/75/539), the Advisory Committee raised its concerns about the resident coordinator system in relation to the funding gaps, backlogs in recruitment of the resident coordinators and implementing the common back office as well as the common premises.

490. The Board followed up on those concerns and recognized the efforts taken by the Administration, for example, to determine the governance structure of the development reform, filling resident coordinator posts and other key posts, and the signing of enabling frameworks. Notwithstanding those efforts and progress, the Board also identified the areas below in need of further improvement, especially those relating to the underachievement of the targets of the Sustainable Development Goals and backlogs in the implementation of the common back office and the common premises.

(a) Areas for further improvement relating to indicators of the Sustainable Development Goals

491. The 2030 Agenda was launched in 2015 along with its 17 Sustainable Development Goals and 169 targets. In its resolution 71/313, the General Assembly adopted the global indicator framework for the Goals and its targets and requested the Statistical Commission, through the Inter-Agency and Expert Group on Sustainable Development Goal Indicators, to further refine and improve the global indicator framework. The Inter-Agency and Expert Group shall designate a custodian agency for each indicator, as indicated in the note by the Secretary-General on the report of the Inter-Agency and Expert Group (E/CN.3/2017/2).

492. The Board reviewed the progress made in achieving the Sustainable Development Goals and noted that, by the end of 2020, 21 of the 169 targets had matured: 3 had been achieved or were on track to being achieved and the other 18 targets had not been achieved. The Board further reviewed the setting of the indicators, and noted the following issues for further improvement:

(a) Using outdated data for calculation of Sustainable Development Goal indicators. The Board reviewed the *Sustainable Development Goals Report 2020*, which was prepared by the Department of Economic and Social Affairs in collaboration with relevant international agencies using the most recent data and estimates available, and noted that only 6 indicators had been calculated using 2020 data, while data used for another 15 indicators were outdated in part;

(b) Indicator framework for the Sustainable Development Goals in need of refinement. Four indicators had been improperly classified as tier I indicators. The target for supporting least developed countries also had no corresponding indicators. The statistical capacity indicator for Goal monitoring lacked a custodian agency, and the custodian agency for the indicator for the proportion of total government spending on essential services remained under discussion.

493. **The Board recommends that the Administration provide support for the work of the Inter-Agency and Expert Group on Sustainable Development Goal Indicators regarding continuous improvement in the Sustainable Development Goal indicator framework.**

494. **The Board also recommends that the Administration rely on the promotion of innovation, capacity-building and improvement of data and metadata exchange to facilitate the achievement of the targets of the Sustainable Development Goals that have matured through the acceleration of data collection for indicators.**

495. The Administration accepted the recommendations.

(b) Deficiencies in evaluation of United Nations Development Account projects

496. In its resolution 52/12 B, the General Assembly established the United Nations Development Account as a mechanism to fund capacity development projects of the economic and social entities of the Secretariat, aimed at enhancing the capacities of developing countries in priority areas. Overall management of the Development Account is guided by the United Nations rules and regulations on financing and programming. In addition, the Department of Economic and Social Affairs issued guidelines on Development Account project concept notes, progress reports, final reports and project evaluation, among others, to regulate the management of Development Account projects.

497. United Nations Development Account projects are funded through the regular budget and implemented by 10 implementing entities with a four-year duration. As at

31 December 2020, 440 Development Account projects had been approved under the 12 tranches for a total budget of $256.87 million. As at the time of the audit, 42 projects were ongoing (7 for the tenth tranche that were due to end in 2019, 8 for the eleventh tranche due to end in 2021, and 27 for the twelfth tranche due to end in 2022 and 2023).

498. On a sample basis, the Board reviewed 23 evaluation reports for the closed tenth tranche of United Nations Development Account projects and the progress reports for the eleventh tranche projects, and noted the following deficiencies:

(a) Substantial non-response rates in surveys undertaken during the evaluation process. The major evaluation methodologies applied in the evaluation reports were desk study, data collection and analysis, which depended in large part on surveys and interviews. However, substantial non-response rates were noted in 10 of 23 evaluation reports, among which 6 were quantifiable, with the non-response rates ranging from 13 to 29 per cent, thus limiting opportunities for quantitative analysis and preventing the survey from reflecting the entire picture;

(b) Insufficient use of field investigations. A total of 10 of the 23 evaluations did not include field investigation in the evaluation process, thus preventing the evaluators from obtaining sufficient opportunities on the ground to receive accurate feedback from a larger group of stakeholders;

(c) Lack of a standardized format and framework for project evaluation. The evaluation and progress reports received were in various formats, given that they had been prepared by different implementing entities using their own systems, formats and templates, making the consolidation of results of evaluation difficult and complicated;

(d) The United Nations Development Account had not been evaluated at the programmatic level. The Board is concerned that the absence of the programme evaluation may result in difficulties in assessing whether the envisaged programme objectives are duly achieved.

499. The Administration explained that limited staff capacity of United Nations Development Account implementing entities to support the evaluation processes, insufficient budget and tight timelines were the major issues leading to the varied quality of the evaluation reports. With regard to the lessons learned, a synthesis of project evaluation findings to identify and utilize lessons learned and good practices at the programme level was being envisaged, which would be planned only after the overall quality of the Development Account project evaluation reports met the required standards.

500. The Board considers that effective project evaluation could enable the Organization to benefit from greater transparency on results achieved, improved collection of lessons learned and best practices, and enhanced capacity in project and programme management.

501. **The Board recommends that the Administration promote the United Nations Development Account evaluation framework and project evaluation guidelines to ensure the quality of the evaluations and unify the format of the evaluation reports to facilitate their compilation and summary.**

502. **The Board also recommends that the Administration ensure that sufficient resources are allocated for conducting the programmatic evaluation in a timely manner.**

503. The Administration accepted the recommendations.

(c) Progress in development reform

(i) Funding gaps for the resident coordinator system

504. A reinvigorated resident coordinator system, led by a strengthened resident coordinator, is at the centre of the repositioned United Nations development system. In its previous report (A/75/5 (Vol. I), para. 425), the Board had noted a funding gap of $57 million in 2019 for the resident coordinator system and expressed concern about the negative impact that it might have on the planning and the implementation of the reinvigorated role and recommended the Administration to identify more means by which augment resources to the required level of funding going forward.

505. The Board continued its review of the financing activities of the Development Coordination Office in 2020 and noted that, compared with the overall requirements of $281 million, the Office had recognized revenue of $203 million for 2020, while actual cash collection was $188 million, which was short by $93 million compared with the approved budget and $10 million compared with the reprojected revenue target. Details are shown in table II.17.

Table II.17
Financial activities for the Development Coordination Office in 2020
(Millions of United States dollars)

Source	*Budget approval*	*Reprojected targeted revenue*	*Revenue recognized*	*Cash received*
Coordination levy	30	31	40	27
Cost-sharing arrangements	77	77	77	77
Voluntary contributions	174	90	86	84
Total	**281**	**198**	**203**	**188**

Source: Based on data from the special purpose trust fund, available at https://unsdg.un.org/SPTF/.

506. The Board noted that the Development Coordination Office's total expenditure was $192 million in 2020, leaving a funding gap of $4 million that was covered by surpluses from previous years.

507. The Board also noted that, of the donor agreements signed in 2018 and 2019, 11 were multi-year funding agreements covering 2020 or 2021 ($17 million for 2020 and $11 million for 2021). However, for the 25 funding agreements signed in 2020, none were multi-year agreements, for which more sustainable and stable funding could have been envisaged.

508. The Board is of the view that adequate, predictable and sustainable funding is essential for a stable and properly functioning resident coordinator system. The annual target approved by the General Assembly is for supporting the long-range objective of development system reform, and the funding activities need to meet the requirements for the long-term development of a reinvigorated resident coordinator system, as well as to align with the activities of that system.

509. **The Board recommends that the Administration intensify its resource mobilization efforts to ensure adequate, predictable and sustainable funding to support the resident coordinator system.**

510. The Administration accepted the recommendation and commented that the outcome of the upcoming comprehensive review of the resident coordinator system would inform the funding model moving forward. The approach could therefore be reassessed and scaled up more intensely.

(ii) Improvement needed for financing of the Joint Sustainable Development Goals Fund

511. The Joint Sustainable Development Goals Fund was established in 2017 and was seen by the Secretary-General as a key piece of the reform of the United Nations development system. The Secretary-General considers the Joint Fund to be the "muscle" for resident coordinators and a new generation of United Nations country teams to help countries to deliver the Sustainable Development Goals. The General Assembly, in its resolution 72/279, invited Member States to contribute on a voluntary basis to the capitalization of the Joint Fund at $290 million per annum.

512. The Development Coordination Office hosted the Joint Sustainable Development Goals Fund secretariat, which was responsible for the coordination and day-to-day management of the Joint Fund and had a role in and capacities for resource mobilization. In supporting United Nations country teams in the design of funding proposals, the Secretariat could also provide advice on resource mobilization opportunities.

513. The Board reviewed the resources mobilization of the Joint Sustainable Development Goals Fund and noted the following deficiencies:

(a) Significant gap between the contributions received and the funding target. A total of $144 million was received from 2017 to 2020, compared with the target capitalization of $290 million per annum, as detailed in table II.18;

Table II.18
Joint Sustainable Development Goals Fund contributions received
(Millions of United States dollars)

Year	*Commitments by donors*	*Contribution received*
2017	3	3
2018	43	43
2019	55	55
2020	50	43
Total	**151**	**144**

Source: Based on data from the Multi-Partner Trust Fund, available at http://mptf.undp.org/factsheet/fund/IPS00.

(b) Funding base needs to be expanded. Among all the committed contributions from 2017 to 2020, commitments from the top seven contributors/ partners added up to $144 million, accounting for 95 per cent of total.

514. The Board is of the view that an overreliance on a small group of donors may lead to vulnerability in mobilizing resources.

515. **The Board recommends that the Administration develop a more robust resource mobilization plan.**

516. **The Board reiterates its recommendation that the Administration expand the donor base to encourage contributions, on a voluntary basis, to the capitalization of the Joint Sustainable Development Goals Fund at the required levels.**

517. The Administration accepted the recommendations.

(iii) Vacancies in the resident coordinator system

518. The resident coordinator system is at the centre of the United Nations development system and its transformation to better deliver on the ambition of the 2030 Agenda. Timely filling of the resident coordinator posts at the country level is critical to ensuring the implementation of the planned activities and thus the achievement of mandates.

519. The Board, in its previous report (A/75/5 (Vol. I), paras. 440–443), highlighted the need for resident coordinator posts to be filled, as well as other key posts, in an expeditious manner. During its audit, the Board continued to note that, of 130 resident coordinator posts as at 1 April 2021, 115 were occupied, indicating a 12 per cent vacancy rate. The Board also noted that, as at 31 December 2020, 81 vacant posts, indicating a 9 per cent vacancy rate, at resident coordinator offices comprised 36 Professional positions and 45 National Professional Officer positions.

520. The Board is of the view that it would be important to fill the remaining resident coordinator posts and resident coordinator office posts in a timely manner so that the leadership at the country level is prepared to work towards realizing the reinvigorated role and objectives of the resident coordinator system. Vacancies in resident coordinator posts and other key posts may have a negative impact on mandate delivery.

521. **The Board recommends that the Administration closely monitor the ongoing recruitment process of resident coordinators to ensure that the posts of resident coordinator and the key posts at resident coordinator offices are filled in an expeditious manner.**

522. The Administration accepted the recommendation.

(iv) Delay in finalization of resident coordinator selection and assessment policy

523. The recruitment process of resident coordinators was first established in November 2009, and the same process is still being followed. Taking into consideration the revamped and strengthened role of the resident coordinators in the establishment of the new resident coordinator system, a review of the existing resident coordinator selection system should be undertaken.

524. The Board reviewed the process of the enhanced resident coordinator selection system and noted the following efforts made to date: (a) strategic workforce planning was conducted to project resident coordinator vacancies over a three-year horizon; and (b) resident coordinator vacancies are now advertised one year before becoming vacant.

525. The Board was informed that the Development Coordination Office had launched a consultation process with United Nations Sustainable Development Group entities on how to enhance the resident coordinator selection system. The results of the process would guide the new policy framework focused specifically on resident coordinator selection that was being developed. The policy was expected to come into effect by first quarter of 2021. The Office reported that the draft had been finalized and approved by senior management and submitted to the Department of Management Strategy, Policy and Compliance for regular wider consultation, pursuant to staff regulations. The Department advised that the new policy framework was expected to be promulgated by end of 2021.

526. The Board is concerned that the lack of an updated and enhanced resident coordinator selection and assessment policy may result in a lack of consistent, compliant and updated methods to assess and select resident coordinators, which is

of great importance for implementing the repositioning of the United Nations development system.

527. **The Board recommends that the Administration finalize the resident coordinator selection and assessment policy as soon as possible to enhance the resident coordinator selection system.**

528. The Administration accepted the recommendation.

(v) Backlogs in implementation of the United Nations Sustainable Development Cooperation Framework cycle

529. The United Nations Sustainable Development Cooperation Framework provides guidance to United Nations country teams as they plan, finance, deliver and evaluate their support to countries in achieving the Sustainable Development Goals, typically over a five-year cycle. Target duration is set for each key step of the cycle (e.g., two to three months for the common country analysis, two to three months for Cooperation Framework design, one month for United Nations country team configuration and one month for a joint workplan) to accelerate the achievement of goals in the Cooperation Framework.

530. The Board reviewed the implementation of each key step of United Nations Sustainable Development Cooperation Framework cycles in 12 countries as at 31 December 2020 and noted the following instances of backlogs:

(a) For the common country analysis, one country had not completed it and would do so in 2021;

(b) For United Nations country team configuration dialogues, eight countries had not held them;

(c) For joint workplans, four countries had not completed them. In addition, three countries had not started or completed the uploading of the joint workplans to the UN-Info platform;

(d) For joint steering committees, three countries had not established them in full, which meant that there were no terms of references or they had been drafted but not endorsed by the United Nations country teams and Governments, or the steering committee was in place with terms of references but was not meeting on a regular basis.

531. The Board is of the view that completing each key step of the United Nations Sustainable Development Cooperation Framework in a timely manner is of vital importance for reinforcing the shared targets among all parties involved, determining a feasible way to achieve the targets set and working in a concerted manner towards the realization of the Sustainable Development Goal and their targets.

532. The Board also considers that duly developed joint workplans will incorporate individual United Nations entity workplans into the structure of the Cooperation Framework, creating the opportunity to benefit from synergies and ensuring that there is no duplication. In addition, joint steering committees are essential to oversee implementation of countries' joint programmes to ensure that programmes are on track and that timely corrective action is taken, where appropriate.

533. **The Board recommends that the Administration further strengthen its monitoring of the process of the United Nations Sustainable Development Cooperation Framework cycle and identify the causes of backlogs in the above-mentioned countries' resident coordinator offices, together with the parties involved, to facilitate the completion of the key steps in the Cooperation Framework.**

534. **The Board also recommends that the Administration support improvements in the process of developing joint workplans for the countries that signed United Nations Sustainable Development Cooperation Frameworks and form joint steering committees that become operational.**

535. The Administration accepted the recommendations.

(vi) Backlogs in development of country implementation plans

536. Resident coordinators develop specific country plans that are aligned with national development plans for each country covered by a multi-country office as a complement to the relevant regional strategies and frameworks. The Board reviewed the development progress of country implementation plans for the 41 countries and territories, including 38 small island developing States, under the purview of eight multi-country offices with resident coordinators and noted that 13 had not developed the country implementation plan as of April 2021.

537. The Board is of the view that the Secretary-General has called for a prioritization of support for small island developing States. In addition, the findings of multi-country office reviews reinforce the calls from small island developing States to do more and better to support all countries covered by multi-country offices in order to advance the 2030 Agenda and achieve the Sustainable Development Goals. Therefore, it is of vital importance to respond to the unique needs of every country covered by the multi-country offices and to develop a relevant country-specific plan, which complements the relevant regional strategies and frameworks.

538. **The Board recommends that the Administration be in close consultation with and support resident coordinators to ensure that the country implementation plans are developed in a timely manner to adequately meet the needs of the countries and are implemented properly at multi-country offices.**

539. The Administration accepted the recommendation.

(vii) Delay in signing of an enabling framework

540. In July 2018, the Business Innovations Group established an inter-agency project team to design and pilot concepts and methodologies to advance the Secretary-General's targets for efficiency. The project team has been organizing its deliverables around four main work streams: (a) enabling and prerequisite functions, which include mutual recognition, a client satisfaction system, a common support function costing tool and an improved business operations strategy; (b) common back office functions at country locations; (c) headquarters and Global Service Centre functions, inventory of services and design of options for creating a global network; and (d) common premises.

541. In its previous report (A/75/5 (Vol. I), paras. 474, 484, 487 and 492), the Board had noted delays in signing of the principle of mutual recognition of policies and procedures, the client satisfaction principle, costing and pricing principles and the business operations strategy 2.0, which served as the basis for the achievement of the envisaged benefits and efficiency gains relating to the common back office and common premises. The Board followed up on those issues and identified the following deficiencies:

(a) Mutual recognition principle needs to be signed off by remaining entities. The Board noted that the mutual recognition principle was managed by the High-level Committee on Management. The Development Coordination Office supported the Committee by capturing and sharing with it the challenges related to the implementation of mutual recognition at the field level. The mutual recognition statement had been signed by the Secretary-General and the executive heads of 21 United Nations system organizations, while four other organizations had yet to do so;

(b) Client satisfaction principle, as well as the costing and pricing principles need to be signed off expeditiously. The Board noted that the Business Innovations Group had finalized the drafting of the client satisfaction principle and the costing and pricing principles in 2020. As of April 2021, the document containing them had been signed by 10 entities, while 10 others had yet to do so. Both principles are being rolled out as part of both the business operations strategy and the common back office methodologies;

(c) Signing-off the business operations strategy had not met the expected timeline. The formal (intended) target set by the Secretary-General was for 131 United Nations country teams to have business operations strategy 2.0 in place online by 31 December 2021. The internal deadline set for the Development Coordination Office to complete the business operations strategy signing-off was 31 March 2021. However, the Board noted that, as of April 2021, 12 United Nations country teams, during the business operations strategy development stage, had requested that the deadline be extended and that 6 of those 12 had not met the extended timeline. The Office anticipated that the signing of the business operations strategy would be completed within the formal deadline set by the Assembly.

542. **The Board recommends that the Administration ensure that the mutual recognition principle is expeditiously signed off by the remaining entities.**

543. **The Board reiterates its recommendation that the Administration intensify efforts to ensure that the client satisfaction and costing and pricing principles, as well as the business operations strategy, are signed off or developed in an expeditious manner.**

544. The Administration accepted the recommendations.

(viii) Backlogs in implementation of common back office

545. On the basis of estimates of potential efficiency gains from various sources (see General Assembly resolutions 67/226 and 71/243), the Secretary-General set the target for the efficiency agenda at a dollar value equivalent of $310 million developed and implemented by a wide range of initiatives within the United Nations system, including the business operations strategy, the common back office, common premises, Global Shared Service Centres, a new generation of United Nations country teams and the integration of the United Nations information centres into resident coordinator offices.

546. In that regard, the Secretary-General requested the United Nations Sustainable Development Group to devise a strategy that would see the establishment of common back offices for all United Nations country teams by 2022. The Board reviewed the progress in its implementation in nine countries and found that the revised deadline had not been achieved for all common back offices in those countries, as evidenced by the following backlogs:

(a) Of those nine countries, only 1 had finished all six initial stages,[18] while the implementation plan of the common back office was yet to be developed, and it was not clear when such a plan would be developed for substantive implementation;

(b) Five countries had finished stage three and the data completeness check was under way;

[18] The six stages include the data entry ongoing, template filled, template submitted, data completeness checked, quality assurance reviewed, and quality assurance checked.

(c) Three countries remained at the early stages of implementation.

547. Given this status, the target of the establishment of the common back office for all United Nations country teams by 2022 would be difficult to achieve. The Board was also informed that the main challenges lay in the lengthy approval process for the common back office at the country level, especially considering the large number and wide range of entities.

548. The Board is of the view that a streamlined approval process needs to be put in place to expand the common back office to more countries and that a standardized template needs to be formulated for expediting the approval process in order to engage more entities at the country level. In addition, a revised timeline for the common back office roll-out needs to be undertaken to achieve the envisaged benefits in full, which would indicate clearly the key milestones, targeted deadline and person responsible, among others.

549. **The Board recommends that the Administration engage the Business Innovations Group in deciding on a streamlined approval process and a revised timeline to ensure that the common back office is implemented and generates the envisaged benefits.**

550. The Administration accepted the recommendation.

(ix) Backlogs in implementation of common premises

551. Common premises are a key enabler for common services and shared services between agencies and form an integral part of United Nations efforts to harmonize common operations at the country level. The common premises entail the co-location of two or more resident United Nations entities present in a country, which can be established at the national and subnational levels.

552. According to data from the Department of Safety and Security, of 2,441 premises in 184 countries, 1,681 single premises (69 per cent) could potentially be consolidated into common premises, while the rest are existing common premises or could not be consolidated.

553. In his report of 2018 on repositioning the United Nations development system to deliver on the 2030 agenda (A/72/684), the Secretary-General set a target to increase the proportion of United Nations common premises to 50 per cent by 2021. The Board reviewed the progress made in that regard and noted that the timeline and target for realizing the 50 per cent target had been revised to be the end of October 2022. The current percentage of common premises was 22 per cent, indicating the risk of the target not being achieved.

554. According to the common premises roll-out plan, the common premises methodology would be rolled out in 162 countries, comprising 131 that have a United Nations country team and 31 that have a multi-country office, and Kosovo,[19] the latter of which was part of the Business Innovations Group project team's pilot. The Board was informed of the main progress that had been made, including issuance in July 2020 of the roll-out plan for the common premises, and the development and testing of the common premises platform, which was finished and expected to go live in the second quarter of 2021 and which would reflect the locations of the United Nations common premises across the globe and critical data (e.g., number of entities, rent paid and number of staff) for each location. In addition, the platform would be used to plan

[19] References to Kosovo shall be understood to be in the context of Security Council resolution 1244 (1999).

and prioritize the common premises projects moving forward and an eight-step common premises approach.

555. Through the eight-step common premises roll-out approach, the country common premises plan would be developed and approved for implementation by the United Nations country team, which also included the monitoring of project implementation and an annual review. The plan would be developed on the common premises platform, which was in development and had not yet been finalized as of April 2021.

556. The Board reviewed the project progress and noted the following areas for further improvement:

(a) Lack of a resource mobilization plan and capital funding for new common premises projects whereby the Government had provided land to the United Nations or for the renovation and refurbishment of a building, and the lack of a methodology on how the costs could be shared among entities involved;

(b) Lack of an impact analysis, including the costs that may be incurred from doing so and the efficiency gains that may be generated from it, which could serve as the basis for undertaking a further determination, supported by a detailed analysis, of whether it is cost-effective to have all entities involved or only a few entities, in order to achieve a quick start and quick results;

(c) The country common premises plan needs to be put in place so that key milestones, key enablers, main risks and risk mitigation measures, among others, are made clear, and a monitoring and reporting arrangement also needs to be put in place so that the monitoring role and responsibilities of the Development Coordination Office, regional officers and United Nations country team members are equally made clear.

557. The Administration explained that the Business Innovations Group annual workplan for 2021 included the development of a resource mobilization plan, and the plan was scheduled to be completed by August 2021.

558. **The Board recommends that the Administration take all measures necessary to expedite the development of the country common premises plan at the country level and ensure that the resource mobilization plan and the impact and prioritizing analyses are finished as planned in accordance with the Business Innovations Group's annual workplan.**

559. The Administration accepted the recommendation.

(x) Performance management needs improvement

560. The Board reviewed the performance appraisal system for the resident coordinator and United Nations country team at the global, regional and country levels, as well as the performance appraisal for Development Coordination Office and resident coordinator office staff, and detected some areas for further improvement, as follows:

(a) The regional and global management and accountability framework had not been finalized. It is intended to provide guidance on management and accountability for United Nations country teams. The country chapter of the framework was finalized in April 2019, and no updated timeline was available as at the time of the audit;

(b) Performance appraisal at the regional level played a limited role, in that no key performance indicator had been developed to measure the performance of the regional office against the predetermined objectives;

(c) At the country level, the permanent resident coordinator and United Nations country team performance management and appraisal system remained under development. In its previous report (A/75/5 (Vol. I), paras. 445–448), the Board noted that there was no permanent system to support the annual performance appraisal process of resident coordinators and United Nations country teams and was informed that a transitional performance appraisal system for 2019 and 2020 had been approved by senior management and circulated on 16 March 2020. The Board noted that the development of the permanent system for performance management had experienced backlogs and might have to be extended beyond the current time frame of the first half of 2021;

(d) Delays in the completion of the performance appraisal. As at 23 April 2021, the electronic performance appraisal system for 26 staff members (38 per cent) of the Development Coordination Office had not been completed and 14 of them had not been started. For international staff of those resident coordinator offices, the electronic performance appraisal system for 92 staff (79 per cent) had not been completed, and 83 of them had not been started.

561. The Administration explained that the permanent resident coordinator and United Nations country team performance management and appraisal system was under development and would reflect the accountability mechanisms captured under the management and accountability framework. Moreover, it would build and draw on lessons learned from the transitional measures used to conduct the performance appraisal for the 2019 and 2020 reporting cycles.

562. **The Board reiterates its recommendation that the Administration expedite the finalization of the management and accountability framework at the global and regional levels.**

563. **The Board also reiterates its recommendation that the Administration expedite the development of a permanent system for the performance management of resident coordinators and United Nations country teams, as well as those at the regional level, which should reflect and be aligned with their revamped roles.**

564. **The Board further reiterates its recommendation that the Administration ensure that the appraisal for all staff members is finished in a timely manner.**

565. The Administration accepted the recommendations.

(xi) Unsatisfactory performance of three United Nations country teams

566. The Board noted that, for United Nations country team appraisals, 3 of 131 were not fully satisfactory, with 2 not meeting performance expectations and 1 partially meeting performance expectations. The Board was informed that such decisions were made by the regional offices of the United Nations Sustainable Development Group through regional performance appraisal meetings and that results had been shared with related entities through a narrative report, in accordance with the established process.

567. The Board was also informed that reasons for the unsatisfactory performance included fragmentation of the United Nations country teams, lack of sufficient coherence and team spirit among country team members, and competition and insufficient cooperation among United Nations agencies.

568. The Board is of the view that a strengthened United Nations country team is at the core of the reinvigorated resident coordinator system, which should be coherent, cooperative and united among the agencies therein.

569. **The Board recommends that the Administration closely follow up on the results of these three United Nations country teams and take corrective action to address the deficiencies identified.**

570. The Administration accepted the recommendation.

12. Operations of peace and security affairs

571. The restructuring of the peace and security pillar is anchored in the establishment of two new Secretariat departments on 1 January 2019. The Department of Political and Peacebuilding Affairs combines political and analytical capabilities and expertise in areas such as electoral assistance, mediation and Security Council affairs with peacebuilding responsibilities, while the Department of Peace Operations[20] provides specialized capabilities in areas such as military affairs and the rule of law. The two departments share a single political-operational structure with regional responsibilities.

572. In its report on the review of the implementation of the peace and security reform (A/75/596), the Advisory Committee on Administrative and Budgetary Questions raised concerns about the reform of the peace and security pillar in relation to benefits management, change management, alignment with the development pillar and a continuous improvement mechanism. The Board followed up on those concerns and noted that efforts had been undertaken by the Administration to improve, among others, change management, business process reengineering and performance management relating to the reform to allow for an integrated response to peacemaking, peacekeeping and peacebuilding at the global, regional and national levels. The Board, however, also identified the deficiencies below that require further improvement.

(a) Progress in peace and security reform

(i) Continuous improvement mechanism not made clear

573. The Secretary-General, in his report on the review of the implementation of the peace and security reform (A/75/202), indicated that the Organization would ensure the transition of benefits management to a continuous improvement mechanism by the end of 2020. The Advisory Committee, in A/75/596, had also highlighted the importance of this.

574. The Board noted that, for the peace and security reform, the vision of the United Nations for its end state was unclear, as were when the peace and security reform activities would be completed, what type of a mechanism for continuous improvement would be introduced and how the peace and security reform activities and benefits would be reported in the future. This may be an indication of weaknesses in reform project management.

575. The Administration explained that, pending finalization of the reform implementation plan, a working group would be established to meet periodically to review progress and recommend course corrections. In addition, the approach of the Department of Political and Peacebuilding Affairs to continuous improvement was intended to ensure that existing learning, evaluation mechanisms and tools would continue to address the broad reform objectives.

576. **The Board recommends that the Administration identify the mechanism for continuous improvement and benefits reporting after the transition.**

[20] Findings and recommendations relating to the Department of Peace Operations were reported in the relevant report of the Board (A/75/5 (Vol. II)).

577. The Administration accepted the recommendation.

(ii) Backlogs in the business re-engineering process

578. The key elements of the peace and security reforms included the creation of two departments, namely, the Department of Political and Peacebuilding Affairs and the Department of Peace Operations, and a single political-operational structure with dual reporting lines to the two departments. Included in the shared structure is a shared office entrusted to ensure coherence and consistency with regard to management, administration, budgetary and similar processes across the pillar, which is important to ensure that standardized, uniform and streamlined service are provided to both departments.

579. A business process re-engineering programme on peace and security affairs had been initiated in May 2019. The Board reviewed the progress of the re-engineering programme in 2020 and noted that 21 critical processes had been planned, of which 11 had been completed and rolled out, while the other 10 were pending finalization and roll-out.

580. The Board is concerned that backlogs in the business re-engineering process may result in a lack of clarity regarding roles, responsibilities and procedures, and process inefficiencies and fragmentation in the Department of Political and Peacebuilding Affairs and the Department of Peace Operations.

581. **The Board recommends that the Administration set up a schedule for finalization of the 10 pending processes, with due consideration given to the updated delegation of authority, and complete the roll-out of the processes in a timely manner.**

582. The Administration accepted the recommendation.

(iii) Areas for improvement in performance management

583. In order to reap in full the envisaged benefits of the reform, a professional performance management framework is needed to ensure that the overall benefits are duly aligned with those at the action level, to capture and report the benefits realized in a timely manner and to facilitate relevant entities in conducting a best practice and lessons learned exercise for knowledge-sharing and taking corrective action, where needed. A benefits tracker has been made publicly available online (see https://reform.un.org) since 2019 as a central benefits management tool that includes a dashboard displaying indicators and targets relating to the reforms. Relevant departments under the peace and security pillar are requested to regularly update the data in the tracker to monitor progress against the objectives of the reform, with a view to continuous improvement.

584. The Board reviewed the performance management of the peace and security reform and identified the following areas in need of further improvement:

(a) Lack of performance indicator in the performance measurement tools. The Board noted that, of 25 indicators relating to 9 reform initiatives as indicated in the benefits tracker under the peace and security pillar, indicator 2 (Overall perceptions of those Member States engaged by the Peacebuilding Commission) was not included in any performance measurement tools of the Department of Political and Peacebuilding Affairs;

(b) Delay in the updating of benefits information in the benefits tracker. The Board noted that the baseline and achievement of some indicators had not been captured in the benefits tracker in a timely manner owing to repeated changes in focal points handling the benefits tracker and to technical issues;

(c) Lessons learned and best practice exercises need to be conducted, with priority given to regional strategies, a whole-of-pillar approach, and synergies between the peace and security pillar and (i) the development and human rights pillars and (ii) other United Nations entities and non-United Nations organizations.

585. **The Board recommends that the Administration ensure that indicator 2, on the overall perceptions of those Member States engaged by the Peacebuilding Commission, is included in its current performance management tools to ensure that the achievement thereof is duly captured and reported.**

586. **The Board also recommends that the Administration ensure that the baseline and achievement of the indicators of the reform initiatives are captured in the benefits tracker in a timely manner.**

587. **The Board further recommends that the Administration implement the best practices and lessons learned, focusing on, among others, regional strategies and synergies with other United Nations entities, to draw on successful experiences from the reform in order to inform and improve its work in the future.**

588. The Administration accepted the recommendations and stated that a joint lesson learned exercise would be conducted among the Department of Political and Peacebuilding Affairs, the Department of Peace Operations and the Development Coordination Office in 2021, focusing on the development and implementation of regional strategies since the reform of the peace and security pillar, and synergies with other United Nations entities, including closer alignment with development actors.

(b) Mandate implementation

(i) Deficiencies in roster management

589. As the leading entity of the United Nations for good offices, political analysis, mediation, electoral assistance, peacebuilding support and political guidance, the Department of Political and Peacebuilding Affairs maintains rosters of experts for Security Council subsidiary bodies, international electoral experts and mediation experts.

590. The Board reviewed the management of those three rosters and identified the areas noted below for further improvement in relation to their size and geographical and gender representation.

(a) Candidate selection and management. Of the 871 experts on the roster for the Security Council subsidiary bodies, some 100 were inactive. Similar cases were also noted for the roster of mediation experts. In 2020, 42 experts had not been selected from the roster, 3 experts had not been evaluated and the performance of 18 needed further improvement. The Board also noted that two information systems were used for the management of the electoral assistance roster and that neither of them could independently offer all the functions needed, indicating the need for an integrated system for roster management;

(b) Gender representation of experts. For example, of 1,373 experts in the roster of electoral experts, 33 per cent were women. The same issue was also observed for the other two rosters;

(c) Geographical distribution of experts. For example, of 871 experts (from 99 countries) in the roster for Security Council subsidiary bodies, 457 (53 per cent) came from the top 10 represented countries. The same issue was also observed for the other two rosters.

591. The Board is of the view that the diversity and complexity of the presence and mandates of the peace and security pillar should be matched by a diverse, geographically balanced and international workforce, and that the lack of gender balance and geographical representation may have a negative impact on the Organization's ability to reflect diverse viewpoints in implementing and meeting its mandates.

592. **The Board recommends that the Administration review the eligibility of the inactive experts on the roster of mediation experts and the roster for the Security Council subsidiary bodies in order to determine whether they should continue to be included on those rosters.**

593. **The Board also recommends that the Administration establish an integrated tool for roster management to improve the efficiency of managing the roster of electoral experts.**

594. **The Board further recommends that the Administration intensify its efforts to increase gender and geographical representation on the three rosters.**

595. The Administration accepted the recommendations.

(ii) Improvements needed in providing electoral assistance

596. United Nations electoral assistance can be provided on the basis of a Security Council or General Assembly mandate or at the request of a Member State. In cases in which electoral assistance is provided on the basis of requests of Member States, the appropriate national authority should send an official request for assistance to the United Nations focal point (i.e., Under-Secretary-General for Political and Peacebuilding Affairs). Upon receipt of the request, the electoral assistance and the type of assistance to be provided is assessed by the United Nations. The Board reviewed that process and noted the following deficiencies:

(a) Member States' electoral assistance needs were not met in full. Since 2017, the Board has noted nine cases in which, following the approval of the request, the United Nations was unable to mobilize necessary resources, resulting in only limited support being provided to those Member States. In 2020, owing to the COVID-19 pandemic, 21 deployments for electoral assistance were made following a Member State request, approximately half of the 2020 target;

(b) Non-compliance regarding the submission of electoral assistance projects reports. It is required under a revised guidance note on electoral assistance that implementing partners shall submit to the Department of Political and Peacebuilding Affairs status reports on a quarterly basis and a final project report within three months of the completion of the project. However, no status reports and final reports had been submitted to the Department by the implementing partners, as requested. This may prevent the Administration from effectively monitoring and evaluating the implementation of electoral assistance projects;

(c) Lack of sharing of the results of the selection of candidates for electoral experts and of their performance evaluation. Implementing agencies did not provide formal feedback to the Department of Political and Peacebuilding Affairs on the selection results and performance evaluation of the candidates for electoral experts suggested by the Department, as required. Doing so may have contributed to further enhancing the effectiveness of the assistance provided and enabling the Department to improve future performance and better anticipate future country needs.

597. **The Board recommends that the Administration reconsider the financing mechanism of United Nations electoral assistance, coordinate with the relevant**

United Nations agencies to further increase fundraising efforts and the diversity of funding sources, and manage to meet the needs of requesting Member States.

598. **The Board also recommends that the Administration request implementing partners to provide status and final reports on project implementation to the Department of Political and Peacebuilding Affairs in a timely and systematic manner.**

599. **The Board further recommends that the Administration ensure that the implementing partners of electoral projects submit, in a timely manner, the recruitment results of candidates and the performance assessment results of the consultants and/or experts on the electoral roster after completion of the assignment.**

600. The Administration accepted the recommendations.

(iii) Mandate implementation at the United Nations Assistance Mission in Afghanistan and the United Nations Assistance Mission in Somalia

601. The Board reviewed the mandate implementation of UNAMA and UNSOM and noted the following deficiencies:

(a) Lack of evaluation indicators in the political affairs/human rights workplan of UNSOM and UNAMA. A review of the UNSOM annual workplan for political affairs and human rights revealed that outputs were not specific and measurable, that the activities were not specific and that the workplans did not establish benchmarks, success criteria and performance indicators. Similar cases were also noted at UNAMA;

(b) Lack of a formal risk register to document identified key risks, and the risk management process of the political affairs programme at UNSOM was not in compliance with the requirement of Secretariat enterprise risk management policy in that risks were not identified and assessed, nor were suitable responses determined and monitored.

602. **The Board recommends that the Administration ensure that UNAMA and UNSOM develop workplan templates that include benchmarks, success criteria and performance indicators, and improve the method to more effectively measure non-quantifiable deliverables.**

603. **The Board also recommends that the Administration ensure that UNSOM take measures to accelerate risk register planning to address the key risks identified and to mitigate them.**

604. The Administration accepted the recommendations.

(c) Peacebuilding Fund

605. The Peacebuilding Fund is the Organization's financial instrument of first resort to sustain peace in countries or situations at risk or affected by violent conflict. It is funded through voluntary contributions and managed by the Peacebuilding Support Office, which has now been integrated into the Department of Political and Peacebuilding Affairs. The Board reviewed the management of the Fund and identified the areas below in need of further improvement.

(i) Financing of the Peacebuilding Fund

606. A robust financing arrangement is key to the sustainability of the Peacebuilding Fund and programme to deliver the entrusted mandate of sustaining peace globally. The Board reviewed the financing activities of the Fund and noted the following deficiencies:

(a) Financing activities in need of improvement. The Peacebuilding Fund strategic plan for the period 2020–2024 set income targets of $1.39 billion to be raised during the period and $385 million to be reached in 2024, doubling the amount of $180 million achieved in 2020. The Board reviewed the current financing strategy of the Fund and noted that more efforts could be undertaken in financing activities such as attracting voluntary contributions from not only Member States, but also other sources, and increasing outreach activities;

(b) Donor bases need to be further expanded. The Board noted that the top three donors had contributed more than 60 per cent of the total amount received in 2020. The number of donors was 25 in 2020, the same as in 2019. An overreliance on a small group of donors for the bulk of funding may lead to vulnerability in mobilizing resources.

607. **The Board recommends that the Administration develop a more comprehensive financing plan and expand the donor base in order to achieve funding targets.**

608. The Administration accepted the recommendation.

(ii) Lack of documented policy on thematic reviews

609. In his report on the arrangement for the revision of the terms of reference for the Peacebuilding Fund (A/63/818), the Secretary-General requested that the Fund be independently evaluated every three years to assess its effectiveness in fulfilling its objectives and overall impact on support for peacebuilding.

610. The Board was informed that the Peacebuilding Fund's related projects had been evaluated primarily through the following means: (a) individual project evaluation; (b) country-level strategic framework evaluation; (c) thematic review; and (d) annual synthesis review (global-level evaluation). A thematic review is a cross-project evaluation to assess the effectiveness of Fund-supported projects dedicated to a specific theme and its overall impact on peacebuilding. The results of thematic reviews will enable the Organization to formulate best practices and lessons learned from these thematic projects and will provide insight into and guidance on future projects on the same theme.

611. On a sample basis, the Board reviewed the evaluation reports of the Peacebuilding Fund's related projects and noted different means for conducting the thematic review. For example, in 2020, the largest donor to the Fund provided full funding for conducting the thematic reviews on gender, and the implementing partners of the thematic reviews were contracted by the donor rather than the Department of Political and Peacebuilding Affairs. The implementing partners of the thematic reviews were co-managed by the donor in consultation with the Peacebuilding Support Office. The Board also noted that there was no documented policy for thematic reviews indicating the funding sources of the activities, scope of the review and the roles and responsibilities of the Office and donors in managing the review.

612. The Board is of the view that the lack of an explicit policy on thematic review may have a negative impact on the evaluation of the projects on certain themes and on peacebuilding as a whole.

613. **The Board recommends that the Administration develop an explicit policy for thematic reviews with a view to providing clear policy guidance for conducting the thematic reviews more consistently.**

614. The Administration accepted the recommendation.

(iii) Delays in establishing a joint steering committee and developing guidelines for it

615. According to the terms of reference for the Peacebuilding Fund, a joint steering committee needs to be established at the country level for Peacebuilding and Recovery Facility allocations to provide strategic guidance and oversight of the Fund's support for a country, including guiding decisions on the allocation of the funding at the country level and monitoring its implementation.

616. The Board, however, noted that Peacebuilding and Recovery Facility projects had been approved in 22 countries as at the time of the audit, in which a joint steering committee had been established in 11 countries, while a committee was expected to be established in 5 other countries and there was no plan to establish a committee in the remaining 6 countries. The Board also noted that the guidelines for the committee, including membership, roles and management, remained in development and that no draft was available as at the time of the audit.

617. The Board is concerned that the lack of joint steering committees in relevant countries and the delay in the development of guidelines regarding these committees may have a negative impact on overseeing and coordinating operations of the Peacebuilding Fund at a country level.

618. **The Board recommends that the Administration establish a joint steering committee in relevant countries in accordance with the requirements of the terms of reference for the Peacebuilding Fund.**

619. **The Board also recommends that the Administration intensify its efforts to expedite the development of the guidelines on the joint steering committee to ensure their formalization.**

620. The Administration accepted the recommendations.

(iv) Delays in the submission of project reports

621. All implementing partners of the Peacebuilding Fund are requested to submit annual project progress/narrative report by 15 November of each year, a financial report on uncertified financial progress on a semi-annual basis and an independent project audit report for non-United Nations recipient organizations at the end of a project.

622. The Board noted that, of the 424 projects that were financially open (either ongoing or operationally closed) according to the Peacebuilding Fund's project reporting dashboard (updated on 13 November 2020), annual narrative reports for 23 projects and audit reports for 3 closed projects had not been submitted as required as at the time of the audit.

623. The Board is concerned that the delay in submitting annual narrative reports and financial reports may result in a lack of assurance provided on whether funding had been used for the tasked purposes as stipulated in the project agreement.

624. **The Board recommends that the Administration strengthen its monitoring and tracking of project implementation to ensure that the narrative reports, financial reports and audit reports are submitted in a timely manner.**

625. The Administration accepted the recommendation.

(v) Corrective action not taken in a timely manner

626. Upon review of the performance score taken from the Peacebuilding Fund's project reporting dashboard, the Board noted that, of 424 active projects, 62 (15 per cent) had been considered off-track or had not achieved the expected results by November 2020. Among the 62 off-track projects, 24 had already been considered

off-track since June 2020. For those off-track projects, insufficient corrective action had been taken to bring them back on track to ensure that the envisaged results could be delivered properly and in full.

627. **The Board recommends that the Administration ensure that corrective action is taken in a timely manner to bring off-track projects back on track.**

628. The Administration accepted the recommendation.

(vi) Lack of a formal Peacebuilding Fund performance framework and strategic framework

629. In order to promote the launch of the Peacebuilding Fund's strategy for 2020–2024, the Peacebuilding Support Office is drawing up a performance framework for the period aimed at assessing whether funding has been properly allocated to the most strategic interventions and whether the Fund assists in supporting integrated responses to fill critical gaps responding quickly and flexibly to peacebuilding opportunities. The Board noted that the performance framework had not been finalized as at the time of the audit.

630. The Board was informed that, along with the launch of the Peacebuilding Fund's strategy for 2020–2024, a new outcome-level "strategic framework" would be launched to guide the Fund's strategic decision-making of a country's eligibility period of five years. As at the time of the audit, the new outcome-level strategic framework was still being piloted in nine countries.

631. The Board is concerned that the lack of a formal Peacebuilding Fund performance framework and strategic framework may have a negative impact on assessing the delivery of projects against the pre-determined goals and the overall impact of the projects on peacebuilding.

632. **The Board recommends that the Administration formalize the Peacebuilding Fund performance framework in a timely manner and work closely with the parties involved to ensure that a strategic framework at the country level is duly developed.**

633. The Administration accepted the recommendation.

(d) Fuel and vehicle management at special political missions

(i) Deficiencies in fuel management at the United Nations Mission in Afghanistan

634. The Board analysed fuel consumption data recorded in the electronic fuel management system at UNAMA for the period from 1 January 2020 to 31 December 2020 and identified some anomalies in fuel consumption, as follows:

(a) Fuel consumption of some generators was higher than the standard ratio. For example, one generator consumed 6,340 litres of diesel but generated only 3,072 kWh, while another generator consumed 5,000 litres of diesel but generated only 4,096 kWh, which were significantly less than what should have been generated, namely, 19,020 and 15,000 kWh, respectively, according to the Standard Cost and Ratio Manual;

(b) Fuel consumption records were inaccurate, in that fuel consumption records of two generators read zero but had consumed fuel.

635. **The Board recommends that the Administration ensure that UNAMA strengthen the training of staff members responsible to ensure the proper recording of fuel data and regularly monitor and analyse fuel consumption in order to identify and investigate irregular fuel consumption.**

636. The Administration accepted the recommendation.

(ii) Excessive holding of VIP vehicles at the United Nations Assistance Mission in Somalia

637. The Board noted that the current holding of vehicles (excluding troop-carrying and utility vehicles, buses and electric carts) was 119, which was 113 per cent more than entitled holdings of 56. The Board also noted that there were 10 VIP vehicles in the mission, 6 more than entitled.

638. **The Board recommends that the Administration ensure that UNSOM adhere to the standard vehicle ratio, including the VIP vehicle ratio, stipulated in the Standard Cost and Ratio Manual and take further measures to achieve a more rational redeployment of vehicles for improved utilization of United Nations vehicle assets.**

639. The Administration accepted the recommendation.

13. Humanitarian affairs

640. The Office for the Coordination of Humanitarian Affairs is the Secretariat entity responsible for bringing together humanitarian actors to ensure a coherent response to emergencies. The Office carries out its functions at Headquarters in New York and Geneva, 5 regional offices and 32 country offices, and 20 humanitarian advisory teams.

641. The Office for the Coordination of Humanitarian Affairs is responsible for two main types of pooled funding sources: country-based pooled funds and the Central Emergency Response Fund. Country-based pooled funds are multi-donor humanitarian financing instruments created by the Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator, supporting the Office's coordination mandate in the delivery of humanitarian assistance in countries where emergencies occur. The Central Emergency Response Fund was established by the General Assembly in 2005 to respond to humanitarian emergencies.

(a) Resource mobilization for humanitarian activities

(i) Funding targets for country-based pooled funds and Central Emergency Response Fund not reached

642. The overarching goal of resource mobilization by the Office for the Coordination of Humanitarian Affairs is to mobilize predictable, flexible, sustainable and sufficient resources to meet growing humanitarian needs. Pursuant to General Assembly resolution 71/127, the annual funding target for the Central Emergency Response Fund was set at $1 billion. With regard to country-based pooled funds, the funding target was set at 15 per cent of the previous year's humanitarian funding received under the relevant country's humanitarian response plan in view of Grand Bargain commitments.

643. In its previous report (A/75/5 (Vol. I), paras. 591–597), the Board noted that the contributions for the country-based pooled funds had remained at the same level in 2019 as in 2018 and accounted for only 56 per cent of the funding target. The Board recommended that the Administration make all efforts to achieve the funding targets for country-based pooled funds.

644. The Board continued its review of fundraising activities of the Office for the Coordination of Humanitarian Affairs and noted that the contributions received for the Central Emergency Response Fund were $639.04 million in 2020, 64 per cent of the target, compared with 83 per cent in 2019. In 2020, the country-based pooled funds funding target was $1.83 billion. However, the Board noted that, as at 31 December 2020, the country-based pooled funds had received $861.70 million, 47 per cent of the funding target, compared with 56 per cent in 2019.

645. The Administration explained that it had made all efforts to achieve the funding targets for the Central Emergency Response Fund and country-based pooled funds, which were outlined in its corporate resource mobilization strategy. It had also developed an action plan for the Central Emergency Response Fund and a template action plan for country-based pooled funds to roll out the strategy.

646. The Board also noted that, in 2020, the Office for the Coordination of Humanitarian Affairs had launched the Global Humanitarian Response Plan for COVID-19, which increased total humanitarian funding requirements by $9.5 billion. However, as two important fundraising tools in response to the pandemic, the contributions received in 2020 for country-based pooled funds and the Central Emergency Response Fund remained at almost the same level as in previous years.

647. The Board is of the view that, in the context of the pandemic, reaching funding targets becomes even more important for humanitarian assistance than ever.

648. **The Board recommends that the Administration make all efforts to decrease the funding gap against targets for country-based pooled funds and the Central Emergency Response Fund, especially in the context of the COVID-19 pandemic.**

649. The Administration accepted the recommendation.

(ii) Reliance on limited donors

650. The Office for the Coordination of Humanitarian Affairs, in its strategic plan for the period 2018–2021, envisaged enhancements to the sustainability of its financial resources by broadening the donor base for extrabudgetary resources and creating long-term political and financial commitments from its donors through its donor support group.

651. During the period from 2018 to 2020, contributions from the donor support group accounted for more than 99 per cent of total funding for the Office for the Coordination of Humanitarian Affairs, as detailed in table II.19. In addition, the top 10 donors contributed more than 80 per cent of total income. With regard to contributions from non-donor support group donors, including through private sector fundraising, they accounted for only 0.49 to 0.77 per cent in recent years.

Table II.19
Donor support group funding, 2018–2020
(Millions of United States dollars)

Year	*Contributions from donor support group*	*Contributions from other donors*	*Donor support group funding (percentage of total funding)*
2018	1 769	13.7	99.23
2019	2 042	11.3	99.45
2020	1 759	8.6	99.51

Source: Based on data from the Office for the Coordination of Humanitarian Affairs contribution tracking system.

652. The Board is of the view that an overreliance on a small group of donors in the donor support group may lead to vulnerabilities in mobilizing resources.

653. **The Board recommends that the Administration endeavour to expand the donor base, including by increasing the number of government donors and increasing the amounts received from the private sector, to reduce vulnerabilities in mobilizing resources.**

654. The Administration accepted the recommendation.

(b) Management of pooled funds

655. In 2020, the Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator released $848.15 million from the Central Emergency Response Fund grant element and $40 million from the Central Emergency Response Fund loan element to two United Nations agencies. Meanwhile, 6,169 country-based pooled funds projects totalling $3.69 billion were in operation.

(i) Releasing Central Emergency Response Fund loans from the grant element

656. Following General Assembly resolution 66/119, the Central Emergency Response Fund has maintained a loan facility of $30 million, which acts as a cash-flow mechanism to ensure the rapid and coordinated response to humanitarian emergencies. In accordance with the Secretary-General's bulletin on the establishment and operation of the Central Emergency Response Fund (ST/SGB/2010/5), the Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator may make advances up to the total amount of cash available in the loan element of the Fund.

657. In November 2019, the Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator approved a $30 million loan to the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). Given that the available balance of the loan element was only $10 million at the time, the Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator and the Controller agreed to release an additional $20 million loan to UNRWA from the grant window. The $30 million loan was required by UNRWA to meet part of its payroll costs for some 22,500 staff in November 2019, including more than 13,500 teachers and approximately 2,400 health staff, who delivered education and health services to refugees. The $20 million released from the grant window was repaid in December 2019.

658. Through further analysis on the list of Central Emergency Response Fund loans for the past five years (2016–2020), the Board noted that, of a total amount of $175 million funds released to United Nations agencies, $135 million (77 per cent) had been provided to UNRWA, which used $60 million (44 per cent) for payroll.

659. The Board is of the view that releasing loans from the grant element does not comply with General Assembly resolution 66/119 and ST/SGB/2010/5. Furthermore, the Board is concerned that the Central Emergency Response Fund's loan element has become a long-term source of funding for UNRWA, which will affect the flexibility of the loan element as a cash-flow mechanism.

660. The Administration explained that, in consideration of the crisis in UNRWA humanitarian activities due to its acute financial situation, an emergency loan of $20 million had been lent to the Agency from the grant element because there was a shortage in the available loan balance. Meanwhile, given that UNRWA was facing severe cash-flow problems, the Central Emergency Response Fund loans were provided multiple times in order to avert severe disruptions in its humanitarian activities. The Office for the Coordination of Humanitarian Affairs had emphasized to UNRWA that this level of support was not sustainable and encouraged the Agency to develop a sustainable vision for resource mobilization.

661. **The Board recommends that the Administration strictly comply with General Assembly resolution 66/119 and Secretary-General's bulletin ST/SGB/2010/5 to maintain the size of the loan element at $30 million and make**

advances up to the total amount of cash available in the loan element of the Central Emergency Response Fund.

662. **The Board also recommends that the Administration ensure that Central Emergency Response Fund loans are provided to the United Nations agencies as a mechanism for mitigating ad hoc cash-flow gaps to ensure the rapid and coordinated response to humanitarian emergencies and not for addressing systemic cash-flow problems for specific agencies.**

663. The Administration accepted the recommendations.

(ii) Deficiencies in subgranting arrangements

664. The country-based pooled funds allow their implementing partners to subgrant projects. However, the operational handbook for country-based pooled funds does not provide further guidance on how to manage subgranting arrangements, except that the costs incurred by subimplementing partners should be presented fairly in the project proposals and budget lines of the grant agreements between the Office for the Coordination of Humanitarian Affairs and its implementing partners.

665. According to the data provided by the Office for the Coordination of Humanitarian Affairs, the 18 country-based pooled funds allocated $907.84 million to 1,369 projects in 2020, among which 310 projects subgranted $103.91 million (11 per cent) to relevant subimplementing partners. In addition, 109 projects subgranted more than 50 per cent of their budget to the subimplementing partners.

666. On a sample basis, the Board reviewed the subgranting arrangements and noted instances of potential risk and higher costs, as follows:

(a) A total of 7 implementing partners had subgranted all programmatic activities of 9 projects totalling $3.75 million (92 per cent of the total budget) to 16 subimplementing partners, after charging 6.5 or 7 per cent of the actual project expenditures as in programme support costs, as well as some other management costs. Of those subimplementing partners, 3 were listed as the eligible implementing partners of the Office for the Coordination of Humanitarian Affairs, involving a subgrant amount of $1.38 million;

(b) In 22 projects, the primary implementing partners had subgranted a total amount of $4.69 million (29 per cent of the budget) to 20 subimplementing partners, who were deemed ineligible to receive direct funding from the Office for the Coordination of Humanitarian Affairs;

(c) Three subimplementing partners had received a total of $4.29 million through 4 subprojects, exceeding the fund ceiling per project set by the Office for the Coordination of Humanitarian Affairs for primary implementing partners on the basis of their risk levels, with the amount exceeded ranging from $190,774 to $467,715.

667. The Administration explained that subgranting arrangements with new and/or ineligible partners existed for mentoring and capacity-building reasons. This allowed the Office for the Coordination of Humanitarian Affairs to promote localization and better attain humanitarian objectives in line with strategies endorsed by the wider humanitarian community. The Administration also explained that funding ceilings under the operational modalities did not apply to those organizations as subimplementing partners, given that they would fall under the responsibility and management of the primary implementing partner.

668. The Board is of the view that the rationale for and necessity of subgranting all the programmatic activities, after charging programme support costs and other management cost to a subimplementing partner, especially one that is also an eligible implementing partner registered with the Office for the Coordination of Humanitarian

Affairs, need to be analysed thoroughly. This approach should be limited to cases with substantive justifications in which the subgranting arrangement adds value and in which the technical expertise and oversight of the primary implementing partner is needed. Otherwise, the subgranting arrangements may increase management costs and consequently reduce the overall cost-efficiency of the projects. The Board is also concerned that awarding subgrants to implementing partners not eligible for direct funding may expose the Office for the Coordination of Humanitarian Affairs to higher risks regarding fund utilization.

669. **The Board recommends that the Administration make efforts, including but not limited to updating the operational handbook for country-based pooled funds, further specifying the rationale for implementing partner subgranting modalities and continuing to provide sustained assurances thereon.**

670. The Administration accepted the recommendation.

(iii) Delay in adjustment to implementing partners' risk levels

671. According to the operational handbook for country-based pooled funds, the risk ratings on implementing partners are determined and adjusted according to the performance of the partners, which shall be translated into the minimum control mechanisms (operational modalities) for implementing partners. Calculations of risk ratings and notifications of adjustment are initiated automatically through the grant management system, but the latter will not automatically revise the risk level of a partner. The purpose of this is to allow for manual adjustments by fund managers, when necessary, based on additional available information. Following the grant management system notification, the fund manager should consider making an adjustment and adjusting the risk level manually.

672. The Board noted that, as at 1 April 2021, of 1,771 implementing partners listed as eligible country-based pooled funds implementing partners, the risk level of 91 implementing partners had not been adjusted to higher risk levels in accordance with grant management system notifications. The Board also noted that the average number of days that had passed since the automated risk level adjustment notification for 72 of those 91 implementing partners (79 per cent) was 412, with the longest duration at 1,170 days for 1 implementing partner. Among the 72 implementing partners, the risk levels of 5 were notified by the grant management system to be adjusted from medium or high to ineligible.

673. Moreover, the Board noted that the Office for the Coordination of Humanitarian Affairs had allocated $88.98 million to 25 of the 72 implementing partners after the last automated grant management system notification for consideration of an adjustment to a higher risk level had occurred. Therefore, there is a risk that operational modalities for assurance activities on these partners may not be performed appropriately.

674. The Board also noted that the global operational handbook of the Office for the Coordination of Humanitarian Affairs for country-based pooled funds, as well as most operational manuals at the country level, lacked provisions for the frequency of manual adjustments to implementing partners' risk levels.

675. **The Board recommends that the Administration review relevant clauses relating to implementing partner risk adjustments in the operational handbook for country-based pooled funds, with a view to ensuring that risk levels of implementing partners are reviewed and revised within a reasonable time frame.**

676. The Administration accepted the recommendation.

(iv) Delay in refund of unspent balances

677. According to the operational handbook for country-based pooled funds, the Office for the Coordination of Humanitarian Affairs shall review and close the project within two months from receipt of the audit report and, following the closure of a project and its audit, partners will be notified by the Office of the exact amount to be refunded. Proof of payment needs to be received and acknowledged by the Office. With regard to the Central Emergency Response Fund, the handbook also provides that unspent grants should be returned within a specific time frame, including any interest accrued on the funds.

678. In its previous report (A/75/5 (Vol. I), paras. 613–618 and 631–636), the Board noted cases in which unspent balances remained unrecovered or refunds from implementing partners had been received after the due date for Central Emergency Response Fund or country-based pooled funds projects. The Board recommended that the Administration pursue the timely completion of the refund of unspent funds.

679. The Board reviewed project data relating to refunds of 14 country-based pooled funds (excluding the 4 country-based pooled funds managed by the United Nations Development Programme before 2020) and noted the following cases:

(a) Delay in the refund process. A refund of $19.35 million was due from implementing partners for 818 projects closed from 2018 to 2020, of which $4.85 million (25 per cent) for 269 projects remained overdue as at 31 March 2021. In addition, among the 75 per cent of refunds that had been recovered as at 31 March 2021, 175 cases totalling $3.55 million (18 per cent) had refunds recovered beyond the prescribed time frame for doing so;

(b) Refunds not captured in Umoja. The Board noted that implementing partners had refunded $785,726 relating to 30 projects to the Office for the Coordination of Humanitarian Affairs from 2018 to 2020. However, those payments had not been captured in Umoja as at the time of the audit. The Administration explained that it was working with the United Nations Treasury and other entities to trace the refunds;

(c) Refund not updated in the grant management system. The Board noted that refunds for 42 projects had been posted in Umoja from 2018 to 2020, but the received amount and date of refund for the 42 projects was not updated in the grant management system, with a delay of more than 30 days for 30 projects, with the longest duration at 424 days, as at 10 April 2021.

680. With regard to Central Emergency Response Fund project refund management, the Board noted that, as at 17 April 2021, 66 projects had $4.63 million in refunds overdue. For example, for six projects with end dates in 2019, the total unspent balance was $650,063, of which $613,680 (94 per cent) had been recovered, with delays ranging from 13 to 18 months, and $36,383 (6 per cent) had been overdue since 15 February 2020.

681. The Administration explained that it was a challenge to correctly identify the refund and link it to the corresponding project in some cases, while in others there was a delay in manually entering refund updates in the grant management system owing to the lack of a data bridge. The banking system in some countries of operation and local government legislation made it extremely difficult to have a refund processed, which also resulted in significant delays.

682. The Board is of the view that it is important for the Office for the Coordination of Humanitarian Affairs to track the progress of the refund in a timely manner so that unspent funds can be used efficiently.

683. **The Board recommends that the Administration make sustained efforts to ensure timely refunds of unspent balances of Central Emergency Response Fund and country-based pooled fund projects and reduce the occurrence of refunds that have been overdue for a long time.**

684. **The Board also recommends that the Administration make continuous efforts to trace the refunds outstanding of country-based pooled fund projects that were already paid by implementing partners and coordinate with the Finance Division to record them in Umoja in a timely manner.**

685. The Administration accepted the recommendations.

(v) Financial spot checks and monitoring not conducted

686. The operational handbook for the country-based pooled funds provides that programme monitoring and financial spot checks for projects implemented by non-governmental organizations (NGOs) are determined on the basis of partner risk level, while programme monitoring of United Nations agency projects is mandatory and should be based on a sampling methodology.

687. In a previous report (A/74/5 (Vol. I), paras. 438–444), the Board had noted a significant backlog in field site monitoring and financial spot checks relating to the country-based pooled funds and recommended that the Office for the Coordination of Humanitarian Affairs make sustained efforts to improve monitoring visits and financial spot checks.

688. The Board reviewed the country-based pooled funds grant management system records relating to financial spot checks of the NGO partners and monitoring visits to the NGO and United Nations agency partners scheduled in 2020 and noted that, of 2,329 financial spot checks required, 687 (29 per cent) had not been conducted. Meanwhile, of 3,409 monitoring visits required for NGO projects in 2020, 359 (11 per cent) had not been done and 96 (29 per cent) of 334 had not been conducted as expected for the United Nations agencies' projects.

689. The Administration explained that, the extraordinary COVID-19 circumstances notwithstanding, it had continued to improve compliance rates for financial spot checks and monitoring in 2020.

690. **The Board reiterates its recommendation that the Administration carry out project monitoring and financial spot checks in a timely and sustained manner in line with the operational handbook.**

691. The Administration accepted the recommendation.

(vi) Delay in submission of final financial reports and final narrative reports

692. Pursuant to the operational handbook for country-based pooled funds, submissions of final financial reports and final narrative reports by the implementing partners, including NGOs and United Nations agencies, are required to ensure that activities carried out are on track to reach proposed project objectives.

693. In its previous report (A/74/5 (Vol. I), paras. 445–455), the Board noted delays in the submission of final financial reports and final narrative reports pertaining to country-based pooled funds projects implemented by the United Nations agencies and NGOs. The Board recommended that the Administration make sustained efforts to ensure the timely receipt of financial and narrative reports for the effective monitoring of implementing partners.

694. The Board continued its review of the country-based pooled funds grant management system records relating to the final financial reports and final narrative

reports submitted by the implementing partners in 2020 and noted some delays in the submission of those reports. For example, of 913 final financial reports to be submitted, 257 (28 per cent) had been submitted late and 29 (3 per cent) had not been submitted as at 10 April 2021. Meanwhile, of the 912 final narrative reports to be submitted, 191 (21 per cent) had been submitted late and 19 (2 per cent) had not been submitted.

695. The Administration explained that it was continuing to improve compliance with timelines set out in the operational handbook for country-based pooled funds relating to the submission by partners of narrative and financial reports. In addition, the automated reminder for pending reports, developed in the grant management system, would support the country-based pooled funds in further following up on delayed reports.

696. The Board is of the view that delays in the submission of the final financial reports and final narrative reports may prevent the Office for the Coordination of Humanitarian Affairs from receiving sufficient assurances on whether the proposed project objectives are reached and from identifying problems or risks in a timely manner.

697. **The Board reiterates its recommendation that the Administration urge implementing partners to submit final financial reports and final narrative reports in a timely manner to facilitate project monitoring.**

698. The Administration accepted the recommendation.

(vii) Deviations from minimum standards relating to the funding ceiling at country level

699. The operational handbook for country-based pooled funds outlines the minimum global standards for effective and efficient management of country-based pooled funds. It sets the funding ceiling for projects implemented by NGOs to correspond to partner risk levels and project duration.

700. The Board reviewed the operational modalities in the operational manuals of all 18 country-based pooled funds operating in 2020 and noted that, for the Somalia Humanitarian Fund and the South Sudan Humanitarian Fund, the funding ceilings for NGO projects with a medium risk level and a duration of 7 to 12 months were $1.30 million and $1.50 million, respectively, exceeding the global ceiling ($1.20 million) set by Headquarters.

701. The Board is of the view that raising the ceiling of funding at the country level without appropriate approval by Headquarters may adversely affect the effective and efficient management of country-based pooled funds and thus impair the funds' security.

702. **The Board recommends that the Administration ensure that the operational modalities of country-based pooled funds at the country level adhere strictly to minimum global standards and that deviations, if any, are sufficiently justified and appropriately endorsed.**

703. The Administration accepted the recommendation.

(c) Information technology systems

704. The Office for the Coordination of Humanitarian Affairs prepares, in the same way as other Secretariat offices and agencies, its trial balance through Umoja. In addition, it uses the Central Emergency Response Fund grant management system and the country-based pooled funds grant management system to manage related projects, and these processes are to be consolidated into a single grant management system.

Deficiencies in segregation of duties in Umoja

705. According to the Financial Regulations and Rules of the United Nations, an approving officer cannot exercise certifying functions. The Umoja guide to roles also lists all roles and related mapping guidelines in terms of role assignment restrictions/ limitations.

706. The Board reviewed the set of roles and delegation of authority in Umoja for staff members of the Office for the Coordination of Humanitarian Affairs and noted 36 cases in which users held conflicting roles with medium or high risk. For example, 10 users held conflicting roles of SA Approver (SA.07) and FA User (AP) (FA.02) simultaneously, 9 users with LVA requisitioner (SA.08) and FA User (AP) (FA.02), 8 users with SA Requisitioner (SA.01) and RD Receiving User (RD.07), and 6 users with SA Requisitioner (SA.01) and FA User (AP) (FA.02).

707. The Administration explained that it had taken action to address the conflicting roles, including designing a new business model to remedy the conflicts, redistribute the conflicting roles and coordinate with the Department of Management Strategy, Policy and Compliance to discuss such conflicts.

708. The Board is concerned that assigning conflicting roles to one staff member may run the risk of functions not being properly performed, internal controls being weakened and increasing the risk of fraud.

709. **The Board recommends that the Administration conduct a comprehensive review of roles assigned in Umoja in conjunction with the delegation of authority and identify and address the issue of conflicting roles.**

710. The Administration accepted the recommendation.

14. Information and communications technology

711. A single Office of Information and Communications Technology was established in 2019 through the consolidation of the then Office of Information and Communications Technology in the Department of Management and the then Information and Communications Technology Division in the Department of Field Support. The Office is led by the Assistant Secretary-General/Chief Information Technology Officer, who reports to the Under-Secretaries-General for Management Strategy, Policy and Compliance and for Operational Support. It is committed to providing central leadership, guidance and oversight of ICT activities, and establishing and maintaining an integrated and harmonized ICT environment throughout the Secretariat.

712. In its resolution 69/262, the General Assembly endorsed the ICT strategy for the United Nations proposed in the report of the Secretary-General on ICT in the United Nations (A/69/517). The strategy was focused on five major areas or key drivers, namely, a strengthened governance and leadership framework; modernization in support of organizational priorities; the transformation of ICT delivery and innovation to foster new technological solutions in the long term; and optimal use of ICT resources. The five years for the implementation of the ICT strategy in the United Nations ended on 10 February 2020.

713. To date, the Secretary-General has submitted five progress reports on the status of implementation of the ICT strategy, with the most recent report (A/74/353) dated 17 September 2019. Pursuant to General Assembly resolution 70/238 B, the Board has submitted four progress reports on the implementation of the ICT strategy, with its most recent (A/75/156) dated 13 July 2020. Weaknesses were identified in the implementation of the strategy in several areas, including governance and accountability, implementation of the strategy projects, Umoja mainstreaming,

information security, disaster recovery management, application and website rationalization, the Enterprise Network Operations and Security Centre, the Unite Service Desk, hybrid cloud computing, information management, defragmentation and the utilization of ICT resources.

714. In its related report (A/75/564), the Advisory Committee on Administrative and Budgetary Questions stressed the need for greater transparency, oversight and predictability with regard to costs and requirements associated with ICT and emphasized the importance of a clear division of work within the Office of Information and Communications Technology to avoid a duplication of resources and gaps in accountability. The Advisory Committee also requested comprehensive information with regard to the services procured from the United Nations Office for Project Services (UNOPS) to improve transparency, strengthen accountability, achieve collaboration and reduce fragmentation.

715. The Board continued its review of the ICT functionalities of the United Nations, focusing on ICT functions, defragmentation, cybersecurity and ICT assets management, and identified the issues outlined below.

(a) Duplication of information and communications technology functions

716. A streamlined ICT governance architecture was established in 2019 pursuant to the report of the Secretary-General on shifting the management paradigm in the United Nations (A/72/492/Add.2). Following the restructuring of the Office of Information and Communications Technology in the management reforms, there are three integrated divisions: the Policy, Strategy and Governance Division, the Operations Support Division and the Enterprise Solutions Service.

717. In its previous report (A/75/156), the Board had noted that there were overlap and duplication of functions within the Office of Information and Communications Technology and recommended that the Administration map the functions, roles and responsibilities of the divisions, sections and services within the Office, on the basis of the report of the Secretary-General (A/72/492/Add.2), to avoid such overlap and duplication.

718. The Board continued its review of the functions of the three integrated divisions of the Office of Information and Communications Technology in 2020 and continued to identify instances of duplication and unclear definition of responsibilities among relevant divisions of the Office. For example, in the case of emerging technologies, the Policy, Strategy and Governance Division has a role in focusing on emerging technologies with a view to their implementation in the Office and the Secretariat. Meanwhile, some of these technologies are already utilized in the Operations Support Division and the Enterprise Solutions Service.

719. The Administration acknowledged that there was a need to clarify roles and responsibilities of the divisions more clearly, although the above instances did not reflect the complexity of the ICT area or the result of the post-management reform consolidated structure.

720. The Board is concerned that duplication and the unclear delineation of responsibilities within the Office of Information and Communications Technology may lead to a blurring of accountability and similar or the same responsibilities held by different staff or units within the Office.

721. **The Board reiterates its recommendation that the Administration clearly define the functions and responsibilities of each division and service within the Office of Information and Communications Technology to avoid duplication and fragmentation within the Office.**

722. The Administration accepted the recommendation.

(b) Delay in information and communications technology policy formulation

723. The Secretary-General in his report of 2018 (A/72/492/Add.2), stated that policies and standards would be established covering infrastructure, hardware, software and methodologies to ensure that ICT work was performed in a consistent manner across the Organization.

724. The ICT Policy Committee, chaired by a senior ICT staff member on a rotating basis, is tasked with identifying the gaps in Secretariat-wide ICT policies and technical procedures, determining their scope, assigning the drafting of policies to appropriate subject matter experts and reviewing and adopting their content. In 2020, the Committee, which met regularly, reviewed and endorsed six technical procedures, created two new technical procedures and one guideline and abolished one obsolete guideline. In addition, one technical procedure was endorsed by the committee in March 2021.

725. In recent years, the Office of Information and Communications Technology had outsourced a number of functionalities, such as ICT infrastructure services, platform services, application services, data management, training management and technical support, to the United Nations International Computing Centre, UNOPS and other business partners. The Board requested a number of contracts signed in the past three years (from 2018 to 2020), as well as information such as contract amount, scope of contracted business and the Office of Information and Communications Technology divisions/services involved. However, the Administration did not provide that information to the Board.

726. The Board reviewed technical procedures and policies issued during the COVID-19 pandemic and noted instances in which policy formation required further improvement, as follows:

(a) Policy for outsourcing business. The Board noted that the Office of Information and Communications Technology had signed more than 100 contracts with various business partners, even though no formal policy in that regard had been documented to define the scope, methodology, evaluation and quality management of the outsourcing business. On a sample basis, the Board noted delays in signing seven financial agreements with UNOPS. Those agreements were signed in January 2021 and the contract periods were from 1 September 2020 to 31 December 2020;

(b) Policy for the ICT support model in the remote work context. Following the outbreak of COVID-19, the Secretariat quickly migrated to telecommuting arrangements, whereby the number of participants in virtual meeting increased from approximately 600 to 27,340 daily by the end of December 2020. Sixteen instances of operational guidance have been issued to ensure a coherent and policy-based approach to remote working. Notwithstanding the efforts made, the Board is of the view that the Office of Information and Communications Technology still needs to consider compiling a comprehensive policy for the ICT support model in remote work situations.

727. The Administration acknowledged that there was no policy on outsourcing but rather an information circular (ST/IC/2005/30) issued in 2005. The submission, review and signature of the financial agreements between the Office of Information and Communications Technology and UNOPS were delayed owing to an ongoing internal review of the former's operating budget and charge-back and to an assessment of available funding to sustain the ongoing operations and services to clients.

728. The Administration also informed the Board that there were policy revisions and that those revisions included the new remote working model and related changes either in technology or usage.

729. The Board is concerned that a lack of relevant policies might weaken the capabilities of the Office of Information and Communications Technology to fulfil its mandate to formulate policies as a department of the United Nations integrated and centralized ICT management structure, and some activities might deviate from a consistent standard and process.

730. **The Board recommends that the Administration issue policies or guidelines to ensure a comprehensive review and analysis of and plan for ICT technical support requirements when considering outsourcing to service providers, and ensure that such contracts are established in a timely manner.**

731. **The Board also recommends that the Administration formulate a policy for the ICT support model to support the Organization in continuing to have staff work remotely and safely during and after the COVID-19 pandemic.**

732. The Administration accepted the recommendation.

(c) Fragmentation of information and communications technology budget

733. In its resolution 69/262, the General Assembly requested the Secretary-General to ensure that all entities of the Secretariat report to the Assistant Secretary-General/Chief Information Technology Officer on all issues relating to ICT activities, resource management and standards. In accordance with Secretary-General's bulletin ST/SGB/2016/11, the Office of Information and Communications Technology is responsible for reviewing budgets and projects from all funding sources for all ICT initiatives and operations of the Secretariat within existing governance structures and before their submission to the former Office of Programme Planning, Budget and Accounts (now the Office of Programme Planning, Finance and Budget).

734. In its previous reports (A/72/151, para. 112; A/75/156, para. 246), the Board noted that the ICT units, located in different departments, remained fragmented and that progress in the defragmentation of ICT resources had been very slow. The Advisory Committee on Administrative and Budgetary Questions concurred with the Board's recommendation that weak cross-departmental coordination and lack of accountability framework were underlying reasons for unresolved critical issues (A/75/564, para. 6).

735. In the course of its audit, the Board was informed by the Administration that, during the period 2016–2020, although all Secretariat entities and peacekeeping missions were required to submit proposals for new ICT investment or projects to the Office of Information and Communications Technology for review/approval, only 10 entities followed General Assembly resolution 69/262 and the Secretary-General's bulletin ST/SGB/2016/11 to submit a business case to the Office for review, and none was held accountable for those non-submission cases.

736. The Board is concerned that the fragmentation of resources related to ICT leads to overlap, disconnect and redundancy of ICT functions across the United Nations. Furthermore, the Office of Information and Communications Technology lacks holistic and integrated management of the ICT budget to realize its full potential.

737. **The Board reiterates its recommendation that the Administration enhance cross-department coordination to ensure strict compliance with the requirement of General Assembly resolution 69/262 and Secretary-General's bulletin ST/SGB/2016/11 relating to the ICT budget submission, and hold entities accountable for the submission of budgets and projects from all funding sources for all ICT initiatives and operations to the Office of Information and Communications Technology.**

738. The Administration accepted the recommendation.

(d) Delayed progress of network segmentation in the Secretariat

739. In his 2015 report on the status of implementation of the ICT strategy for the United Nations (A/70/364), the Secretary-General provided a 10-point action plan to strengthen information security, including the segmentation of network zones aimed at reducing secondary compromise through a single compromised host by limiting access to additional internal targets.

740. In its fourth annual progress report on the implementation of the ICT strategy (A/75/156, para. 93), the Board noted that there was no further progress on network segmentation in 2019 and recommended that the Administration take forward the information security initiatives, such as asset classification, enhanced awareness and network segmentation.

741. The Advisory Committee on Administrative and Budgetary Questions, in its related report (A/75/564), expressed concern over 10 urgent short-term measures that had yet to be completed in full more than five years after the formulation of the action plan. The Board noted that there was no further progress on network segmentation in 2020.

742. The Administration explained that the resources of the Office of Information and Communications Technology had been diverted to address other priorities, such as operational needs to support, among others, remote work arrangements and the deployment of multi-factor authentication. While the Office resumed its network segmentation activities at the beginning of 2021, there was no clear completion rate and the scheduled time frame for completion was extended to 2022.

743. The Board was informed that, in 2020, exploitation of ICT systems' susceptibility resulted in multiple incidents at different locations and offices, including alterations of the content (defacements) of United Nations websites, as well as breaches in which vulnerabilities in publicly accessible systems were used to gain access to and compromise internal systems and accounts.

744. The Board is concerned that delayed progress of network segmentation could affect severely the alignment between ICT and United Nations goals of reducing cyberattacks and strengthening security and privacy. The Board is also concerned that the absence of a clear implementation timetable could negatively affect the progress made in network segmentation.

745. **The Board reiterates its recommendation that the Administration place a higher priority on network segmentation, develop a clear time frame for the completion of pending work and implement the planned activities in a timely manner.**

746. The Administration accepted the recommendation.

(e) Delay in updating of information and communications technology assets

747. In its fourth annual progress report on the implementation of the ICT strategy (A/75/156, para. 109), the Board had noted risks of overdue servicing of ICT assets and recommended that the Office of Information and Communications Technology review the capital investment plan for the remaining period and reprioritize, identify and upgrade outdated systems to secure information assets and resources that are accessible across the globe.

748. The Board was informed that the Administration had prepared the resource requirements for the requisite capital investment, which includes a five-year plan for the replacement, identification and upgrade of outdated systems needed to secure information assets and resources at all duty stations worldwide. However, the Administration also informed the Board that the resources proposed for the implementation of the plan were pending availability.

749. The Board is of the view that, under the new business environment of the COVID-19 pandemic, working remotely is more dependent on ICT assets and faces greater risks in network and data security. Therefore, the issue of solving asset ageing needs to be prioritized.

750. **The Board reiterates its recommendation that the Administration review the capital investment plan for the remaining period, reprioritize, identify and upgrade outdated systems, and establish a timeline for its completion, considering the impacts of the COVID-19 pandemic.**

751. The Administration accepted the recommendation.

C. Disclosures by management

1. Write-off of losses of cash, receivable and property

752. The Administration informed the Board that it had formally written off accounts receivable and advances of $201,288, and property with a net cost of $2.32 million, which included equipment valued at $1.25 million and real estate assets of $1.07 million.

2. Ex gratia payments

753. The Administration reported that, in accordance with financial regulation 5.11, an amount of $36,829.50 had been paid as an ex gratia payment during the year ended 31 December 2020.

3. Cases of fraud and presumptive fraud

754. The Administration informed the Board that the Financial Policy and Internal Control Service, on behalf of the Controller, had consolidated all cases of fraud and presumptive fraud received from the entities/Office of Internal Oversight Services/Office of Human Resources and reviewed them for consistency and completeness before the final report was compiled to ensure accuracy in reporting.

755. For 2020, the Administration reported 111 cases of fraud or presumptive fraud, with an estimated amount of $32.47 million in 27 cases, as shown in table II.20. For the rest of the cases, the estimated amount was categorized as “undetermined” or “unknown” in the report provided to the Board.

Table II.20
Cases of fraud and presumptive fraud

	Fraud	*Presumptive fraud*
Number of cases	20	91
Number of cases in which investigation was completed	20	14
Number of cases pending/under investigation	–	77
Number of cases in which amount of fraud/presumptive fraud was estimated	9	18
Estimated amount of fraud/presumptive fraud (millions of United States dollars)	0.18	32.29

Source: Based on data provided by the Administration.

756. The Board reviewed the reports and noted that some cases had been reported late. For example, some cases in 2018 and 2019 were reported in 2020.

757. The Administration stated that cases of presumptive fraud remained open after due diligence had been performed and credible suspicion of potential fraud had been noted. There should be delays in reporting as a result of long-term verification and in-depth analysis. Entities were continuously improving the process for reporting cases of presumptive fraud and fraud cases to the Office of the Controller. The delays in reporting to the Office did not affect either the timing of investigations or the timeline for taking appropriate measures in case of confirmed fraud.

D. Acknowledgement

758. The Board wishes to express its appreciation for the cooperation and assistance extended to its staff by the management and staff of the United Nations at all the locations that it visited and audited.

(*Signed*) Jorge **Bermúdez**
Comptroller General of the Republic of Chile
Chair of the Board of Auditors

(*Signed*) **Hou** Kai
Auditor General of the People's Republic of China
(Lead Auditor)

(*Signed*) Kay **Scheller**
President of the German Federal Court of Auditors

22 July 2021

Annex I

Status of implementation of recommendations up to the year ended 31 December 2019 (volume I)

No.	*Audit report year/ biennium*	*Report reference*	*Recommendation of the Board*	*Administration's response*	*Board's assessment*	*Status after verification: Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
1	2008–2009	A/65/5 (Vol. I), chap. II, para. 437	The Board recommended that the Administration take appropriate measures to ensure that the "Carbon" project is interfaced with Umoja.	The Department for General Assembly and Conference Management established an overarching project to integrate conference and event management applications and Umoja. All projects within the scope of conference and event management need to pass cybersecurity and architectural reviews by the Office of Information and Communications Technology, without which the integration work cannot start. For gMeets, a system that has gone through many evolutions since its inception in response to changing business requirements, the architectural review has not been completed yet. The gMeets system is planned to be integrated into Umoja in 2023.	Given that the architectural review has not been completed yet, the Board considers this recommendation to be under implementation.		X		
2	2010–2011	A/67/5 (Vol. I), chap. II, para. 145	The Board recommended that the Administration: (a) develop more outcome-focused objectives and indicators of achievement; (b) establish clear chains from indicators of resource use and activity, through indicators of output to achievement of high-level objectives; and (c) make subparagraphs (a) and (b) above a clearly articulated responsibility of the Under-Secretaries-General for their respective departments.	The Administration would like to reiterate that some of the elements of this recommendation changed with the adoption of General Assembly resolutions 72/266 and 74/251.	Given that this recommendation was reiterated by the Board in A/71/5 (Vol. I), the Board considers this recommendation as having been overtaken by events.				X

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
3	2012–2013	A/69/5 (Vol. I), chap. II, para. 29	The Board recommended that the Administration establish how and under what time frame it would be able to more closely link budget consumption with what has been delivered in terms of outputs and outcomes; and with this as the aim in mind, set out a detailed plan for embedding results-based management as part of business as usual, defining clear responsibilities and resources.	Information regarding the cost of a set of deliverables and the related resources is available, at least at the subprogramme level. Furthermore, the budget reports contain information on expected contributions on the outputs produced and their contribution to the results and objectives. In many cases, information is available at more granular levels. This was made possible by linking projects portfolio management, business planning and consolidation, funds management and the strategic management application. The Economic and Social Commission for Western Asia (ESCWA) is carrying out an even more detailed link between resource consumption, deliverables and results outcomes. This pilot is ongoing, but the functionality is available and the link is available and being used. Another example can be found in the implementation of the various mechanisms approved by the Human Rights Committee, for which the deliverables, outcome results and resources consumption are linked.	Given that this recommendation was reiterated by the Board in A/71/5 (Vol. I), the Board considers this recommendation as having been overtaken by events.				X
4	2012–2013	A/69/5 (Vol. I), chap. II, para. 44	The Board recommended that the Administration develop plans for the production of monthly management accounts and improved financial reports to management, drawing on the opportunities being provided by IPSAS and the new enterprise resource planning system.	The monthly management reports were once considered beneficial but found to be not feasible owing to the heavy investment in system set-up, and, in order to achieve the timeliness of reports, the requirement for dedicated staff. During the subsequent years of implementation and enhancement of Umoja, the idea of monthly reports was superseded by the dashboard system, which is much more cost-effective, fast and user-friendly.	Given that the Administration has developed a management dashboard system that is refreshed on daily basis, the Board considers the recommendation implemented.	X			

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
5	2012–2013	A/69/5 (Vol. I), chap. II, para. 48	The Board recommended that the Administration, as part of its work on enterprise risk management, develop a strategy to enhance the accountability and internal control framework, including the development of a "statement on internal control" or equivalent document. This replaces the Board's previous recommendation on internal control (A/67/5 (Vol. I), A/67/5 (Vol. I)/Corr.1 and A/67/5 (Vol. I)/Corr.2, chap. II, para. 171)	The United Nations Secretariat internal control framework, including entity-level controls and activity-level controls, has been released to all Secretariat entities, who finalized their remediation plans by 31 December 2020. In addition, a self-assessment questionnaire was released in December 2020.	Given that the United Nations Secretariat internal control framework, including entity-level controls and activity-level controls, has been released to all Secretariat entities, the Board considers this recommendation implemented.	X			
6	2012–2013	A/69/5 (Vol. I), chap. II, para. 56	The Board recommended that the Administration develop a deeper understanding of its cost base and therefore the capability to compare and benchmark its administrative overheads and the performance of its business functions to drive more cost-effective delivery. This might entail creating a general ledger of analysis codes for administrative and programme expenditure (and classifying each transaction to the appropriate code).	Resources are planned and consumed across four distinct groups: (a) policymaking organs; (b) executive direction and management; (c) programme of work; and (d) programme support. Within those broader groups, work breakdown structure elements are created to allow for a deeper understanding of the cost base and to seek benchmarks and the cost-effective delivery of mandates.	Given that the Administration developed the work breakdown structure elements to allow for a deeper understanding of the cost base and to seek benchmarks and the cost-effective delivery of mandates, the Board considers the recommendation implemented.	X			
7	2012–2013	A/69/5 (Vol. I), chap. II, para. 77	The Board recommended that the Administration perform a review of the budget process and implement an improved end-to-end budget process, including the information and communications technology elements of Umoja Extension 2.	The proposed programme budget for 2021 was prepared using the Business Planning and Consolidation solution, which now has more functionality compared with when it was rolled out in February 2019. The format of the proposed programme budget is also being revised to take into account decisions of the General Assembly.	Given that this recommendation was reiterated by the Board in A/75/5 (Vol. I), the Board considers this recommendation as having been overtaken by events.				X

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
8	2012–2013	A/69/5 (Vol. I), chap. II, para. 114	The Board recommended that the Office for the Coordination of Humanitarian Affairs work with other United Nations entities to establish formal requirements for information-sharing on the performance of implementing partners in each country office.	This recommendation is being addressed comprehensively and in a holistic manner in the context of the recommendations relating to implementing partners contained in paragraphs 264, 269 and 270 in chapter II of A/71/5 (Vol. I), as part of the implementation of the grant management module of Umoja Extension 2.	Given that this recommendation was reiterated by the Board in A/71/5 (Vol. I), the Board considers this recommendation as having been overtaken by events.				X
9	2012–2013	A/69/5 (Vol. I), chap. II, para. 148	The Board recommended that the Administration establish a central intake mechanism for all reporting of staff grievances and suspected fraud, allowing the cases to be properly screened and assessed and sent to the right part of the Organization for action, and facilitating improved data collection.	The Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat, the administrative instruction ST/AI/2017/1 and the Secretary-General's bulletin ST/SGB/2019/8 clearly set out a requirement that reports of misconduct be made to the Office of Internal Oversight Services (OIOS) in the first instance for its assessment and consideration as to future action. This has been effective, as in the period since the implementation of these measures the level of reporting of misconduct to OIOS has more than tripled. OIOS is thus operating as the central intake mechanism for the reporting of fraud cases and other forms of misconduct across the Secretariat.	Given that OIOS is operating as the central intake mechanism for the reporting of fraud cases and other forms of misconduct across the Secretariat, the Board considers this recommendation implemented.	X			
10	2012–2013	A/69/5 (Vol. I), chap. II, para. 159	The Board recommended that the Administration develop an integrated strategic approach to tackling fraud, drawing on the many practical examples of good practice being adopted across the world and adapting these to the Organization's circumstances. The first step would be assessing and understanding the type and scale of fraud threats the United Nations is exposed to.	This recommendation and the recommendation contained in paragraph 303 of chapter II of A/73/5 (Vol. I) are closely related, and the Secretariat has been taking a step-by-step approach to close both of them. In 2016, the Secretariat issued the first Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat (ST/IC/2016/25), and in 2017, the Secretariat conducted a fraud and corruption risk assessment. The Secretariat updated its fraud and	Given that the Administration has taken measures and made progress in tackling fraud, and that this recommendation is closely related to the recommendation in paragraph 303 of chapter II of A/73/5 (Vol. I), the Board considers this recommendation implemented.	X			

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				corruption risk assessment in 2019 as part of the overall Secretariat-wide risk assessment, and highlighted six critical risks related to fraud and corruption: (a) organizational culture; (b) information and communications technology (ICT) governance and cybersecurity; (c) implementing partners; (d) Umoja system control environment; (e) theft: fuel, rations and inventory; and (f) procurement fraud.					
11	2012–2013	A/69/5 (Vol. I), chap. II, para. 164	The Board recommended that the Administration develop a medium- to long-term strategic workforce strategy and operational workforce plans. These should be informed by a review of the Organization's strategy that identifies any gaps in headcount, grades, knowledge and skills.	The Office of Human Resources in the Department of Management Strategy, Policy and Compliance is in the process of developing a strategic workforce planning framework. A guide for operational workforce planning was published in August 2020. The Administration is also focusing on the current talent pool, which includes the generic roster and the young professionals programme, to ensure processes and procedures align with the supply and demand of client entities and to meet the entities' current and future needs.	Given that this recommendation was reiterated by the Board in A/70/5 (Vol. I), the Board considers this recommendation as having been overtaken by events.				X
12	2012–2013	A/69/5 (Vol. I), chap. II, para. 169	The Board recommended that the Administration establish performance measures of the effectiveness of the recruitment process around getting "the right person, with the right skills, to the right position, at the right time and at the right cost".	The requirements for positions are based on the job descriptions and detailed in the job openings announced. Evaluation criteria is defined under education, experience and language as required. Selecting the right candidate, with the requisite skills required for the position, is an inherent part of the recruitment process. Furthermore, the central review bodies established under staff rule 4.15 review the recruitment cases to ensure that candidates have been evaluated and meet the requirements of	Given that the Business Transformation and Accountability Division started monitoring recruitment timelines across the Secretariat entities as at 1 January 2019, and that there is a key performance indicator for monitoring the recruitment process, the Board considers this recommendation implemented.	X			

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				the job opening and that the applicable procedures have been followed in the recruitment process. Once a candidate is selected and joins the Organization, the performance of the staff member is governed by the Organization's performance management and development system articulated in administrative instruction ST/AI/2010/5. The effectiveness of the recruitment process is measured by the established recruitment timeline. The benchmark is set at 120 days for the filling of a post from the date of the job opening to the date of the selection of the candidate. A key performance indicator measures the average number of days for all steps of the recruitment process under the authority of the Department. It is also part of the senior manager's compact with the Secretary-General regarding the effective and efficient management of human resources to achieve programmatic objectives.					
13	2012–2013	A/69/5 (Vol. I), chap. II, para. 177	The Board recommended that the Administration develop a skills strategy for staff based on an improved understanding of current capability and existing skills gaps, such as commercial skills for major projects, and on the skills required following the implementation of IPSAS and the roll-out of Umoja, such as professional training in financial management skills to lead financial management improvement and provide more strategic advisory services to the wider business.	Supplementing its comments from November and December 2020, the Office of Human Resources conducted an analysis of the future of work of the United Nations in 2020. A detailed review of strategic directions across the United Nations and its pillars identified a number of emerging functions that would enable entities to deliver their mandates more efficiently and leverage technological advances as well as innovations. Linked to the emerging functions, relevant future skills were mapped using external sources such as the World Economic Forum's Future of Jobs Report. Further	Given that the Office of Human Resources conducted an analysis of the future of work in the United Nations in 2020, mapped future skills by using external sources and conducted a learning needs assessment that can feed into the learning strategy and learning solutions for the Secretariat, the Board considers this recommendation implemented.	X			

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				to the focus on future skills, the learning needs assessment conducted by the Office of Human Resources also identified similar priorities that feed into the learning strategy and learning solutions for the Secretariat and provide further confirmation of the importance of these workforce capabilities. The learning needs assessment is available by Sustainable Development Goal and by entity through a learning needs assessment report published in 2020.					
14	2014	A/70/5 (Vol. I), chap. II, para. 40	The Board recommended that the Administration: (a) develop standard approaches and methodologies for measuring the costs of providing services to internal and external users; and (b) identify how Umoja can support more transparent recording, analysis and reporting of the full costs of activities.	The comprehensive policy document is currently being drafted by the Office of Programme Planning, Finance and Budget with the goal of meeting the target date of June 2021	Given that the comprehensive policy document is still under way, the Board considers this recommendation to be under implementation.		X		
15	2014	A/70/5 (Vol. I), chap. II, para. 60	The Board recommended that the Administration examine the underlying causes of the differences in average claim costs to determine whether there is scope to reduce the costs of administering the health insurance schemes.	The statement of work for the audit of claims has been finalized. The Procurement Division and the Health and Life Insurance Section are working on updating the technical matrix and the request for proposals for the claims audit is expected to be issued in the first half of 2021.	Given that the technical matrix and the request for proposals for the claims audit has not been issued, the Board considers this recommendation to be under implementation.		X		
16	2014	A/70/5 (Vol. I), chap. II, para. 64	The Board recommended that arrangements be made to conduct an open-book audit of the third-party administrators to provide assurance over the accuracy of reported costs and activities performed by the Administration's agents and to confirm that they have	The statement of work for the audit of claims has been finalized. The Procurement Division and the Health and Life Insurance Section are working on updating the technical matrix and the request for proposals for the claims audit is expected to be issued in the first half of 2021.	Given that the Procurement Division and the Health and Life Insurance Section are working on updating the technical matrix and the request for proposals for the claims audit is expected to be issued in		X		

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			complied with their contractual obligations. The inspection rights under those contacts should be exercised regularly in future.		the first half of 2021, the Board considers this recommendation to be under implementation.				
17	2014	A/70/5 (Vol. I), para. 74	The Board reiterated its previous recommendation and encouraged the Secretariat to expedite work on developing workforce planning as a matter of urgency.	The Human Resources Service Division of the Department of Operational Support has been supporting the implementation of this recommendation. The operational workforce planning guidance was published in August 2020.	Given that the operational workforce planning guidance was published in 2020, the Board considers this recommendation implemented.	X			
18	2014	A/70/5 (Vol. I), chap. II, para. 80	The Board recommended that the Secretariat: (a) develop an appropriate mechanism to ensure that budget and human resources functions presently handled in silos by the Office of Human Resources Management and the Office of Programme Planning, Budget and Accounts are better coordinated to improve strategic human resources planning; (b) review job profiles to ensure each post is categorized within an appropriate job family and network using a common standard classification system; and (c) consider the scope for developing a workforce planning module in the scope of Umoja.	The guide for operational workforce planning was published in 2020. Strategic workforce planning was integrated into the budget process during 2020, as evidenced by the Controller's memorandum, and the 2022 budget guide has been included as part of the budget guidance with regard to preparing the proposed programme budget for 2022 for Secretariat entities.	Given that the guide for operational workforce planning was published in 2020 and strategic workforce planning was integrated into the budget process during 2020, as evidenced by the Controller's memorandum, and the 2022 budget guide has been included as part of the budget guidance, the Board considers this recommendation implemented.	X			
19	2014	A/70/5 (Vol. I), chap. II, para. 92	The Board recommended that the Office of Human Resources Management monitor the implementation of the Secretary-General's bulletin on employment and accessibility for staff members with disabilities in the United Nations Secretariat (ST/SGB/2014/3).	In 2019, a system-wide strategy to address the need to increase accessibility and upholding the rights of people living with disabilities was launched. Ongoing activities include a joint United Nations and United Nations Development Programme (UNDP) online training initiative, with a working title of "Disability and inclusion in the workplace", and the	Given that the United Nations Disability Inclusion Strategy was launched in 2019 and contains both a policy and an accountability framework, and that compliance with ST/SGB/2014/3 is monitored, the Board	X			

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				updating of the learning framework for accessibility guidelines and requirements.	considers this recommendation implemented.				
20	2014	A/70/5 (Vol. I), chap. II, para. 93	The Board recommended that the Administration address gaps in access to data on sick leave for comprehensive and timely reporting, and develop capability to gather information on key health-care parameters covering all its clients across the United Nations system for more comprehensive reporting on status and policy issues.	A project is under way to streamline sick leave workflow to address days not approved by the Health-Care Management and Occupational Safety and Health Division within Umoja, which is targeted for implementation in 2021.	Given that a project is under way to streamline sick leave workflow to address days not approved by the Health-Care Management and Occupational Safety and Health Division within Umoja, which is targeted for implementation in 2021, the Board considers this recommendation to be under implementation.		X		
21	2014	A/70/5 (Vol. I), chap. II, para. 98	The Board recommended that the Office of Human Resources Management: (a) consider capturing information on the spans of control of first and second reporting officers with a view to identifying cases where such spans are unacceptably large compared with office norms; (b) consider the use of enhanced data analytics for additional dashboard reports that would facilitate analysis of individual performance grading of individual employees; and (c) consider enhancing system applications to aggregate information on individual development plans and training activities to be undertaken.	The features have been developed and incorporated into Inspira and captured in the management dashboard.	Given that the review report and supporting documents for the recent work of the Office of Human Resources with the Business Transformation and Accountability Division on the United Nations business intelligence project, which would enhance heads of entity's performance data availability, were not provided by the Administration, the Board considers this recommendation to be under implementation.		X		

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22	2014	A/70/5 (Vol. I), chap. II, para. 104	The Board recommended that the Office of Human Resources Management expedite the progress and resolution of disciplinary cases and develop a centralized monitoring system to track the number of ongoing investigations of alleged misconduct from the stage when a complaint is formally lodged or recommended by OIOS.	As indicated in the response to paragraph 324 of A/73/5 (Vol. I), the roll-out of all the modules for a case management tracking system, to take place in the first quarter of 2021, will provide an end-to-end system for the reporting, tracking and management of all reports of misconduct in the Secretariat, from the reception of complaints to the completion of disciplinary actions, where applicable. The case management tracking system would also incorporate new features to better capture the time taken for various steps in handling allegations of misconduct.	The Board noted the response of the Administration to paragraph 324 of A/73/5 (Vol. I) and that the Administration was expecting the Secretariat-wide case management tracking system to be rolled out by the first quarter of 2021. The Board considers this recommendation to be under implementation.		X		
23	2014	A/70/5 (Vol. I), chap. II, para. 122	The Board recommended that the Secretariat: (a) develop detailed enterprise risk management policies and procedures for staff to follow at departmental levels of the Organization to supplement the guidance in place for managing the critical enterprise risks; (b) develop a detailed implementation plan for all elements of enterprise risk management that sets out a clear timetable, milestones, deliverables and resources required; (c) increase the level of communication and training provided to staff on enterprise risk management policies and procedures; (d) consider the acquisition of appropriate tools, including software, to support the implementation of enterprise risk management; and (e) introduce regular progress reports to inform the	The Enterprise Risk Management Section of the Business Transformation and Accountability Division developed and regularly updates the manager's guide that instructs entities on the implementation of enterprise risk management. The Section has committed to supporting 57 entities in completing their risk registers and treatment plans through 2023, with the initial goal of 25 per cent by 2020 and 50 per cent by 2021. The targets have been achieved so far, and no delays are expected at this stage. Corporate risk owners have been identified in order to set specific risk treatment actions and implementation timelines by March 2021 for critical risks identified in the Secretariat-wide risk register. A new advanced online training course has been developed and will be released in early 2021. In addition, a global virtual conference was conducted at the end of 2020 that complemented the series of training courses, webinars and relevant communications with entities.	Given that the Administration has developed and regularly updates the manager's guide that instructs entities on the implementation of enterprise risk management, the Board considers this recommendation implemented.	X			

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						Implemented	Under implementation	Not implemented	Overtaken by events
			Management Committee of the status of implementation of enterprise risk management throughout the Organization and to provide assurance that risks are being managed and mitigated effectively.						
24	2014	A/70/5 (Vol. I), chap. II, para. 128	The Board reiterated its previous recommendations on fraud and strongly encouraged management to take concerted and urgent action to strengthen its counter-fraud policies and procedures.	As recommended by the Board, the Secretariat-wide risk register, which was approved by the Management Committee in July 2020, consolidated the results of the previously implemented Secretariat-wide risk register and fraud and corruption risk assessment. A working group responsible for preparing an anti-fraud and anti-corruption guidebook was established. The membership of the working group was defined and its terms of reference established, and a draft outline of the guideline's contents was prepared. However, the work of the working group was temporarily suspended owing to the coronavirus disease (COVID-19) pandemic. As the Secretariat-wide risk assessment was updated to reflect the new context and eight working groups were created to define risk treatment and response plans on all critical risks, including fraud and corruption risks, by the first quarter of 2021, it was decided to embed all issues related to the examination of anti-fraud and anti-corruption in the functions of the working groups, instead of having a separate task force working on the same subject, to reduce duplication and overlap. When work is finalized on the definition of risk treatment and response plans, the working groups	Given that the Secretariat-wide risk register has been approved and working groups have been established that are responsible for preparing the anti-fraud and anti-corruption guidebook and defining risk treatment and response plans on all critical risks, the Board considers this recommendation implemented.	X			

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				will also include specific treatment actions designed to mitigate the most critical fraud and corruption risks, and develop an anti-fraud and anti-corruption guidebook and strategy that will address the diversity of the business models of the Secretariats' entities.					
25	2014	A/70/5 (Vol. I), chap. II, para. 178	The Board recommended that the Administration strengthen its efforts to monitor and enforce compliance with the 16-day advance purchase rule by special political missions, including by developing a suite of management information reports that provide key information on the date of ticket purchases, the class of travel and the cost of flights.	The Monitoring of Delegation of Authority Section held a meeting with the Board of Auditors on 17 April 2021. The following was explained: (a) As explained in the supporting documentation provided in 2019, the Business Transformation and Accountability Division feels that compliance with the satisfaction criteria of the initial 2014 recommendation has been achieved (with the supporting evidence acknowledged by the Board) but the recommendation was not closed in 2019; (b) A new requirement of "full adherence" was added to the 2014 recommendation in July 2019 in A/74/5 (Vol. I), thereby changing the satisfaction criteria for the Administration but not amending the wording of the recommendation itself. This gives the incorrect impression that the Administration has not complied with a seven-year-old recommendation, while in fact the satisfaction criteria was changed five years after the formulation of the recommendation; (c) This recommendation, as amended by the Board of Auditors to require "full adherence" with the advance purchase rule, seems to	Given that this recommendation was revised and added to A/74/5 (Vol. I), the Board considers this recommendation as having been overtaken by events.				X

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				contradict the position of the Advisory Committee on Administrative and Budgetary Questions that 100 per cent compliance in all official travel across all entities cannot be achieved as "for operational reasons certain official travel cannot be planned and finalized in advance" while "there are other pre-planned events, such as major conferences and meetings, where the dates and level of participation are known well in advance" (see A/66/739). To address the above issues more appropriately, the Business Transformation and Accountability Division suggests that the Board consider: (a) Closing the recommendation from 2014 in recognition that the recommendation as initially drafted in 2014 has been satisfied; (b) Issuing a new recommendation that would precisely define the new requirements to satisfy the advance purchase rule.					
26	2015	A/71/5 (Vol. I), chap. II, para. 56	The Board recommended that the Administration improve scrutiny of open commitments at year-end by providing more detailed guidance on how staff should establish the need to retain them.	As the Administration continues to further strengthen its review and monitoring of commitments, it considers this recommendation implemented.	Given that this recommendation was reiterated in A/75/5 (Vol. I), the Board considers this recommendation as having been overtaken by events.				X
27	2015	A/71/5 (Vol. I), chap. II, para. 57	The Board recommended that the Administration review open commitments during the year, in particular at year-end, to challenge any that appear to be retained unnecessarily.	As the Administration continues to further strengthen its review and monitoring of commitments, it considers this recommendation implemented.	Given that this recommendation was reiterated in A/75/5 (Vol. I), the Board considers this recommendation as having been overtaken by events.				X

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28	2015	A/71/5 (Vol. I), chap. II, para. 90	The Board reiterated its previous recommendation that the Administration establish how and under what time frame it would be able to more closely link budget consumption with what was delivered in terms of outputs and outcomes, and that it set out a detailed plan embedding results-based management as part of business as usual, defining clear responsibilities and resources.	The Administration considers this recommendation implemented and requests its closure.	Given that the Board noted that performance indicators for non-quantified deliverables were not developed wherever possible, the Board consider this recommendation to be under implementation.		X		
29	2015	A/71/5 (Vol. I), chap. II, para. 99	The Board recommended that the Administration accelerate its current process of strengthening the performance measures used by departments to measure and report results.	The Administration considers this recommendation implemented and requests its closure.	Given that the Board noted that performance indicators for non-quantified deliverables were not developed wherever possible, the Board consider this recommendation to be under implementation.		X		
30	2015	A/71/5 (Vol. I), chap. II, para. 122	The Board recommended that the Administration ensure that the rental charge is an accurate representation of current market rates in each location.	The Global Asset Management Policy Service continued to collaborate with entities in order to collect requested information. As of the time of writing, the majority of the information has been provided. The Administration is requesting the extension of the deadline for completion to 31 December 2021 in order to facilitate the collection of information.	Given that the Administration's collection of information is still ongoing, the Board considers this recommendation to be under implementation.		X		
31	2015	A/71/5 (Vol. I), chap. II, para. 126	The Board recommended that the Administration review the completeness of data in the Umoja real estate module and ensure that adequate controls are in place to assure data quality.	Structures and data for architectural and usage objects have been implemented and initial key performance indicator definitions have been identified and are being developed. Additional required data and elements have been identified for	Given that the Administration is requesting an extension of the deadline for completion to 31 December 2021, the Board considers this		X		

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				design and implementation. The Administration is requesting an extension of the deadline for completion to 31 December 2021 in order to facilitate the definition of key performance indicators and the implementation of relevant tools (Umoja business intelligence) required for the data quality exercise.	recommendation to be under implementation.				
32	2015	A/71/5 (Vol. I), chap. II, para. 131	The Board recommended that the Administration perform utilization studies across the main locations of the Secretariat to identify the required size and composition of the estate to better support future requests for funding.	The Administration notes that the utilization study was performed only for premises owned by the United Nations. Utilization studies for United Nations Headquarters, the United Nations Office at Geneva, the United Nations Office at Nairobi, the Economic and Social Commission for Asia and the Pacific (ESCAP) and the Economic Commission for Latin America and the Caribbean (ECLAC) were submitted through reports of the Secretary-General. The study for the Economic Commission for Africa (ECA) was submitted as a separate document, as the Africa Hall project is not office space. The United Nations Office at Vienna and ESCWA do not own the office space and there is no United Nations capital project investment that would consider space utilization. All documents and reports of the Secretary-General were submitted on 18 June 2020. The Office of Programme Planning, Finance and Budget considers this recommendation implemented and therefore requests that it be closed.	The Board will check whether the studies could better support future requests for funding during the next audit. Therefore the Board considers this recommendation to be under implementation.		X		

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33	2015	A/71/5 (Vol. I), chap. II, para. 135	The Board recommended that the Administration establish standard cost categories for use by each duty station to improve transparency and enable reporting of "cost of the estate per staff member" at each location.	The development of additional reporting functionality within Umoja is currently in progress. The Administration is requesting an extension of the deadline for completion to 31 December 2022 in order to facilitate the definition of key performance indicators and the implementation of relevant tools (Umoja reports and business intelligence, data enrichment and deployment) required for the implementation of this recommendation.	Given that the development of additional reporting functionality within Umoja is currently in progress, the Board considers this recommendation to be under implementation.		X		
34	2015	A/71/5 (Vol. I), chap. II, para. 141	The Board recommended that the Administration design a common set of performance metrics to help benchmark performance across each duty station.	The Administration is requesting an extension of the deadline for completion to 31 December 2021 in order to facilitate the definition of key performance indicators and the implementation of relevant tools (Umoja business intelligence) required for the data quality exercise.	Given that the development of a common set of performance measures remains in progress, the Board considers this recommendation to be under implementation.		X		
35	2015	A/71/5 (Vol. I), chap. II, para. 143	The Board recommended that the Administration design a common set of performance measures to improve consistency of reporting to Member States	The recommendation is under implementation, as is the recommendation immediately above. The Administration is requesting an extension of the deadline for completion to 31 December 2021 in order to facilitate the definition of key performance indicators and the implementation of relevant tools (Umoja business intelligence) required for the data quality exercise.	Given that the development of a common set of performance measures remains in progress, the Board considers this recommendation to be under implementation.		X		
36	2015	A/71/5 (Vol. I), chap. II, para. 157	The Board recommended that the Administration formalize the use of the Overseas Property Management Unit project management guidelines on all major construction projects.	The global guidelines for the management of construction projects have been shared with all Secretariat entities through the Policy Portal of the Organization to assist with the management of large-scale projects being undertaken by the Organization.	Given that the global guidelines for the management of construction projects have been formalized and shared with all Secretariat entities, the Board considers this recommendation implemented.	X			

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37	2015	A/71/5 (Vol. I), chap. II, para. 160	The Board recommended that the Administration consider how best to improve the consistency of estates management by: (a) developing a global estates strategy; or (b) defining a standard approach to developing local estates strategies, ensuring that the impacts of wider business transformation initiatives on future estates requirements are taken into account.	The activities of the strategic capital review are performed annually, within section 33, Construction, alteration, improvement and major maintenance, of the proposed programme budget. This is a regular, controlled process, and is effectively implementing required elements of estates management strategy. Therefore, the Office of Programme Planning, Finance and Budget considers that requests on both global and local estates strategies are answered through the establishment of the strategic capital review and through annual exercises within section 33, including relevant preparatory activities, such as project proposals, that justify entities' submissions. Along with local reviews and submissions, global reviews and submissions, and their approval, reflect the totality of estates strategy, both global and local.	Given that the development of a global estates strategy or the definition of a standard approach to developing local estate strategies is still in progress, the Board considers this recommendation to be under implementation.		X		
38	2015	A/71/5 (Vol. I), chap. II, para. 169	The Board recommended that the Administration develop indicators for the handling of disciplinary cases. These indicators should cover: (a) the proportion of referrals that lead to a case being initiated; (b) the length of time between referral and case initiation; (c) overall case durations; and (d) case outcomes. The indicators should be used to support improvements in the processes for referring and handling cases.	The Board took note of the development of a case management tracking system and indicated that the roll-out of that system would not address the issue of indicators. While a case management tracking system would be able to better track time elapsed during various steps in handling allegations of misconduct, from the point of receiving complaints through the investigation and disciplinary processes, indicators would be for those responsible for such processes to determine and develop.	The Board notes that the recommendation in paragraph 324 of A/73/5 (Vol. I) was about the introduction of an end-to-end monitoring system capable of tracking all cases across offices, from the time of the receipt until the time of their final disposal. The recommendation does not relate to the development of indicators to monitor the cases, which is the subject of the recommendation. The		X		

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					Board looks forward to a response from the Administration to this recommendation and considers the recommendation to be under implementation.				
39	2015	A/71/5 (Vol. I), chap. II, para. 186	The Board recommended that the Office of Human Resources Management: (a) analyse the additional capabilities required of Umoja to better implement the mobility framework, incorporating features such as the capture of baseline data on movements, even when there is no change in station, the capture of the vacancy rate by job network, enhanced tracking of expenditure and the putting in place of checks and validations to ensure that the recording of information by all entities is consistent, within a definite time frame; and (b) monitor the trend of movements between duty station categories and try to increase the movement between different categories to better realize the organizational goals linked with mobility.	The Administration did not provide any further information during the current audit process.	Given that no further steps were taken by the Administration, the Board considers this recommendation to be under implementation.		X		
40	2015	A/71/5 (Vol. I), chap. II, para. 198	The Board recommended that the Learning, Development and Human Resources Service Division: (a) consider more focused inputs while preparing the budget to ensure better compliance in terms of achievement of targets; (b) identify causes for	The Office of Human Resources has been conducting a learning needs assessment since 2017 that identifies and informs the current level of competency, skill or knowledge required within the workforce to be able to deliver on the evolving organizational mandates. The findings are shared among all Secretariat	Given that the Office of Human Resources has been conducting a learning needs assessment since 2017 that identifies and informs the current level of competency, skill or knowledge required	X			

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			underachievement and take suitable corrective action to ensure achievement of targets for all objectives and outputs specified in the budget document; (c) make efforts to increase the sample sizes for surveys to obtain feedback and implement the standardized surveys early, which will generate more reliable data to support conclusions drawn therefrom; (d) put in place a mechanism to evaluate the impact of services offered and of the underachievement of targets; and (e) ensure that performance on all parameters set out in the programme document are measured, documented and reported upon.	entities to help determine learning needs. With this effort, managers are able to take informed decisions about the best ways to address learning and skills gaps among the workforce, specific job categories or groups and teams. The Administration is of the view that the points raised in the recommendation have been addressed and therefore reiterates its request that it be closed.	within the workforce to be able to deliver on the evolving organizational mandates, and that a report on the results of the learning needs assessment for 2020 was issued, the Board considers this recommendation implemented.				
41	2015	A/71/5 (Vol. I), chap. II, para. 256	The Board recommended that the legal framework around the granting of funds to partners should be formally introduced into the Financial Regulations and Rules.	The recommendation to formally introduce a legal framework regarding the granting of funds to partners was implemented. The General Assembly considered the report, but did not decline or approve it, nor did it request another proposal from the Administration	Given that the legal framework regarding the granting of funds to partners has not been formally introduced into the Financial Regulations and Rules, the Board considers this recommendation to be under implementation.		X		
42	2015	A/71/5 (Vol. I), chap. II, para. 264	The Board recommended that the Administration develop a common principles-based framework for the management of partners that specifies the key procedures to be performed by all Secretariat entities. To facilitate the development of the common framework, the Secretariat should conduct an	This recommendation is being addressed comprehensively in the context of the recommendations relating to implementing partners, contained in paragraphs 264, 269 and 270 of chapter II of A/71/5 (Vol. I), in a holistic manner, as part of the continuing improvements of the grantor management module of Umoja Extension 2 throughout 2021. The	Given that the Administration continues to refine the common policy framework, the Board considers this recommendation to be under implementation.		X		

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			end-to-end review of the project management life cycle, including consultations with key stakeholders and a review of all current practices.	Office of Programme Planning, Finance and Budget continues to refine the common policy framework.					
43	2015	A/71/5 (Vol. I), chap. II, para. 269	The Board recommended that the Administration should finalize, and issue under appropriate authority, its standard template agreement with implementing partners to include appropriate anti-fraud, sanctions and audit clauses.	This recommendation is being addressed comprehensively and in a holistic manner in the context of the recommendations relating to implementing partners, contained in paragraphs 264, 269 and 270 of chapter II of A/71/5 (Vol. I), as part of the continuing improvements of the grantor management module of Umoja Extension 2 throughout 2020.	Given that this recommendation was reiterated by the Board in A/73/5 (Vol. I), the Board considers this recommendation as having been overtaken by events.				X
44	2015	A/71/5 (Vol. I), chap. II, para. 270	The Board reiterated its previous recommendation to establish information-sharing mechanisms on implementing partners that cover due diligence procedures, implementation issues and performance evaluations performed by United Nations entities and partners with which they have worked.	The Secretariat is assessing ways to leverage the functionalities of the United Nations Partner Portal, which is an online portal for United Nations agencies and partners. Partners register and undergo a due diligence process that has been harmonized and streamlined across United Nations agencies, and United Nations departments and offices and United Nations agencies can share partnership observations and perform due diligence screening.	Given that the Secretariat is assessing ways to leverage the functionalities of the United Nations Partner Portal, which is an online portal for United Nations agencies and partners, the Board considers this recommendation to be under implementation.		X		
45	2015	A/71/5 (Vol. I), chap. II, para. 286	The Board recommended that the Administration conduct a comprehensive review of the functionality of existing grant management systems and the information needs of users and other stakeholders before finalizing the scope of Umoja Extension 2.	The Administration did not provide any further information during the current audit process.	Given that the bridge providing data exchange between the grant management system and Umoja is currently undergoing testing by Umoja teams and teams from the Office for the Coordination of Humanitarian Affairs, the Board considers this recommendation to be under implementation.		X		

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46	2016	A/72/5 (Vol. I), chap. II, para. 31	The Board reiterated its recommendation that the Administration improve scrutiny of open commitments at year-end by providing more guidance on identification and retention of open commitments.	The Administration continues to consider this recommendation implemented and will continue its strengthened review and monitoring of commitments.	Given that this recommendation was reiterated in A/75/5 (Vol. I), the Board considers this recommendation as having been overtaken by events.				X
47	2016	A/72/5 (Vol. I), chap. II, para. 32	The Board reiterated that the Administration should review open commitments during the year, in particular at year-end, to challenge any commitment that appears to be retained unnecessarily.	The Administration continues to consider this recommendation implemented and will continue its strengthened review and monitoring of commitments.	Given that this recommendation was reiterated in A/75/5 (Vol. I), the Board considers this recommendation as having been overtaken by events.				X
48	2016	A/72/5 (Vol. I), chap. II, para. 41	The Board recommended that the Administration review and appropriately strengthen the system of asset capitalization in view of the inaccuracies noticed. The Board further recommended that internal controls in connection with the disposal of assets be strengthened, necessary rectifications be carried out and ad hoc adjustments be eliminated.	Copies of the data quality checks process implemented by the Global Asset Management Policy Service were provided in support of the Administration's response to this recommendation.	Given that this recommendation was reiterated in paragraph 46 of chapter II of A/74/5 (Vol. I), the Board considers this recommendation as having been overtaken by events.				X
49	2016	A/72/5 (Vol. I), chap. II, para. 46	The Board recommended that the Administration expeditiously carry out a regular review of the residual value of assets in general and its fully depreciated assets that were still in use in particular, and appropriately assign their useful lives and residual values to correct the ad hoc practices presently followed in that regard.	The Administration remains cognizant of the impact of fully depreciated assets that remain in use in the Organization and committed to ensuring that they are reported. The Administration is cooperating in a United Nations system-wide activity to review and update the useful life of assets across the United Nations, which should reduce the instances of fully depreciated assets, as the results of the survey conducted by the United Nations System Chief Executives Board for Coordination (CEB) will be used to extend IPSAS	Given that the Board has noted that there are some fully depreciated items that are still in use, and, moreover, that not-in-use assets were still written back of 10 per cent of the accumulated depreciations, the Board considers this recommendation to be under implementation.		X		

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				useful lives. A new operational useful life parameter is active with regard to equipment records and is expected to provide enhanced data.					
50	2016	A/72/5 (Vol. I), chap. II, para. 56	The Board recommended that the Administration phase out the standard cost methodology and align its accounting with IPSAS requirements of valuing property, plant and equipment assets.	As the implementation of actual costs at the individual item level is not attainable, the Administration continues to reiterate that the revision of standard costs will be performed on a periodic basis to ensure that the rates remain current. To this end, the Administration has recently completed an update of the associated costs with effective dates of 1 January 2021 and 1 July 2021 for the different volumes.	Given that the recommendation was reiterated in paragraph 30 of chapter II of A/73/5 (Vol. I), the Board considers this recommendation as having been overtaken by events.				X
51	2016	A/72/5 (Vol. I), chap. II, para. 64	The Board recommended that the Administration review its procedures for providing census data to the actuary and evolve a more reliable mechanism for collecting details of all active employees and retirees from all locations and then consolidating them for onward transmission to the actuary so as to obviate the risk of incorrect valuation of employee benefits liabilities due to incomplete data.	Efforts to improve the collection and quality of census data are ongoing. Several projects are under way with the expectation of having a better quality data set in time for the next full valuation.	Given that efforts to improve the collection and quality of census data are ongoing, the Board considers the recommendation to be under implementation.		X		
52	2016	A/72/5 (Vol. I), chap. II, para. 81	The Board recommended that the Administration follow a policy of reviewing agreements with implementing partners, particularly in cases of downstream transfers of conditional grants to the implementing partners, to ensure that the Administration retains control of the asset transferred and recognizes such transfers appropriately in line with the IPSAS provisions.	The recommendation was implemented. The funds under conditional arrangement were passed on to implementing partners, recognized as assets and disclosed as advance transfers on IPSAS financial statements as of December 2019.	All the cash transfers to implementing partners were initially recorded as assets (advances to implementing partners) when the United Nations made disbursements to the implementing partners, and then recognized as expenses when services were delivered by implementing partners,		X		

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					for managerial purposes. At the end of the financial year, all the outstanding advances to implementing partners in the current year will be expensed for the purposes of the financial statements without checking whether the United Nations has retained control of such transfers under the conditional agreements. The accounting treatment at the end of year is not in line with the IPSAS provisions. The Board considers this recommendation to be under implementation.				
53	2016	A/72/5 (Vol. I), chap. II, para. 91	The Board recommended that the Administration work towards merging the financial results of trust funds which finance operations and activities pertaining to a specific reporting entity into the financial statements of that reporting entity. In the interim, pending such transition, a suitable disclosure may be provided in the United Nations volume I financial statements.	The current scope of volume I and volume II conforms to the modus operandi of the Organization and legislative bodies. The Administration once again requests the withdrawal of the recommendation.	Given that no further steps were taken by the Administration, the Board considers this recommendation to be under implementation.		X		
54	2016	A/72/5 (Vol. I), chap. II, para. 139	The Board recommended that a system of centralized data collection and reporting of geographic move figures through Umoja may be devised, including for segregating long-	The Administration did not provide any further information during the current audit process.	Given that the Office of Human Resources is collaborating with the Business Transformation and Accountability Division to develop a		X		

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			term and short-term assignments, so that long-term mobility patterns and short-term moves are identified.		query for reporting geographical moves, the Board considers this recommendation to be under implementation.				
55	2016	A/72/5 (Vol. I), chap. II, para. 153	The Board reiterated that the Administration should monitor the implementation of the Secretary-General's bulletin on employment and accessibility for staff members with disabilities in the United Nations Secretariat. Furthermore, it recommended that the Secretariat take steps to expedite the process of appointing the focal point for better monitoring of compliance with the policy.	This recommendation is under implementation.	Given that the United Nations Disability Inclusion Strategy was launched in 2019, and contains both a policy and an accountability framework, and that compliance with the Secretary-General's bulletin ST/SGB/2014/3 is monitored, the Board considers this recommendation implemented.	X			
56	2016	A/72/5 (Vol. I), chap. II, para. 192	The Board recommended that the Administration consider necessary adjustments in the strategy to address workdays lost owing to mental health disorders and expedite implementation of the occupational safety and health management framework to better align with the timelines recommended by the High-level Committee on Management in March 2015.	The Health-Care Management and Occupational Safety and Health Division has drafted an occupational safety and health management framework. The Department of Management Strategy, Policy and Compliance will issue the policy. Regarding mental health, the Department of Management Strategy, Policy and Compliance addresses mental health strategies and all related issues.	Given that an occupational safety and health management framework has not been issued by the Administration, the Board considers this recommendation to be under implementation.		X		
57	2016	A/72/5 (Vol. I), chap. II, para. 198	The Board recommended that the Office of Human Resources Management expeditiously take appropriate measures to ensure collection of the required statistics pertaining to medical evacuation cases.	The Administration has established a report to be provided to missions on a quarterly basis which aggregates key data on all medical evacuations and repatriations within a mission, broken down by category of staff member and key characteristics. The Administration considers this recommendation	Given that the Office of Human Resources Management was restructured after the completion of management reform and a quarterly report on evacuation information has been established, the Board considers this				X

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				implemented and requests its closure by the Board.	recommendation as having been overtaken by events.				
58	2016	A/72/5 (Vol. I), chap. II, para. 205	The Board recommended that the Administration expedite the process of defining and implementing the role of the Medical Services Division in technical supervision, oversight and enforcement of medical standards system-wide, based on the recommendations of the High-level Independent Panel on Peace Operations.	The zero draft on technical supervision will be released soon to allow for further internal review and amendment by the Health-Care Management and Occupational Safety and Health Division in the light of new recruitments and issues raised during the response to COVID-19.	Given that the Administration is in the stage of drafting the Medical Services Division role, the Board considers this recommendation to be under implementation.		X		
59	2016	A/72/5 (Vol. I), chap. II, para. 243	The Board recommended that the Administration improve visibility and performance measurement with regard to internal processes and external factors.	The pilot phase of electronic tendering is forthcoming. The planning and analysis are being conducted, following which the information will be presented to senior management before the end of February 2021. The e-tendering tool was scoped to include all factors needed to provide end-to-end process management. Discussions and planning sessions are under way between the Procurement Division, the Enabling and Outreach Service and the Enterprise Resource Planning Solution Division to finalize architecture for reporting that will address the observation. Integration between the United Nations Global Marketplace and SAP Ariba is also under way and will allow Secretariat vendors to be synchronized to Ariba without any need for end user intervention.	Given that this recommendation was superseded by the recommendation in paragraph 317 of chapter II of A/74/5 (Vol. I), the Board considers this recommendation as having been overtaken by events.				X
60	2016	A/72/5 (Vol. I), chap. II, para. 282	The Board recommended that the Administration closely monitor the progress of the fraud risk assessment to ensure timely	The Secretariat-wide risk register with the Secretary-General's strategic focus areas and critical risks, including the fraud and corruption risk register, was	Given that the Secretariat-wide risk register with the Secretary-General's strategic focus areas and critical risks, including the fraud and corruption risk	X			

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			achievement of the intended outcomes of the exercise.	approved on 15 July 2020 by the Management Committee.	register, was approved on 15 July 2020 by the Management Committee, the Board considers this recommendation implemented.				
61	2016	A/72/5 (Vol. I), chap. II, para. 283	The Board recommended that the Administration ensure issuance of clear and detailed criteria for determining high risk and complex investigations.	Overly prescriptive criteria can impede efficiency and effectiveness, and indeed operational independence, by reducing the ability of OIOS to determine the most appropriate investigative response to particular instances of misconduct and fraud and corruption. OIOS has sufficient criteria for use in determining whether to adopt a matter for investigation, as outlined in A/58/708 and noted in General Assembly resolution 59/287. OIOS considers the recommendation implemented and requests that it be closed.	The Board holds that though criteria have been laid down, they are not sufficient and could lead to different results under the same circumstances, and therefore require further detailing. Hence, the Board considers this recommendation to be under implementation.		X		
62	2016	A/72/5 (Vol. I), chap. II, para. 293	The Board recommended that the Procurement Division, in coordination with the other stakeholders, review the process for purchasing standardized ICT commodities in order to strike a balance between the need for standardizing requirements and compliance with procurement principles. In particular, ICT hardware of low complexity and limited operability should be standardized. As a practice, the technical specifications should be standardized or the reasons for the non-feasibility of standardizing technical specifications should be analysed and documented.	Further work is ongoing as part of the "category management process" in the Procurement Division. In the context of the category management strategy, all contracts, standards and future acquisitions will be reviewed. The aim, in all ICT categories, is to define technology standards that can be sourced from at least two suppliers and review all brand-specific standards, pursuing, to the extent possible, open international standards instead of brand-specific standards. The Office of Information and Communications Technology and field operations are working together to complete the standard.	Given that all contracts, standards and future acquisitions will be reviewed by the related entities, the Board considers this recommendation to be under implementation.		X		

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63	2016	A/72/5 (Vol. I), chap. II, para. 324	The Board recommended that the budget formulation process be streamlined and be based on more realistic assumptions, factoring in past trends.	The Administration considers this recommendation implemented and requests its closure.	Given that the Umoja Extension 2 budget formulation module continues to be enhanced and developed with the use of the travel module and forms for the preparation of the 2021 budget process, and that a reply on the practice of analysing actual expenditures from the preceding budget period to assess the proposal for the forthcoming period has not been received, the Board considers this recommendation to be under implementation.		X		
64	2017	A/73/5 (Vol. I), chap. II, para. 22	The Board recommended that urgent steps be taken to strengthen the business planning and consolidation module to eliminate the need for manual adjustments and interventions.	The Office of Programme Planning, Finance and Budget has been working with the Umoja team to implement further automation of business planning and consolidation. Automation of segment reporting for volume I has been tested and has been moved to production in time for the production of the 2019 financial statements. Owing to a mandated priority of the Umoja team to complete Umoja Extension 2 in 2020, other automation items are planned to be completed by 31 December 2021.	Given that further automation of business planning and consolidation is in progress, the Board considers this recommendation to be under implementation.		X		
65	2017	A/73/5 (Vol. I), chap. II, para. 30	The Board recommended that the Administration value property, plant and equipment assets and inventory considering all actual associated costs in line with the provisions of IPSAS.	As the implementation of actual costs at the individual item level is not attainable, the Administration continues to reiterate that the revision of standard costs will be performed on a periodic basis to ensure that the rates remain current. To this end, the	Given that the Administration provided the updated standard associated cost rates for funds pertaining to volume I and volume II, and the supporting	X			

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			Furthermore, an appropriate timeline to shift from standard cost methodology should be specified.	Administration has recently completed an update of the associated costs with effective dates of 1 January 2021 and 1 July 2021 for the different volumes.	emails and annex for detail, the Board considers this recommendation implemented.				
66	2017	A/73/5 (Vol. I), chap. II, para. 49	The Board recommended that the Administration improve scrutiny of open commitments at year-end in line with provisions of the Financial Regulations and Rules to ensure timely surrender of unencumbered balances to the Member States.	The Administration continues to consider this recommendation implemented and will continue its strengthened review and monitoring of commitments.	Given that this recommendation was reiterated in A/75/5 (Vol. I), the Board considers this recommendation as having been overtaken by events.				X
67	2017	A/73/5 (Vol. I), chap. II, para. 57	The Board recommended that a comprehensive and robust internal control system over heritage assets be put in place by the Administration in a time-bound manner.	The Administration has issued policy guidance on heritage property and implemented a dedicated solution in Umoja for the recording of all heritage properties of the Organization. As at 31 December 2020, all heritage properties held by the Organization are recorded in Umoja under the heritage system solution.	The Administration provided the list of all heritage properties held by the Organization in Umoja under the heritage system solution, as at 31 December 2020. The Board noted that the list indicated a dedicated solution in Umoja for the recording of all heritage properties held by the Organization. The Board considers this recommendation implemented.	X			
68	2017	A/73/5 (Vol. I), chap. II, para. 71	The Board recommended that the Administration review the criteria followed by it for identifying conditionality in the voluntary contribution agreements and bring them in line with the provisions of IPSAS 23.	Although this recommendation was based on a transaction identified by the auditors and recognized as a one-off case by one of offices away from Headquarters, the Administration will continue to stress to all offices that they apply the provisions of IPSAS 23 in full.	Given that the Administration reviewed all contribution agreements other than with the European Union during 2019 at United Nations Headquarters based on IPSAS 23, the Board	X			

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					considers the recommendation implemented.				
69	2017	A/73/5 (Vol. I), chap. II, para. 77	The Board recommended that the Administration review and strengthen formal arrangements with third-party administrators and put in place a system of regular open-book auditing of their functioning at the earliest possible date.	The standard template contract has been drafted and an initial approval from the Office of Legal Affairs has been received. It is expected that the standard agreement establishing formal arrangements will be signed by the existing third-party administrators by December 2021. The Procurement Division and the Health and Life Insurance Section are finalizing the technical matrix and the request for proposals for the claims audit is expected to be issued in the first half of 2021.	Given that the request for proposals has not been issued, the Board considers this recommendation to be under implementation.		X		
70	2017	A/73/5 (Vol. I), chap. II, para. 81	The Board recommended that the United Nations Treasury formalize the participation of different entities in the main cash pool by way of written agreements with them.	The United Nations Treasury is working with the Office of Legal Affairs on this matter. The Office is currently reviewing the list of entities participating in the main cash pool for this purpose.	Given that the United Nations Treasury is still working with the Office of Legal Affairs on this matter, the Board considers this recommendation to be under implementation.		X		
71	2017	A/73/5 (Vol. I), chap. II, para. 89	The Board further recommended that the United Nations Office at Geneva liaise with Headquarters to develop a common approach for calculations and transparent recovery of costs for services within the United Nations.	The comprehensive policy document is currently being drafted by the Office of Programme Planning, Finance and Budget with the goal of meeting the target date of June 2021	Given that the comprehensive policy document is currently being drafted, the Board considers this recommendation to be under implementation.		X		
72	2017	A/73/5 (Vol. I), chap. II, para. 98	The Board recommended that the Administration revisit the practice of temporary assignments and analyse the reasons for temporary job openings in a large number of cases instead of job openings.	The Administration did not provide any further information during the current audit process.	Given that the revision of the administrative instruction on special post allowance for temporary assignments at a higher-grade level is dependent upon		X		

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					approval by the General Assembly of the proposed amendments to the Staff Regulations and Rules, and that the revision of the administrative instruction is accordingly on hold, the Board considers this recommendation to be under implementation.				
73	2017	A/73/5 (Vol. I), chap. II, para. 111	The Board recommended that the Administration decide on a time frame for the deployment of the Inspira module pertaining to consultants and individual contractors at United Nations Headquarters and devise a road map to adhere to the decided time frame.	The Human Resources Service Division has begun work on the improvement of the module and detailed business requirements are currently being developed in consultation with users. The first changes are planned for roll-out in the second half of 2021.	Given that the Department of Operational Support is currently working on the detailed business requirements, together with client entities, and anticipated implementation for the changes is the second quarter of 2021, the Board considers this recommendation to be under implementation.		X		
74	2017	A/73/5 (Vol. I), chap. II, para. 112	The Board recommended that the access management of Inspira be suitably modified to provide roles which can view the consultant engagements across the Secretariat, factoring in the relevant data security and privacy needs.	The Human Resources Service Division has begun work on the improvement of the module pertaining to consultants and individual contractors and detailed business requirements are currently being developed in consultation with users. The first changes are planned for roll-out in the second half of 2021.	Given that the Human Resources Service Division has begun work on the improvement of the module pertaining to consultants and individual contractors and detailed business requirements are currently being developed in consultation with users, the Board considers this recommendation to be under implementation.		X		

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75	2017	A/73/5 (Vol. I), chap. II, para. 124	The Board recommended that the Administration utilize the provisions of paragraph 4.7 of the administrative instruction on consultants and individual contractors in cases where the services of an identified candidate are considered necessary.	Supporting documents on the exceptions granted by the Department of Economic and Social Affairs (before and during the roll-out of the Department of Management Strategy, Policy and Compliance's exceptions portal) related to the provisions of section 4.7 of administrative instruction ST/AI/2013/4 have been provided to the auditors. The Administration considers this recommendation implemented and requests its closure by the Board following verification in a future audit.	The Board reviewed the relevant documents on the exceptions and confirmed that the provisions of paragraph 4.7 of administrative instruction ST/AI/2013/4 had been used in the Department of Economic and Social Affairs. The Board considers this recommendation implemented.	X			
76	2017	A/73/5 (Vol. I), chap. II, para. 125	The Board recommended that the Administration expand the roster of candidates to widen the sphere of competition for the selection of the consultants and individual contractors.	The Administration requests closure of this recommendation as implemented. Rosters in Inspira for consultants have expanded over the years and access to Inspira by hiring managers has been granted to widen the pool of candidates suitable for their needs. Hiring managers are required to post job openings in Inspira for consultants and individual contractors who are needed for six months or more.	Given that the application of Inspira was in process, and individual cases within one year indicated that individual contractors might not have been selected through Inspira, the Board considers this recommendation to be under implementation.		X		
77	2017	A/73/5 (Vol. I), chap. II, para. 136	The Board recommended that the Office of Human Resources Management review the provisions of the administrative instruction to define the circumstances under which individual contractors can be engaged for more than six months.	The Administration did not provide any further information during the current audit process.	Given that some cases were not recorded in the exception log, including (a) individual contractors who worked for a period exceeding 9 months within a 12-month period, and (b) consultants who served for a period exceeding the maximum of 24 consecutive months in a 36-month period, and that the corresponding		X		

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					monitoring mechanism cannot completely record all exception cases and needs to be improved, the Board considers this recommendation to be under implementation.				
78	2017	A/73/5 (Vol. I), chap. II, para. 144	The Board recommended that the Administration ensure suitable measures for sharing employment information across United Nations entities to flag possible instances of violation of the applicable business rule(s) and put in place an appropriate mechanism to monitor them.	The Administration did not provide any further information during the current audit process.	Given that some cases of former staff members holding contracts with less than a one-month break were not recorded in the exception log, and that the corresponding monitoring mechanism cannot completely record all exception cases and needs to be improved, the Board considers this recommendation to be under implementation.		X		
79	2017	A/73/5 (Vol. I), chap. II, para. 150	The Board recommended that the Administration assess how best to encourage equitable burden-sharing as part of its review of the managed mobility programme.	The report of the Secretary-General on the new approach to mobility was revised by the Advisory Committee on Administrative and Budgetary Questions in November 2020 and will be taken up by the seventy-fifth resumed session of the Fifth Committee in the second quarter of 2021. The new principles outlined in the new report are different from those presented in the mobility proposal of 2016, therefore, this recommendation has been overtaken by events.	Given that the new principles outlined in the report of the Secretary-General on the new approach to mobility are different from those presented in the mobility proposal of 2016, the Board considers this recommendation as having been overtaken by events.				X
80	2017	A/73/5 (Vol. I), chap. II, para. 156	The Board recommended that the Office of Human Resources Management review the recruitment process in order to	Noting that the Human Resources Service Division has requested closure of this recommendation, the Department of Operational Support can continue its supporting role. It should	Given that evidence of the introduction of new tools and the improvement of the platforms was not		X		

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			address the reasons for delays at all the critical stages.	be noted that the Human Resources Service Division does not oversee recruitment in the field as this has been fully delegated to the field as part of the management reform. While the Division provides support and guidance for recruitment and testing/exams, this support is provided upon request, noting that making recruitment processes easier, faster and fit for purpose is one of the key priorities of the Department of Operational Support and the Human Resources Service Division. To date, this has been accomplished through the introduction of new tools and the improvement of the platforms to enable consistency in use and mitigate such risks.	provided by the Administration, the Board considers this recommendation to be under implementation.				
81	2017	A/73/5 (Vol. I), chap. II, para. 160	The Board recommended that the Administration ensure adequate support to the implementation of the system-wide strategy on gender parity to achieve the desired goals.	Based on the comments provided, and in line with the principles of delegation of authority, which came into effect on 1 January 2019, the Administration deems the recommendation implemented.	Given that the principles of delegation of authority came into effect on 1 January 2019 and the administrative instruction on temporary special measures for the achievement of gender parity has been revised and promulgated, the Board considers this recommendation implemented.	X			
82	2017	A/73/5 (Vol. I), chap. II, para. 167	The Board recommended that the Administration verify the human resources Insight datasheet and human resources strategic indicator dashboard to ensure that the performance management compliance data are uniform and consistent.	The Administration reiterates its comments and requests that the recommendation be closed as the performance management compliance data is now available through the management dashboard managed by the Business Transformation and Accountability Division and has been validated by the Office of Human	Given that the performance management compliance data is now available through the management dashboard managed by the Business Transformation and Accountability Division,	X			

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				Resources through user acceptance testing. HR Insight has been phased out with regard to performance management compliance data.	and that HR Insight has been phased out with regard to performance management compliance data, the Board considers this recommendation implemented.				
83	2017	A/73/5 (Vol. I), chap. II, para. 191	The Board recommended that the Procurement Manual clarify that the procurement officer must assess the market conditions and industry practices before technical specifications are drafted and justify deviations.	The Administration has implemented this recommendation and considers it closed. The Procurement Manual revision of June 2020 addresses this recommendation in section 4.4, Requirements definition, by first requiring an assessment of market conditions and industry practices in order to allow such information to help develop the requirements definition. Furthermore, the Procurement Manual now requires that significant deviations from standard industry practices shall be justified.	Given that the Procurement Manual has been revised accordingly, including a requirement to assess market conditions and industry practices, the Board considers this recommendation implemented.	X			
84	2017	A/73/5 (Vol. I), chap. II, para. 241	The Board recommended that the Administration review all cases of refunds that are pending from the implementing partners and take necessary action as stipulated in the operational handbook.	A global long-term agreement for audit services has resulted in significant progress made with regard to clearing the audit backlog in the different funds. In addition, the newly introduced grant management system refund alert system notifies partners when a refund is due.	Given that similar issues have been noted in audits in recent years and the Board reiterated this recommendation in the present audit, the Board considers this recommendation as having been overtaken by events.				X
85	2017	A/73/5 (Vol. I), chap. II, para. 242	The Board recommended that audits of the projects be completed on a priority basis to ascertain the exact amount of the refunds due from implementing partners and to initiate appropriate action to recover the amounts.	The audit backlog has been addressed. There are two funds where the audit backlog is due to various administrative issues. The Administration continues to address those issues.	The Board observed that previous audit backlogs had been addressed and considers this recommendation implemented.	X			

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86	2017	A/73/5 (Vol. I), chap. II, para. 248	The Board recommended that the Administration draw up a time-bound programme for the review of all overdue guidance documents and ensure its implementation.	With regard to the broader Office for the Coordination of Humanitarian Affairs corporate guidance system, the Office's management team decided that, in the light of budgetary constraints and other ongoing organizational change priorities, any future work on the development and centralized monitoring of the Office's corporate guidance system will be postponed until further notice. While compliance with the corporate-level policy instructions is no longer systematically monitored at the corporate level owing to a lack of centralized capacity, the monitoring of the implementation of the policy instructions is now conducted as follows: (a) operational guidance for specific technical and thematic issues is continuously monitored by the relevant sections and divisions; and (b) following the integration of most thematic advisers into the Office's Operations and Advocacy Division and Coordination Division, the advisers are now providing real-time operational and/or technical guidance and monitoring support to the field. The advisers monitor field office compliance with guidance on issues related to humanitarian access, international humanitarian law, internal displacement and the humanitarian-development-peace nexus.	Given that the development and centralized monitoring of the Office for the Coordination of Humanitarian Affairs corporate guidance system are postponed, and that compliance with corporate-level policy instructions are monitored by relevant divisions, the Board considers this recommendation to be under implementation.		X		
87	2017	A/73/5 (Vol. I), chap. II, para. 259	The Board recommended that the Administration closely monitor the preparation of detailed actionable plans to implement the risk response and risk treatment plans	The Secretariat-wide risk register with the Secretary-General's strategic focus areas and critical risks, including the fraud and corruption risk register, was approved on 15 July 2020 by the Management Committee. The	Given that the risk treatment and response plans were approved by the Management Committee in April 2021 and that the	X			

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			stemming from the fraud and corruption risk registers and periodically report thereon to the Management Committee.	corporate risk owners, including owners of the fraud and corruption risks, are now tasked with developing detailed risk treatment and response plans for the critical risks.	implementation progress of the risk treatment and response plans will be periodically reported to the Management Committee, the Board considers the recommendation implemented.				
88	2017	A/73/5 (Vol. I), chap. II, para. 260	The Board recommended that the Administration harmonize the enterprise risk management corporate risk registers and the fraud and corruption risk registers so as to synergize their risk mitigation strategies.	The Secretariat-wide risk register approved on 15 July 2020 by the Management Committee includes the Secretary-General's strategic focus areas and critical risks and fully integrates fraud and corruption risks. The corporate risk owners, including owners of the fraud and corruption risks, will work towards the implementation of dedicated risk mitigation strategies.	Given that the Secretariat-wide risk register approved on 15 July 2020 by the Management Committee included the Secretary-General's strategic focus areas and critical risks and fully integrated fraud and corruption risks, the Board considers this recommendation implemented.	X			
89	2017	A/73/5 (Vol. I), chap. II, para. 261	The Board recommended that the Administration devise a suitable monitoring mechanism at the Secretariat level for ensuring the sustained implementation of risk mitigation actions at the department, office and mission level.	The Enterprise Risk Management Section of the Business Transformation and Accountability Division regularly monitors the development of risk assessments at the entity level. Currently, entities are required to report annually to the Enterprise Risk Management Section on the status of enterprise risk management implementation, including their identified top-tier risks, recommendations to mitigate them and practical actions that have been taken in this regard. In addition, the Management Committee plays an oversight role in ensuring enterprise risk management is implemented coherently at the entity level and risks	Given that the Administration has established a mechanism to regularly monitor the development of risk assessments at the entity level, the Board considers this recommendation implemented.	X			

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				are properly identified, mitigated and escalated where appropriate. The status of enterprise risk management implementation by entities is also monitored through the benefits tracker maintained by the Department of Management Strategy, Policy and Compliance as part of the management reform that sets out the benefits of the initiatives taken and milestones of implementation. The Enterprise Risk Management Section, in collaboration with the Enterprise Resource Planning Solution Division, is also developing a suitable ICT tool, planned to be deployed in 2021, that will facilitate better monitoring and reporting. The Administration requests that this recommendation be closed.					
90	2017	A/73/5 (Vol. I), chap. II, para. 267	The Board recommended that the Administration, based on the results of the assessment, prepare an anti-fraud and anti-corruption strategy, along with an action plan, providing performance indicators and suitable monitoring mechanisms.	The Enterprise Risk Management Section is working on the preparation of an anti-fraud and anti-corruption guidebook and strategy by September 2021, as included in the risk treatment and response plans for critical fraud and corruption risks in the Secretariat-wide risk register. The risk treatment and response plans were endorsed by the Management Committee in April 2021.	Given that the establishment of the anti-fraud and anti-corruption strategy is still in progress, the Board considers this recommendation to be under implementation.		X		
91	2017	A/73/5 (Vol. I), chap. II, para. 273	The Board recommended that the Administration analyse how a coherent fraud risk management programme for the procurement function should be implemented and provide necessary instruction or guidance to offices away from Headquarters, regional commissions, field missions and other offices of the Secretariat.	The procurement fraud risk management programme is an integral and essential part of the Secretariat's anti-fraud and anti-corruption programme. The fraud risk management for the procurement function is implemented coherently and in compliance with the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat. Information circular ST/IC/2016/25 elaborates on how the Secretariat acts	Given that fraud risk management for the procurement function has been implemented coherently and in compliance with the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat, the Board considers this	X			

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				to prevent, detect, deter, respond to and report on fraud and corruption, which is applicable to all procurement fraudulent acts throughout the Secretariat, including peacekeeping missions and special political missions. Under the Framework, the Procurement Division conducted a thorough review of the procurement fraud risks and takes further proactive measures to strengthen procurement fraud management. A systematic and methodical procurement fraud risk assessment has been conducted, and risk management is monitored in daily activities and audited by internal and external oversight bodies periodically. In the light of the above, the Administration requests that the Board consider closing this recommendation.	recommendation implemented.				
92	2017	A/73/5 (Vol. I), chap. II, para. 274	The Board recommended that the Administration establish a comprehensive fraud risk management programme for the Procurement Division that provides for the proactive implementation of the Anti-Fraud and Anti-Corruption Framework at all levels and incorporates leading practices for addressing fraud and corruption risks in the procurement function.	The procurement fraud risk management programme is an integral and essential part of the Secretariat's anti-fraud and anti-corruption programme. The fraud risk management for procurement function is implemented coherently and in compliance with the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat. Information circular ST/IC/2016/25 elaborates on how the Secretariat acts to prevent, detect, deter, respond to and report on fraud and corruption, which is applicable to all procurement fraudulent acts throughout the Secretariat, including peacekeeping missions and special political missions. Under the Framework, the Procurement Division conducted a thorough review of the procurement	Given that the procurement fraud risk management programme has been an integral and essential part of the Secretariat's anti-fraud and anti-corruption programme, and fraud risk management for the procurement function has been implemented coherently and in compliance with the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat, the Board considers this recommendation implemented.	X			

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				fraud risks and takes further proactive measures to strengthen procurement fraud management. A systematic and methodical procurement fraud risk assessment has been conducted, and risk management is monitored in daily activities and audited by internal and external oversight bodies periodically. In the light of the above, the Administration requests that the Board consider closing this recommendation.					
93	2017	A/73/5 (Vol. I), chap. II, para. 275	The Board further recommended that the Administration ensure that the United Nations Office at Nairobi performs risk assessment and prepare risk registers at entity level and at the level of each division.	The Administration did not provide any further information during the current audit process.	Given that the risk registers have not yet been finalized and will be implemented in 2021, the Board considers this recommendation to be under implementation.		X		
94	2017	A/73/5 (Vol. I), chap. II, para. 290	The Board reiterated its recommendation that the Administration finalize, and issue under appropriate authority, its standard template agreement with implementing partners to include appropriate anti-fraud, sanctions and audit clauses.	The grantor management module was deployed to all Secretariat entities in December 2019 and, as part of its functionality, template agreements with implementing partners that include mandatory clauses can be created. During 2021, the partner agreements and standard clauses will be reviewed and updated.	Given that the partner agreements and standard clauses need to be updated, the Board considers this recommendation to be under implementation.		X		
95	2017	A/73/5 (Vol. I), chap. II, para. 291	The Board recommended that the Administration continue to strengthen, in a time-bound manner, its accountability and internal control framework, including the implementation of the three lines of defence model, the development of a statement of internal control and the preparation of a centralized repository of information concerning the delegation of authority.	The United Nations Secretariat internal control framework, including entity-level controls and activity-level controls, was released to all Secretariat entities in 2020. Entities finalized their remediation plans by 31 December 2020. In addition, a self-assessment questionnaire was released in December 2020.	Given that no supporting documents were provided by the Administration, the Board considers this recommendation to be under implementation.		X		

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96	2017	A/73/5 (Vol. I), chap. II, para. 303	The Board recommended that the Administration consider setting up a formal mechanism for reviewing and strengthening fraud and corruption prevention controls, or embedding it in an existing mechanism, based on lessons learned from dealing with fraud and corruption cases in the Secretariat.	The Secretariat has been taking a step-by-step approach to address both issues. In 2016, the Secretariat issued the Anti-Fraud and Anti-Corruption Framework of the United Nations Secretariat (ST/IC/2016/25), and in 2017, the Secretariat conducted a fraud and corruption risk assessment. The Secretariat updated its fraud and corruption risk assessment in 2019 as part of the overall Secretariat-wide risk assessment, highlighting six critical risks related to fraud and corruption: (a) organizational culture; (b) ICT governance and cybersecurity; (c) implementing partners; (d) Umoja system control environment; (e) theft: fuel, rations and inventory; and (f) procurement fraud.	Given that the Administration has been taking a step-by-step approach to setting up a mechanism to review and strengthen the prevention of fraud and corruption, the Board considers the recommendation implemented.	X			
97	2017	A/73/5 (Vol. I), chap. II, para. 311	The Board recommended that the Ethics Office, in conjunction with OIOS, devise suitable measures to ensure that each retaliation case is dealt with expeditiously and that any constraints in doing so are suitably addressed.	The Ethics Office provided all requested information that comes under the responsibility of the Office (i.e. the average number of days taken for the completion of preliminary reviews in accordance with the current policy). Therefore, the Ethics Office has responded to the recommendation as far as the Office's mandate is concerned. On 11 February 2021, OIOS stated that it will continue to work with the Ethics Office to provide required information on cases of retaliation.	Given that the Ethics Office and OIOS have cooperated in order to deal with the cases, the Board considers this recommendation implemented.	X			
98	2017	A/73/5 (Vol. I), chap. II, para. 323	The Board recommended that the Administration address all impediments, in OIOS and the Office of Human Resources Management, to the expeditious settlement of cases. Suitable performance indicators may be introduced, wherever missing,	Generally, the length of time to complete the disciplinary process varies depending on the complexity of the matter, the quantity and quality of evidence gathered during the investigation into the matter, and any clarifications that may be required following review by the Administrative	Given that, in future, with the introduction of a global case management system, an analytical review of data and trends over the next three to four years will help inform and		X		

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			to provide a time frame for completion of such cases.	Law Division of the Office of Human Resources. The jurisprudence from the United Nations Dispute and Appeals Tribunals with regard to the standard of proof and additional requirements concerning the reliability of witness statements continues to add to the level of review required by the Office of Human Resources, which often results in the need for additional investigative activity to be undertaken prior to or during the disciplinary process. With the introduction of a global case management system, an analytical review of data and trends over the next three to four years will help inform and determine relevant performance indicators that could be introduced for those processes over which the Office of Human Resources has control. On the basis of the foregoing, the Administration requests closure of this recommendation.	determine relevant performance indicators that could be introduced for those processes over which the Office of Human Resources has control, the Board considers this recommendation to be under implementation.				
99	2017	A/73/5 (Vol. I), chap. II, para. 324	The Board recommended that the Administration introduce an end-to-end monitoring system capable of tracking all cases across offices, from the time of their receipt until the time of their final disposal.	Roll-out of the new case management tracking system started in December 2020, with the new platform incorporating the previous management tracking system as a module in the new tracking system, along with new functionalities for the new module. The roll-out of the disciplinary and appeal modules to complete the new case management tracking system was delayed to the first quarter of 2021, owing to resource constraints associated with the development and testing of these modules. With the roll-out of the additional modules indicated above, the case management tracking system will be an end-to-end system for the reporting, tracking and management of	Given that work is under way to roll out the new case management tracking system, the Board considers this recommendation to be under implementation.		X		

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				all reports of misconduct in the Secretariat, from the receipt of complaints to the completion of disciplinary actions, where applicable.					
100	2017	A/73/5 (Vol. I), chap. II, para. 348	The Board recommended that, as an interim measure, the Department issue guidelines/ templates for uniformity in the preparation and monitoring of internal self-assessments.	A framework for evaluating the implementation of policies was approved in June 2020, and was submitted as a supporting document.	Given that a framework for monitoring internal self-assessment has been approved, the Board considers this recommendation implemented.	X			
101	2017	A/73/5 (Vol. I), chap. II, para. 351	The Board recommended that the Department of Safety and Security fix periodicity for timely revision of the standards to accommodate the needs arising from changes in the security environment and rapid changes in technology.	The updating of the headquarters minimum operating security standards was completed in April 2020. It has also been determined that the standards will be reviewed every four years.	Given that the Administration has updated the standards accordingly, the Board considers this recommendation implemented.	X			
102	2017	A/73/5 (Vol. I), chap. II, para. 364	The Board recommended that the Department issue a general bulletin to all designated officials and other security professionals to ensure improved compliance with the security risk management process and that it develop a compliance monitoring matrix and present it to all the stakeholders.	The general bulletin to all designated officials and other security professionals to ensure improved compliance with the security risk management process was issued. The compliance monitoring matrix showing the status of the security risk management process is being shared on a monthly basis with all stakeholders.	Given that the general bulletin was issued and the compliance monitoring matrix showing the status of the security risk management process is being shared on a monthly basis with all stakeholders, the Board considers this recommendation implemented.	X			
103	2017	A/73/5 (Vol. I), chap. II, para. 385	The Board recommended that the Department of Safety and Security develop a mechanism for the Division of Regional Operations and the Policy and Compliance Service to monitor the implementation of and compliance with the security management system policies.	The policy implementation assessment has been completed and results have been shared with stakeholders. The assessment became the interim mechanism for the continuous monitoring of the implementation of and compliance with the security management system policies.	Given that the mechanism to monitor the implementation of and compliance with the security management system policies has been established, the Board considers this recommendation implemented.	X			

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104	2017	A/73/5 (Vol. I), chap. II, para. 386	The Board recommended that the Inter-Agency Security Management Network develop a mechanism to periodically review the level of implementation and compliance with security policies in the designated areas.	The Inter-Agency Security Management Network has established the monitoring of compliance as one of its priorities. As a result, the Network reviews developments related to the monitoring of compliance at each meeting. The Department of Safety and Security shared the results of the implementation survey with members of the Network at its thirty-third session.	Given that a mechanism to periodically review the level of implementation and compliance with security policies in the designated areas has been developed, the Board considers this recommendation implemented.	X			
105	2017	A/73/5 (Vol. I), chap. II, para. 392	The Board recommended that the Critical Incident Stress Management Unit establish a mechanism to record, by date, the details of critical incidents reported by the Division of Regional Operations and other entities and reconcile this information periodically with safety and security incident recording system figures to ensure that no critical incidents warranting intervention go unnoticed.	Resources were allocated and the platform is being built by the Office of Information and Communications Technology and a consultant with the Critical Incident Stress Management Unit. Phase 1 of the platform design has been finalized and testing is being undertaken. The expected date of delivery and launch of the platform is 31 March 2021.	Given that the resources were allocated, the platform is being built by the Office of Information and Communications Technology, and phase 1 of the platform design has been finalized and testing is being undertaken, the Board considers this recommendation to be under implementation.		X		
106	2017	A/73/5 (Vol. I), chap. II, para. 393	The Board recommended that the Critical Incident Stress Management Unit, in coordination with the designated officials and United Nations security management system organizations, review the existing number and locations of counsellors to ensure the availability of adequate capability to respond to the needs of affected personnel and eligible family members.	A heat map of counsellors' accessibility and availability is designed and updated regularly, and a heat map was provided to the Board. The Critical Incident Stress Management Unit continues to monitor the psychosocial well-being of United Nations staff system-wide and advocates before the Security Management Team.	Given that the heat map of counsellors' accessibility and availability is designed and updated regularly, the Board considers this recommendation implemented.	X			

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						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
107	2017	A/73/5 (Vol. I), chap. II, para. 401	The Board recommended that the Training and Development Section maintain a consolidated database containing details on all trainees and training courses conducted by the Department.	The contract with the provider of the new learning management system was signed on 30 December 2020. Plans are under way to launch the new system as the primary repository and database for Department of Safety and Security training by the end of 2021.	Given that plans are under way to launch the new learning management system as the primary repository, the Board considers this recommendation to be under implementation.		X		
108	2017	A/73/5 (Vol. I), chap. II, para. 425	The Board recommended that the Secretariat devise a suitable mechanism to ensure better coordination between the Office of the Controller, OIOS and other Secretariat offices for a complete and comprehensive reporting of cases of fraud and presumptive fraud.	The recommendation is addressed to the Secretariat, and OIOS should be removed as the Office responsible for its implementation. In support of the Secretariat's response, OIOS provides the information set out below. Between 2016 and 2020, OIOS observed a 283 per cent increase in fraud cases and a 527 per cent increase in subjects. The 2021 figures are expected to surpass 2020 figures, based on the 2021 information available to date. OIOS believes that the drastic increase in fraud cases and subjects in 2018 and subsequent years is a result of the high level of cooperation between OIOS and the Office of the Controller following a coordination meeting held in January 2019. According to the Office of Programme Planning, Finance and Budget, a new mechanism has been put in place to report presumptive fraud, fraud and updates from previous years as well as all referred cases from OIOS to entities. The status of presumptive fraud cases from previous years are systematically checked. A case tracking system that consolidates input from OIOS, the entities and the Office of Human Resources has been put in place.	Given that the Secretariat is working on the mechanism, the Board considers this recommendation to be under implementation.		X		

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109	2018	A/74/5 (Vol. I), chap. II, para. 32	The Board reiterated the recommendation that the Administration undertake a comprehensive review of the functionalities of the Umoja business planning and consolidation module and take necessary corrective action to eliminate the need for manual adjustments and interventions in the preparation of the financial statements.	The Office of Programme Planning, Finance and Budget has been working with the Umoja team to implement further automation of business planning and consolidation. Automation of segment reporting for volume I was tested and moved to production in time for the production of the 2019 financial statements. Owing to a mandated priority requiring the Umoja team to complete the implementation of Umoja Extension 2 in 2020, other automation items are planned to be completed by 31 December 2021.	Given that similar issues have been noted and a similar recommendation has been reiterated in the present audit, the Board considers this recommendation as having been overtaken by events.				X
110	2018	A/74/5 (Vol. I), chap. II, para. 39	The Board reiterated its recommendation that the Administration strengthen its scrutiny of open commitments after the closure of the budget period and that action be taken on open outstanding commitments at the end of 12 months after the budget period according to the provisions of the Financial Regulations and Rules.	The Administration continues to consider this recommendation implemented and will continue its strengthened review and monitoring of commitments.	Given that this recommendation was reiterated in A/75/5 (Vol. I), the Board considers this recommendation as having been overtaken by events.				X
111	2018	A/74/5 (Vol. I), chap. II, para. 46	The Board reiterated the recommendation that the Administration review and appropriately strengthen the system of asset capitalization in view of the inaccuracies noticed. The Board further recommended that internal controls over disposal of assets be strengthened and all necessary disposal processes be completed on time.	Copies of the data quality checks process implemented by the Global Asset Management Policy Service were provided in support of the Administration's response to the recommendation.	Given that the inaccuracies in asset capitalization still exist, and the asset retirement process, as set out in the present report, is too long, the Board considers this recommendation to be under implementation.		X		

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112	2018	A/74/5 (Vol. I), chap. II, para. 57	The Board recommended that the Administration review and appropriately strengthen the system of capitalization of intangible assets and improve the alignment of capitalization of Umoja with the deployment of the functionality concerned.	Umoja will be capitalized in conjunction with the deployment of functional components in use.	Given that the review of work breakdown structure elements on the capitalization of intangible assets is still ongoing, the Board considers this recommendation to be under implementation.		X		
113	2018	A/74/5 (Vol. I), chap. II, para. 63	The Board recommended that the Administration take measure to clean up the data migrated from Galileo to address the data quality issues in inventories and carry out physical verifications in all the special political missions.	Copies of the strategic guidance issued in 2020, which extended the scope of the performance management reports to all Secretariat entities, were distributed. In addition, data quality checks on inventory management as part of the year-end activities were generated by the Global Asset Management Policy Service and provided to entities for review and correction of possible inaccuracies. Data quality inventory checks on correct evaluation and cycle counting activities were generated in December 2020 and provided to entities in volume I for their attention.	Given that the key performance indicator reports generated by Umoja, which describe the details of physical verifications as at 31 December 2020, were distributed to and reviewed by all applicable entities, the Board considers this recommendation implemented.	X			
114	2018	A/74/5 (Vol. I), chap. II, para. 71	The Board recommended that the Administration evolve a comprehensive policy and guidelines detailing an approved list of services under each activity, devising a method for apportioning the common overheads relating to cost-recovery activities and designating responsible persons at the entity level to promote accountability and transparency in the review and monitoring of cost-recovery activities.	The comprehensive policy document is currently being drafted by the Office of Programme Planning, Finance and Budget, with the goal of meeting the target date of June 2021.	Given that the comprehensive policy document is still in the process of being updated, the Board considers this recommendation to be under implementation.		X		

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115	2018	A/74/5 (Vol. I), chap. II, para. 72	The Board recommended that the Administration take the necessary action for realizing outstanding receivables for cost-recovery activities and that it carry out regular follow-up for timely recovery of these outstanding amounts.	In addition to the monthly statements, the Office of Programme Planning, Finance and Budget follows up on individual outstanding invoices with the customers through emails. The Office also involves the service providers in this exercise as they must ensure the timely performance of recoveries for services rendered. As a result, some of the old outstanding invoices have been cleared and the Office will continue its efforts in the second quarter of 2021.	Given that the Administration has taken measures such as the issuance of monthly statements and following up on individual outstanding invoices, the Board considers this recommendation implemented.	X			
116	2018	A/74/5 (Vol. I), chap. II, para. 79	The Board recommended that the Administration improve the maintenance of the audit trail to enable a better review of the cash position at the fund level.	The Office of Programme Planning, Finance and Budget monitors the cash balances of the participating fund and this information is communicated on a daily basis to the Office of the Controller. The audit trail already exists in Umoja, as the system records the time and date of the entry (entry date) and the effective date of the transaction (posting date), which can be used to determine the daily cash balances. The Administration considers this recommendation implemented and requests its closure by the Board.	Given that the Office of Programme Planning, Finance and Budget monitors the cash balances of the participating fund, and that this information is communicated on a daily basis to the Office of the Controller, the Board considers this recommendation implemented.	X			
117	2018	A/74/5 (Vol. I), chap. II, para. 88	The Board recommended that the Administration revise the basis for apportionment of the after-service health insurance liability between the financial statements of the operations of the United Nations as reported in volume I and in volume II (peacekeeping) to reflect the current ratio of employees and thus the appropriate share of employee benefit liabilities on account of after-service health insurance.	The implementation effort is under way and on schedule.	Given that the implementation effort is under way and on schedule, the Board considers this recommendation to be under implementation.		X		

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118	2018	A/74/5 (Vol. I), chap. II, para. 101	The Board recommended that the Administration identify the key data elements that validate the eligibility of participants and incorporate the necessary validation controls to ensure mandatory capturing of these key data elements in the system.	The migration of the retiree records pertaining to medical insurance plans into Umoja, which is currently in progress, will resolve the issue of data availability and quality, as a high percentage of the census data will be extracted from a single source (Umoja). The migration was expected to be finalized by 31 December 2020; however, the full attention of the Health and Life Insurance Section team had to be devoted to supporting the Organization's response to the ongoing COVID-19 pandemic, including supporting the implementation of a medical evacuation framework and the first line of defence, and the transition of staff of the Development Coordination Office and the Department of Safety and Security to the United Nations medical insurance plan. The migration of the after-service health insurance records into Umoja is expected to be implemented by June 2021.	Given that the migration of the retiree records pertaining to medical insurance plans into Umoja is still in progress, the Board considers this recommendation to be under implementation.		X		
119	2018	A/74/5 (Vol. I), chap. II, para. 103	The Board recommended that information about surviving dependants who are children be reflected separately in the data about retirees to ensure that age-gap calculations are correct. The Board also recommended that the Administration identify and update the correct status of 643 cases where participants have not been identified either as surviving dependants or retirees.	The review is in progress, subject to coordination with other recommendations of the Board on census data improvement and the prioritization of related United Nations resources.	Given that the review is in progress, the Board considers this recommendation to be under implementation.		X		

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120	2018	A/74/5 (Vol. I), chap. II, para. 124	The Board recommended that the Administration review the employee status classification to ensure that data in Umoja is consistent with the actual status, undertake a comprehensive review of retiree data to ensure their quality and accuracy in the granting of post-retirement benefits and classify retirees as a category that can be uniquely identified.	The Administration did not provide any further information during the current audit process.	Given that the Health and Life Insurance Section was scheduled to finalize implementation in the second semester of 2020, the Board considers this recommendation to be under implementation.		X		
121	2018	A/74/5 (Vol. I), chap. II, para. 125	The Board recommended that the Administration review the personal benefits and contribution data of employees, retirees and dependants for completeness, consistency and validation in Umoja and reconcile them with other sources such as payroll payments and eligibility lists sent to the third-party administrators.	One of the high-priority Umoja human resources support projects is intended to help address the issue of administration of benefits, so that the Human Resources Service Division can stay involved (with the Office of Human Resources) as a supporting office.	Given that a Umoja human resources project is intended to help address the issue, the Board considers this recommendation to be under implementation.		X		
122	2018	A/74/5 (Vol. I), chap. II, para. 131	The Board recommended that the Administration take urgent measures to devise an appropriate review mechanism and protocol, develop a capacity for periodic internal reviews on claims data so as to obtain assurance on claims and costs reported by the third-party administrators and put in place a formal feedback mechanism with the third-party administrators.	The statement of work for the audit of claims has been finalized. The Procurement Division and the Health and Life Insurance Section are working on updating the technical matrix and the request for proposals for the claims audit is expected to be issued in the first half of 2021.	Given that the Procurement Division and the Health and Life Insurance Section are working on updating the technical matrix and the request for proposals for the claims audit is expected to be issued in the first half of 2021, the Board considers this recommendation to be under implementation.		X		

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123	2018	A/74/5 (Vol. I), chap. II, para. 132	The Board recommended that the Administration review the third-party administrator reporting templates for gaps in data quality and standardization and streamline the data elements in the paid claims files to enable authentication of subscribers and expenditure, help to identify red flags and carry out correct and comprehensive classification of claims.	Further work is ongoing as part of the "category management process" in the Procurement Division. An ICT technology standardization procedure has been finalized. In addition, in December 2017, the Administration implemented a simplified process to acquire approved software and hardware as well as a way to request additions to these standards. Recognizing that there are unique operational requirements, the Administration established a separate process for these requests using the low-value acquisition approach to accelerate the technical clearance process. The low-value acquisition approach is a procurement process that allows the purchase of items under $10,000 to accelerate delivery of needed equipment and minimize risk to the organization. Responses to the request for information issued on 30 October 2020 have been received and are being reviewed by the Health and Life Insurance Section. Subject to the responses received, the request for proposals for the provision of health insurance services will include reporting templates to ensure the streamlining of data elements in the paid claims files and enable the authentication of subscribers and expenditures. In parallel, the standard template contract has been drafted and an initial approval from the Office of Legal Affairs has been received. The standard agreements, with reporting templates, are expected to be signed by the existing third-party administrators by December 2021.	Given that the request for proposals is still in progress, and the standard agreements with reporting templates have not been signed, the Board considers this recommendation to be under implementation.		X		

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124	2018	A/74/5 (Vol. I), chap. II, para. 136	The Board reiterated its recommendation for development of a suitable mechanism for better coordination aimed at complete and comprehensive reporting of cases of fraud and presumptive fraud.	A new mechanism has been put in place to report presumptive fraud, fraud and updates from previous years as well as all referred cases from OIOS to entities. The status of presumptive fraud cases from previous years is systematically checked. A case tracking system that consolidates the input from OIOS, entities and the Office of Human Resources has been put in place.	Given that supporting documents were provided referring to the new mechanism and the workflow of the new mechanism, and fraud cases reported by the Health and Life Insurance Section for 2020 could be found in a table in the present report, the Board considers this recommendation implemented.	X			
125	2018	A/74/5 (Vol. I), chap. II, para. 137	The Board recommended that the Administration review the processes involved in reporting fraud to the office of the Controller by constituent offices of the Secretariat and establish timelines and process flows for information-sharing between the Secretariat, third parties, offices away from Headquarters, field offices, missions and OIOS to ensure complete and comprehensive reporting of fraud and presumptive fraud cases.	Guidelines on fraud and presumptive fraud that describe the processes involved in reporting fraud and establish timelines and process flow were completed and shared with entities in volume I on 17 December 2020.	Given that supporting documents were provided referring to the new mechanism and the workflow of the new mechanism, the Board considers this recommendation implemented.	X			
126	2018	A/74/5 (Vol. I), chap. II, para. 142	The Board recommended that the Administration take steps to make it mandatory that all cases of frauds and suspected frauds be reported, as they come to notice, by all third-party administrators.	The standard template contract has been drafted and an initial approval from the Office of Legal Affairs has been received. The standard agreement is expected to be signed by the existing third-party administrators by December 2021.	Given that there is still no standard agreement between the United Nations and third-party administrators, the Board considers this recommendation to be under implementation.		X		

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127	2018	A/74/5 (Vol. I), chap. II, para. 149	The Board recommended that the Administration put in place a formal mechanism for monitoring recovery of unduly paid amounts and actively pursue the recoveries. The Board also recommended that a focal point be designated centrally with the responsibility to carry out the monitoring and follow-up.	All cases of fraud and presumptive fraud reported to the Health and Life Insurance Section are subsequently reported to OIOS, with a copy to the Conduct and Discipline Service of the Administrative Law Division. Where a decision is made about the appropriateness of financial recovery in the context of a finding of misconduct, the Administrative Law Division will notify the Controller as well as the head of entity to ensure such recovery is effected, where possible. The Office of Programme Planning, Finance and Budget will establish a mechanism for monitoring recovery of any unduly paid amounts.	Given that the mechanism to monitor recovery of unduly paid amounts has not been established, the Board considers this recommendation to be under implementation.		X		
128	2018	A/74/5 (Vol. I), chap. II, para. 150	The Board recommended that the Administration issue clear guidelines on the processes to be followed in cases of established fraud and the time frames within which action should be completed.	Guidelines on fraud and presumptive fraud were shared with entities in volume I on 17 December 2020.	Given that the guidelines on the reporting of fraud and presumptive fraud cases were provided by the Administration, the Board considers this recommendation implemented.	X			
129	2018	A/74/5 (Vol. I), chap. II, para. 151	The Board recommended that the Administration establish a mechanism for regular and periodic feedback between OIOS and the Health and Life Insurance Section.	OIOS and the Health and Life Insurance Section have detailed the working arrangements through emails as follows: (i) the Health and Life Insurance Section ensures that the third-party administrator makes its initial report to the Section; (ii) the Section then forwards the matter to OIOS; and (iii) OIOS informs the Health and Life Insurance Section of its decision.	Given that the working arrangements have been determined through emails between OIOS and the Health and Life Insurance Section, and feedback from OIOS on issues is identified in its investigation of fraud cases, the Board considers the recommendation implemented.	X			

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130	2018	A/74/5 (Vol. I), chap. II, para. 159	The Board recommended that: (a) the processes to be followed for the cash management function with the initiation of Umoja be documented and formally approved as a priority; (b) the Administration take steps to finalize, formalize and document the structure, roles and duties of the Treasury staff; and (c) the roles and responsibilities of the cashiers not located at Headquarters for cash management functions and their functional relationship with the Treasury at Headquarters be formalized.	The documentation has been completed; however, it is still pending formal approval.	Given that formal approval is still pending, the Board considers this recommendation to be under implementation.		X		
131	2018	A/74/5 (Vol. I), chap. II, para. 164	The Board recommended that: (a) the Administration introduce a system to utilize the information available in Umoja for estimating cash outflows over a longer period, enabling more refined forecasts of liquidity outflow, which also has the potential to help in better management of investments; and (b) payroll disbursement be aligned with the mechanism used by the Treasury for processing other payments for better cash management for the Organization.	The cash management procedure has been updated and is utilizing data from Umoja. All payments are disbursed according to a T+3 rule (the current day plus three business days). For cash management purposes the T+3 horizon is sufficient. A project has been submitted and endorsed by the Umoja Change Board to implement an enhancement that would enable the alignment of the payroll and accounts payable disbursement under the T+3 rule. It is expected that the enhancement will be implemented in 2021.	Given that the enhancement is expected to be implemented in 2021, the Board considers this recommendation to be under implementation.		X		
132	2018	A/74/5 (Vol. I), chap. II, para. 174	The Board recommended that the Administration: (a) expedite clearance of pending items classified as exceptions and as under investigation and incorporate such clearances in the overall monitoring mechanism of the Treasury	The processing of the exception list is part of regular cashier operations. The high number of exceptions is explained below. The number of exceptions will be always high, as the exception list is used to park payment documents. (a) The items in the Umoja exception list are not all exceptions in	Given that the pending list of exceptional cases was provided by the Administration, which demonstrates that the Administration has had a relatively complete monitoring mechanism	X			

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			going forward; and (b) review reasons for the very high number of exceptions and take the necessary mitigation measures to reduce the proportion of exceptions generated.	the literal sense. Most of the items are deliberately blocked to prevent them from being paid; (b) Some items were inherited from the conversion that occurred when Umoja was implemented. These items should be archived and deleted, but this is not an activity that can or should be completed by the business; (c) All items that require repair, and can be repaired, are repaired when possible. Note that cashier operations processes an average of 3,200 payment documents per day.	of pending projects, and the reasons for the high degree of exceptions was reviewed and well explained, the Board considers this recommendation implemented.				
133	2018	A/74/5 (Vol. I), chap. II, para. 180	The Board recommended that the Administration: (a) improve the process for review and management of bank balances to avoid overdrafts and the consequent risk of potential delays in payments and levy of overdraft fees; and (b) review buffer limits of liquidity in house banks and set formal limits for individual house banks.	The house bank balances are reviewed daily, and buffer limits are set. Formalization of the buffer limits is planned, and the recommendation is requested to be closed.	Given that the buffer limit has not been formalized, the Board considers this recommendation to be under implementation.		X		
134	2018	A/74/5 (Vol. I), chap. II, para. 189	The Board recommended that the Administration document the processes underlying investment decisions covering reasons for choosing a particular investment instrument, trading partner and period of maturity.	All trade records and supporting documentation for January through September 2020 were provided in October 2020.	Given that the United Nations Treasury is in the progress of improving the documentation of investment decisions by adding copies of competitive bidding records and rates available for trades, the Board considers this recommendation to be under implementation.		X		

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135	2018	A/74/5 (Vol. I), chap. II, para. 193	The Board recommended that the Administration improve the system of forecasting of cash flows and assess liquidity requirements to support effective cash management and optimal investment decisions.	The recommendation is under implementation.	Given the Administration's comments, the Board considers this recommendation to be under implementation.		X		
136	2018	A/74/5 (Vol. I), chap. II, para. 198	The Board recommended that the Administration monitor bank rates closely so as to ensure that overnight balances are placed in the bank offering the higher rates within levels of acceptable counterparty risks.	Closure of the recommendation is requested.	Given that the investment officers used a set of spreadsheets to record the decision-making processes related to investment on a daily basis, the Board considers this recommendation implemented.	X			
137	2018	A/74/5 (Vol. I), chap. II, para. 204	The Board recommended that compliance procedures and rules related to the Asset and Investment Manager system should be constantly monitored and any change in the parameters of pre-trade compliance rules should be updated in the system within a reasonable period of time.	The recommendation has been implemented. The Asset and Investment Manager system is monitored constantly and changes for pre-trade compliance are reviewed as soon as possible.	The Board will review the monitoring performance in the next audit, and considers this recommendation to be under implementation.		X		
138	2018	A/74/5 (Vol. I), chap. II, para. 212	The Board recommended that the Administration carry out a review of its hedging programme, increase the number of counterparties having International Swaps and Derivatives Association agreements and revisit the policy of equal splitting of agreements among the counterparties so as to derive advantage from the most competitive market rates while	A review of the hedging programme was undertaken, and the foreign currency hedging guidelines were updated to ensure that each forward transaction was executed at the most competitive rate. That approach was implemented as part of the execution of the hedging programme for the 2020 regular budget period. Furthermore, the Office of Programme Planning, Finance and Budget is working to increase from three the number of counterparties with which the United	Given that the negotiation between the United Nations and another potential cooperative partner is in process, the Board considers this recommendation to be under implementation.		X		

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			limiting the credit exposure in accordance with the defined guidelines.	Nations has an International Swaps and Derivatives Association agreement. Initial discussions are under way with two potential additional counterparties.					
139	2018	A/74/5 (Vol. I), chap. II, para. 222	The Board recommended that the Administration consider the feasibility of formally laying down a minimum set of requirements for the selection of a bank, along with adopting a standard operating procedure for opening and closing of bank accounts.	The Administration continues to disagree with the Board and does not accept this recommendation. The Administration requests that the Board close this recommendation. The Administration has stated that the delegation of authority in respect of the opening and closing of bank accounts rests with the Controller and the Treasurer. Accounts are opened and closed in accordance with the instructions of the Controller and Treasurer based on operational requirements. The processes and procedures vary from one country to another and from one bank to another. Laying down a formal criterion is not feasible owing to the large number of countries in which the United Nations operates. However, the Administration has implemented a checklist with regard to the opening and closing of bank accounts.	Given that many bank accounts are still open in the same country, while other accounts are not as active, the Board considers this recommendation to be under implementation.		X		
140	2018	A/74/5 (Vol. I), chap. II, para. 242	The Board, considering the large number of indicators which are in tiers II and III, including indicators for targets to be achieved by 2020, recommended that the Department of Economic and Social Affairs intensify its efforts towards the development of indicators and to ensuring the availability of data against them, in collaboration with custodian agencies.	The Administration has continued to support the work of the Inter-Agency and Expert Group on Sustainable Development Goal Indicators on the implementation of the global indicator framework, including its continued advocacy efforts. In 2020, the Administration increased the frequency of the Group's open meetings on Sustainable Development Goal monitoring. The three virtual open meetings (held in June, September and November) were attended by 260 to 270 participants from member	Given that improvement on the availability of data needs to be assessed further, the Board considers this recommendation to be under implementation.		X		

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				countries, observer countries, international and regional organizations and stakeholders. Between open meetings, the Group continued to interact electronically with custodian agencies and held 10 virtual meetings over the course of the year. The progress made on the regular review of methodological developments and issues related to the indicators and their metadata has been greatly appreciated by the Member States attending the fifty-second session of the Statistical Commission.					
141	2018	A/74/5 (Vol. I), chap. II, para. 247	The Board recommended that the Administration augment the capacity-building efforts for Member States, with a special emphasis on the least developed countries, small island developing States and landlocked developing countries.	The resources allocated to the statistics programme under section 23, Regular programme of technical cooperation, of the regular budget was about $1.4 million per year in 2019 and 2020. The activities carried out under this portion of the funding have increasingly focused on least developed countries and small island developing States compared with prior years. In total, 12 workshops were organized under the regular programme of technical cooperation in 2019, 4 of which benefited African countries. Other events were of a global character and included larger numbers of landlocked developing countries or directly addressed Sustainable Development Goal indicator issues. In addition, a new series of thematic conferences has been launched that supports Chief Statisticians in the management of statistical systems to meet the data needs of the 2030 Agenda for Sustainable Development, including in times of crises. The focus of the first	Given the efforts undertaken by the Department of Economic and Social Affairs in supporting the developing countries, particularly African countries, least developed countries, small island developing States and landlocked developing countries, in strengthening their statistical capacity, the Board considers this recommendation implemented.	X			

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				two workshops is on African countries and on small island developing States countries in the Caribbean region. Least developed countries, landlocked developing countries and small island developing States are given priority when awarding fellowships financed under the regular programme of technical cooperation. As a result, the Administration considers the recommendation implemented within the resources available.					
142	2018	A/74/5 (Vol. I), chap. II, para. 270	The Board recommended that the Administration consider reflecting all capacity-building requests in the central repository, including those recorded in the voluntary national reviews, and carry out regular updating of the repository to appropriately reflect the status of the requests.	The Administration upgraded the repository from an Excel-based version to a database with an enhanced front-end to facilitate the implementation of the recommendation. The new system was implemented on 1 February 2021. The data conversion and verification is ongoing and was intended to be completed by the end of February. Revised procedures and review of inclusion of requests in the voluntary national review were ongoing and expected to be completed by May 2021. Overall, all actions for implementing the recommendations are expected to be completed fully by June 2021.	Given that not all capacity-building requests were reflected in the central repository and updated regularly, the Board considers this recommendation to be under implementation.		X		
143	2018	A/74/5 (Vol. I), chap. II, para. 283	The Board recommended that the Administration set up structured protocols in the context of reforms for collaboration among the Department of Economic and Social Affairs, the regional commissions, the United Nations country teams and concerned Member States for financing support so as to obtain feedback on the financing policies.	The links between the recommendations of the report and the outcomes of the Economic and Social Council forum on financing for development follow-up are systematically collected and assessed during annual internal retreats of the Policy Analysis and Development Branch of the Financing for Sustainable Development Office. The Inter-Agency Task Force on Financing for Development incorporates country-level policy recommendations into country guidance material on integrated national	Given that a series of mechanisms in support of the implementation of the 2030 Agenda and the Addis Ababa Action Agenda needs to be improved and assessed further, the Board considers this recommendation to be under implementation.		X		

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				financing frameworks and receives feedback on implementation from UNDP and United Nations country teams. The close cooperation with regional commissions – which are part of the Inter-Agency Task Force that produces the *Financing for Sustainable Development Report* – guarantees a closed feedback loop from the country and regional analysis to the global analysis, which then feeds back into regional and country work. As members of the Inter-Agency Task Force, regional commissions routinely host regional launches to ensure wide dissemination of the *Report*. The overview of launch efforts and impacts for 2019 and 2020 was provided. The *Financing for Sustainable Development Report* is also the main substantive input for the annual Economic and Social Council forum on financing for development follow-up, and the intergovernmental agreed conclusions and recommendations of the forum routinely reflect recommendations from the *Report.*					
144	2018	A/74/5 (Vol. I), chap. II, para. 303	The Board recommended that the Administration upgrade the information technology resources of the Non-Governmental Organizations Branch to ensure efficient and timely processing of new applications for consultative status from NGOs, as well as processing of increasing number of quadrennial reports. The Department of Economic and Social Affairs may also monitor the initiatives by NGOs that are	The upgrade of the information technology system used by the Non-Governmental Organizations Branch is ongoing and expected to be fully implemented by the end of 2021. Regarding the second part of the recommendation, the Committee on Non-Governmental Organizations decided at its 2019 regular session to amend the questionnaire of the quadrennial report to include specific information on NGO engagement in support of the Sustainable Development Goals. This amendment was proposed by the	Given that, although a vendor had been contracted in late 2019 to upgrade the information technology system, the work has not yet been completed, the Board considers this recommendation to be under implementation.		X		

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			related to the Sustainable Development Goals.	Non-Governmental Organizations Branch during the Committee session (see E/2019/32 (Part I), paras. 21 and 22). Quadrennial reports by NGOs now include specific information on the Sustainable Development Goals. It is also recalled that the Non-Governmental Organizations Branch has no mandate to monitor the work of NGOs, based on Economic and Social Council resolutions 1996/31 and 2008/4 and General Assembly resolution 70/1. The possibility of monitoring has been discussed by the Committee on Non-Governmental Organizations but no consensus has emerged from these deliberations. The Administration requests the Board to consider this part of the recommendation as not implementable without a mandate from the Economic and Social Council or the General Assembly.					
145	2018	A/74/5 (Vol. I), chap. II, para. 317	The Board recommended that the Administration implement a comprehensive system to coherently measure the efficiency, effectiveness and cost-effectiveness of the procurement function in line with related requests from the General Assembly and previous oversight recommendations and to regularly inform the General Assembly about related progress.	The recommendation is being implemented. The Enabling and Outreach Service, in coordination with the Procurement Division, the Logistics Division and client entities, has consolidated a list of related key performance indicators and reports to measure the efficiency, effectiveness, and cost-effectiveness of the procurement function. The list has been prioritized and the implementation of related data views is under way in quarterly cohorts as part of the United Nations business intelligence project. Once the required data views are tested and implemented, each key performance indicator and/or report will, in turn, be implemented in associated dashboards.	Given that the implementation of related data views is under way in quarterly cohorts as part of the United Nations business intelligence project, the Board considers this recommendation to be under implementation.		X		

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146	2018	A/74/5 (Vol. I), chap. II, para. 329	The Board recommended that the procurement policy framework clarify that procurement officers must substantiate their estimation of the target value before initiating the request for quotation and how to proceed with the procurement process if values exceed the threshold.	The Administration has implemented this recommendation and considers it closed. The Procurement Manual revision of June 2020 requires (under section 6.3.3 (b)) that prior to commencing a request for quotation, "the Procurement Official will estimate the total value of the goods and/or services and substantiate such estimate" in the source selection plan, and, when the value crosses the threshold, section 6.3.3 (g) states that should the request for quotation process result in a contract value exceeding the threshold for informal methods of solicitation, "the Procurement Approving Authority shall consider and determine on a case-by-case basis whether to reissue the solicitation under the appropriate solicitation method. If the final contract value exceeds the threshold by a significant amount, or if the contract is not urgently needed, preference should be given to rebid the requirement under the appropriate solicitation method unless there are justifiable reasons not to".	Given that the Procurement Manual has been revised accordingly, and requires procurement officials to estimate the total value of the goods and/or services and substantiate such estimates in the source selection plan prior to commencing a request for quotation, the Board considers this recommendation implemented.	X			
147	2018	A/74/5 (Vol. I), chap. II, para. 337	The Board recommended that the Administration ensure that procurement staff complete all Umoja necessary fields required for reporting and monitoring and implement the filing guidance in place.	The Administration has implemented this recommendation and considers it closed as a result of the recent enhancements to Umoja. The changes in Umoja include making certain fields mandatory. As for SAP Ariba, it is intended that all data fields be made mandatory.	Given that the enhancements to Umoja include making certain fields mandatory and all data fields mandatory, the Board considers this recommendation implemented.	X			
148	2018	A/74/5 (Vol. I), chap. II, para. 342	The Board recommended that the Procurement Division, together with the relevant stakeholders, carry out a comprehensive comparative	The pilot phase of electronic tendering is forthcoming. While the pilots have been completed on time, the analysis and prioritization of the issues related to risks, actions, issues and decisions	Given that the pilots have been completed on time, the Board considers this	X			

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			analysis of electronic tendering systems, the associated costs (initial costs, costs related to necessary changes and running costs) and integration opportunities with Umoja as part of the basis for the decision on which system to select.	are ongoing. Once the analysis and prioritization are complete, plans will be finalized for approval. The finalization of plans is estimated to be completed by the end of February 2021.	recommendation implemented.				
149	2018	A/74/5 (Vol. I), chap. II, para. 351	The Board recommended that the Administration further refine the non-compliance categories and differentiate tolerance levels for non-compliance based on the nature of travel and the traveller. The Administration should also guide the traveller to respond to travel management company requests promptly to ensure better compliance with the advance ticketing policy.	In the context of the Secretary-General's report on the standards of accommodation for air travel (A/75/654/Rev.1) that was prepared for the seventy-fifth session of the General Assembly, the Administration carried out a review of the advance purchase policy in conjunction with relevant stakeholders. With regard to the refinement of non-compliance categories, the Administration continues its work to make adjustments in Umoja to allow for better identification of the reasons and categories causing the late submission of travel requests. With regard to the differentiation of tolerance levels, the Administration is of the view that there should be no differentiation and that all categories of travellers should abide by the same target for advance purchases (i.e. 16 calendar days). Therefore, it was decided that the policy should remain unchanged. This would also ensure clarity and the effective implementation of the advance purchase policy.	Given that the Administration continues its work to make adjustments in Umoja to allow for better identification of the reasons and categories causing the late submission of travel requests, and that there still were late submissions of travel requests, the Board considers this recommendation to be under implementation.		X		
150	2018	A/74/5 (Vol. I), chap. II, para. 372	The Board recommended that the Archives and Records Management Section interact with the focal points of the departments, offices and missions to ensure preparation	The Archives and Records Management Section continues to work with the Department for General Assembly and Conference Management, the Office of Information and Communications	Given that the Archives and Records Management Section is working with the Department for General Assembly and		X		

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			of retention schedules followed by review by the Section.	Technology and other entities on retention policy approaches for all functional areas of the Secretariat. However, on an exceptional and urgent basis, the Archives and Records Management Section had to focus on supporting offices and the Office of Information and Communications Technology to quickly implement SharePoint to facilitate telecommuting arrangements in the light of the COVID-19 pandemic, an activity that will continue until the end of the year. The pandemic has also affected the priorities of the clients of the Archives and Records Management Section and their efforts to develop retention schedules, which require in-depth and complex business analyses. In view of the situation, the completion of the retention schedules is now not expected until the end of 2021.	Conference Management, the Office of Information and Communications Technology and other entities on retention policy approaches, the Board considers this recommendation to be under implementation.				
151	2018	A/74/5 (Vol. I), chap. II, para. 390	The Board recommended that the Administration assess the requirement, make efforts to obtain necessary funds and set and adhere to a firm time frame for digitization of old and important United Nations documents at the earliest.	The preservation proposal finalized by the Dag Hammarskjöld Library was brought to the attention of the Committee on Information in May 2021 and the Department of Global Communications awaits suggestions from the Member States to be expressed in the upcoming final resolution of the Committee. The preservation proposal contains a full timeline and set of tasks that need to be addressed to fully meet the recommendation. It stipulates a total cost of approximately $10 million for the digitization of 1 million United Nations parliamentary and normative documents and publications that are in dire condition. Implementation of the recommendation is contingent on the availability of funding.	Given that the Department of Global Communications continues to work on raising funds in order to realize the project, as the implementation of this recommendation is contingent on the availability of funding, the Board considers this recommendation to be under implementation.		X		

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152	2018	A/74/5 (Vol. I), chap. II, para. 392	The Board recommended that the Administration accelerate digitization of the audiovisual archives and also assess additional fund requirements for the project and make efforts to obtain such funds for completing digitization of its audiovisual records.	Using the remaining funds, the Department of Global Communications digitized 62 per cent of the eligible audiovisual archives collection (58,650 items) by July 2021. The Department is seeking to raise additional funds to continue the digitization of the audiovisual archives collection.	Given that the project target date will be extended to December 2022, the Board considers this recommendation to be under implementation.		X		
153	2018	A/74/5 (Vol. I), chap. II, para. 398	The Board recommended that the Administration accelerate the uploading of born-digital parliamentary documents and publications in the United Nations Digital Library System for effective sharing of information with internal and external audiences.	The United Nations Digital Library, the evolving central repository of the United Nations developed by the Dag Hammarskjöld Library, has already absorbed the United Nations parliamentary and normative documents from the repositories of ESCWA, ESCAP and the United Nations Office at Geneva. Currently, similar content from the repository of the United Nations Office at Vienna is being uploaded into the United Nations Digital Library. Full implementation of the recommendation is contingent on the availability of funding, especially in relation to the sustained and professional digital preservation infrastructure needed to secure business continuity for the United Nations Digital Library.	Given that the availability of funds for the plan is pending, the Board considers this recommendation to be under implementation.		X		
154	2018	A/74/5 (Vol. I), chap. II, para. 405	The Board recommended that the Administration (the Department of Global Communications and the Office of Information and Communications Technology) formulate a time-bound action plan to assimilate or link to the digital contents of the six libraries that already have a local digital repository in place.	Three repositories of libraries of the United Nations Secretariat are already absorbed and one more is currently being absorbed by the United Nations Digital Library. The Digital Library also includes content currently available in the Official Document System, thus providing the Organization with a replication solution for digital preservation. In accordance with the strategy of the Dag Hammarskjöld Library for 2025, two more repositories,	Given that the availability of funds for the plan is pending, the Board considers this recommendation to be under implementation.		X		

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				from the libraries of ECLAC and ECA, are planned to be absorbed and/or linked to the Digital Library in the next two years. Also in accordance with the strategy, and in particular the 2022 action plan, the Dag Hammarskjöld Library will request the support of the Office of Information and Communications Technology to migrate its digital library platform to a fully open-source solution that will secure autonomy and interoperability with and harvesting of other United Nations databases. Full implementation of the recommendation is contingent on the availability of funding, especially in relation to the sustained and professional digital preservation infrastructure needed to secure business continuity for the United Nations Digital Library. The Office of Information and Communications Technology is awaiting direction from the Dag Hammarskjöld Library regarding the timelines and technical requirements for this project in order to determine the technical support and services required.					
155	2018	A/74/5 (Vol. I), chap. II, para. 421	The Board recommended that the Administration endeavour to widen the donor base, including by increasing the number of members in the Office for the Coordination of Humanitarian Affairs donor support group to reduce vulnerability in mobilizing resources.	With its most recent member addition of Iceland, the Office for the Coordination of Humanitarian Affairs donor support group increased its membership to 30. In the meantime, during the first 7.5 months of 2020, the Office had already received contributions from 52 donors, not including United Nations agencies, private donations or observer and other regional entities. The Office considers this recommendation implemented and will further clarify this status during the next audit.	In 2020, the Office for the Coordination of Humanitarian Affairs increased the membership of its donor support group from 29 to 30, which, considering the limited number of donors to the Office, represented a stable increase. The Board considers this recommendation implemented.	X			

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156	2018	A/74/5 (Vol. I), chap. II, para. 426	The Board recommended that the Administration continue to proactively advocate the increase of multi-year funding for more predictable financial resources and set targets for unearmarked funding for more focused efforts.	As at 15 July 2020, the Office for the Coordination of Humanitarian Affairs had 31 multi-year agreements in place amounting to $103.7 million in extrabudgetary resources, which nearly met the total in multi-year funding for the entire year of 2019. Unearmarked funding represented 47.6 per cent of total income, which also exceeded the amount of unearmarked funding in 2019. In addition, the Office noted that, as its 2019 income actually exceeded the requirements of the extrabudgetary programme, it considers this recommendation implemented.	As at 16 November 2020, the Office for the Coordination of Humanitarian Affairs had 34 multi-year agreements in place totalling $113.92 million in extrabudgetary resources, which was higher than the amount of $113.69 million for 2019. The Office had earmarked funding of $121.53 million, or 48 per cent of the total funding amount. This ratio is also better than that of 2019. The Board considers this recommendation implemented.	X			
157	2018	A/74/5 (Vol. I), chap. II, para. 436	The Board recommended that the Administration ensure that the operational modalities for the approval of projects are strictly adhered to and that deviations, if any, follow prescribed processes and are well documented.	The implementation of the automation of operational modalities is ongoing and on track. The first phase of the automation of operational modalities was launched on schedule in March 2020. Country-based pooled fund projects are automatically linked with their operational modalities and any deviation within project timelines can be only waived by the fund manager. The next enhancement of this automation feature is under development and was expected to be launched during the fourth quarter of 2020.	Given that there were some control elements in the grant management system, and the basic operational modalities were being automated, the Board considers this recommendation implemented.	X			
158	2018	A/74/5 (Vol. I), chap. II, para. 443	The Board recommended that sustained efforts be made to improve monitoring visits and financial spot checks to carry out important assurance and monitoring activities over the implementing partners.	Monitoring and financial spot checks are an important assurance tool within the country-based pooled funds. The consistent implementation of monitoring activities in line with the operational modalities has seen a steady increase over the past three	As the consistent implementation of monitoring activities and financial spot checks in line with the operational modalities has seen a steady	X			

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				years as follows: 69 per cent in 2017, 79 per cent in 2018 and 85 per cent in 2019. Similarly, since the conduct of financial spot checks has been prioritized, the number of spot checks also increased as follows: 45 per cent in 2017, 64 per cent in 2018 and 74 per cent in 2019. The Administration requests that the current recommendation be closed.	increase, the Board considers this recommendation implemented.				
159	2018	A/74/5 (Vol. I), chap. II, para. 453	The Board reiterated the recommendation that sustained efforts were needed to ensure timely receipt of financial and programmatic reports for effective monitoring of implementing partners.	In accordance with the operational modalities, partners are required to submit a final narrative report within two months of the project's completion. Owing to the efforts of the Office for the Coordination of Humanitarian Affairs to ensure submission compliance, the actual timelines have decreased steadily from 50 days in 2017 to 43 days in 2019. Similarly, timelines for the submission of financial reports have decreased from 72 days in 2017 to 51 days in 2019 for the 12 country-based pooled funds that are fully administered and managed by the Office. In addition, the automated reminder for pending reports, developed in the grant management system, will support the Humanitarian Financing Unit in following up on delayed reports. The Office for the Coordination of Humanitarian Affairs will also work closely with UNDP and the Multi-Partner Trust Fund Office to ensure the timeliness of reports for projects managed and administered by them.	Given that similar issues have been noted in recent audits and the Board reiterated this in the present audit, the Board considers this recommendation as having been overtaken by events.				X
160	2018	A/74/5 (Vol. I), chap. II, para. 467	The Board reiterated the recommendation that the Administration make sustained and time-bound efforts to clear the backlog of audits, follow up on the pending audit	A global long-term agreement for audit services has resulted in significant progress made with regard to clearing the audit backlog in the different funds.	Given that similar issues have been noted in recent audits and the Board reiterated this in the present audit, the Board considers this				X

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			recommendations and take necessary action to ensure timely receipt of all pending refunds from implementing partners.		recommendation as having been overtaken by events.				
161	2018	A/74/5 (Vol. I), chap. II, para. 473	The Board recommended that the Administration monitor the interest earned on country-based pooled fund grants and ensure that such interest is accounted and adjusted for in accordance with the prescribed process.	The clearing of audit backlogs has resulted in significant progress made with regard to requesting refunds, including any interest earned by the partner. Refunds are being closely followed using the grant management system refund module, which also contains a refund alert system to notify partners of a refund due. Furthermore, the Office for the Coordination of Humanitarian Affairs has implemented changes in the grant agreement that provide clearer policy instructions to its partners on how to administer any interest income.	The Office for the Coordination of Humanitarian Affairs has taken actions to monitor the interest accumulated by country-based pooled fund grants by providing implementing partners with policy instructions about these issues. Therefore the Board considers this recommendation implemented.	X			
162	2018	A/74/5 (Vol. I), chap. II, para. 480	The Board recommended that the Administration prepare a definite plan with clear timelines for migration to Umoja Extension 2 functionalities to eliminate duplication of efforts and investments in software systems.	The data bridge to bring the project proposal data into Umoja has been developed and will be made available for use in the fourth quarter of 2020.	Given that similar issues have been noted in recent audits and the Board reiterated this in the present audit, the Board considers this recommendation as having been overtaken by events.				X
163	2018	A/74/5 (Vol. I), chap. II, para. 481	The Board recommended that the Administration ensure timely updating of accurate and complete information in the grant management system and identify the requirements for inclusion in the ongoing exercise of Umoja Extension 2 to ensure that the new functionalities can cater to the requirements for the management of multi-partner pooled funds.	The data bridge to bring the project proposal data into Umoja has been developed and will be made available for use in the fourth quarter of 2020.	Given that similar issues have been noted in recent audits and the Board reiterated this in the present audit, the Board considers this recommendation as having been overtaken by events.				X

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164	2018	A/74/5 (Vol. I), chap. II, para. 487	The Board recommended that Administration strengthen anti-fraud controls, particularly in offices where regular frauds have been noticed and take timely and necessary administrative action for redressal.	The United Nations Secretariat internal control framework, including entity-level controls and activity-level controls, was released to all Secretariat entities in 2020. Entities finalized their remediation plans by 31 December 2020. In addition, a self-assessment questionnaire was released in December 2020.	Given that no supporting documents were provided, the Board considers this recommendation to be under implementation.		X		
165	2018	A/74/5 (Vol. I), chap. II, para. 567	The Board recommended that the Administration closely monitor and manage the remaining works to ensure completion of the flexible workspace project by 2020, within the estimated cost, and ensure overall effectiveness by addressing the issues noted in the post-occupancy evaluation report.	As reported in paragraph 21 of the fourth annual progress report (A/74/345), all recommendations from an evaluation report on post occupancy have been closed. Owing to COVID-19, the implementation of the project has been postponed to the end of 2021 but its estimated total cost remains unchanged at $54.98 million. The recent fifth annual progress report (A/75/342) provides details on the status of the scheduling and financial status of the project.	Given that the Administration has recently decided to close out the project, but has not yet submitted its final report, the Board considers this recommendation to be under implementation.		X		
166	2018	A/74/5 (Vol. I), chap. II, para. 576	The Board recommended that the Administration focus efforts on avoiding delays in project implementation, particularly for activities on the critical path, to avoid risk of cost escalation.	The Administration did not provide any further information during the current audit process.	The Administration is still focusing on actions that might mitigate delays. The project has been delayed further. The Board considers this recommendation to be under implementation.		X		
167	2019	A/75/5 (Vol. I), chap. II, para. 28	The Board recommended that the Administration review the authority, basis and structure of the tax equalization, cost recovery and other common support services funds to identify opportunities for their rationalization and the consideration of their balances in managing the liquidity position of the regular budget.	The Administration requests closure of this recommendation as the Organization is currently utilizing available funding and continues to work closely with Member States to manage the liquidity of the regular budget. The Administration reiterates that it is the responsibility of Member States to fulfil their obligations to the regular budget.	Given that the liquidity position of the regular budget has not been fully improved, the Board considers this recommendation to be under implementation.		X		

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168	2019	A/75/5 (Vol. I), chap. II, para. 32	The Board recommended that the Administration immediately develop a tool to generate disaggregated monthly and daily cash flow data to facilitate liquidity management.	The Administration requests closure of the recommendation, as it has at its disposal reports to monitor cash receipts and disbursements.	Given that no further supporting document was provided, the Board considers this recommendation to be under implementation.		X		
169	2019	A/75/5 (Vol. I), chap. II, para. 36	The Board recommended that the Administration put in place mechanisms to monitor compliance and assess the impact of measures taken for the management of the liquidity situation.	The Administration requests closure of this recommendation, as the Organization is currently actively tracking and consulting with programme managers on programme delivery.	Given that the liquidity position of the regular budget has not been fully improved, the Board considers this recommendation to be under implementation.		X		
170	2019	A/75/5 (Vol. I), chap. II, para. 41	The Board recommended that the Administration strengthen controls to ensure that fund balances are not altered later and that the sanctity of the daily fund balance is maintained so that the daily fund balance can be reliably used for forecasting purposes.	The reopening of closed periods is performed only in exceptional circumstances. Records of the justification and the resultant changes are maintained.	Given that the Administration is still working on minimizing the changes in fund balances, the Board considers this recommendation to be under implementation.		X		
171	2019	A/75/5 (Vol. I), chap. II, para. 45	The Board recommended that the Administration close the various inactive funds, put in place systems to periodically review existing funds and close inactive funds.	Reviews are done every three months and inactive funds are closed.	Given that reviews are done every three months and inactive funds are closed, the Board considers this recommendation implemented.	X			
172	2019	A/75/5 (Vol. I), chap. II, para. 61	The Board recommended that the Administration carry out a thorough review of cost recovery in the cost-recovery fund (10RCR) to ensure its reasonableness.	The review is to be conducted at the end of 2020 and the beginning of 2021.	Given that the review is to be conducted, the Board considers this recommendation to be under implementation.		X		
173	2019	A/75/5 (Vol. I), chap. II, para. 63	The Board recommended that the Administration complete the harmonization exercise in a time-bound manner and review the existing methodology and	The comprehensive policy document is currently being drafted by the Office of Programme Planning, Finance and	Given that the Administration continues to work on improvements in the area of cost recovery,		X		

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						Implemented	Under implementation	Not implemented	Overtaken by events
			instructions on cost recovery, including on the engagement of staff out of cost-recovery revenue, to ensure that there is a consistent basis for the identification of costs for the purposes of calculating catalogue rates and also for inclusion in the cost plans.	Budget with the goal of meeting the target date of June 2021.	the Board considers this recommendation to be under implementation.				
174	2019	A/75/5 (Vol. I), chap. II, para. 65	The Board recommended that the Administration bring in the necessary controls to ensure that revisions of rates are made on the basis of consistent principles and methodology.	The comprehensive policy document is currently being drafted by the Office of Programme Planning, Finance and Budget with the goal of meeting the target date of June 2021.	Given that the comprehensive policy document is currently being drafted, the Board considers this recommendation to be under implementation.		X		
175	2019	A/75/5 (Vol. I), chap. II, para. 67	The Board recommended that the Administration institute a mechanism for conducting a periodic review of the cost-recovery system to check full compliance with extant instructions.	The comprehensive policy document is currently being drafted by the Office of Programme Planning, Finance and Budget with the goal of meeting the target date of June 2021.	Given that the comprehensive policy document is currently being drafted, the Board considers this recommendation to be under implementation.		X		
176	2019	A/75/5 (Vol. I), chap. II, para. 79	The Board recommended that the Administration review the programme support cost framework and related instructions, in consultation with entities, to ensure the transparent and timely availability of information on income and costs and harmonized practices across entities for preparation of cost plans.	The Administration is in the process of reviewing the programme support cost framework and its instructions, aiming at an update during the first half of 2021. In addition, with establishment of a separate programme support cost fund per entity based on the new delegation of authority, each entity is responsible for managing its own budget. Furthermore, the Administration developed an automated batch system to allow the transfer of net revenue on a monthly basis, and the net revenue up to 30 June 2020 has already been transferred to each programme support cost fund. The Finance Division in the Department of Management Strategy,	Given that the Administration is in the process of reviewing the programme support cost framework and its instructions aiming at an update during the first half of 2021, the Board considers this recommendation to be under implementation.		X		

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				Policy and Compliance has been monitoring the revenue generated, the expenses incurred and the cash balances per entity on a regular basis, and has designed and deployed a programme support cost funds management dashboard to allow budget officers to monitor programme support cost revenue; net asset balances; budgets issued; and expenses incurred, including commitment balances, available budget balances and daily cash balances.					
177	2019	A/75/5 (Vol. I), chap. II, para. 80	The Board recommended that, in view of the delegation of authority to the heads of entities to approve cost plans, periodic review of implementation be carried out to ensure that entities comply with extant instructions and that the programme support costs recovered by entities are sufficient to cover the expenditure.	The Administration has designed and deployed a programme support costs management dashboard in order to provide timely availability of information on income and costs as well as budget performance for all entities managing programme support costs.	Given that the Administration has designed and deployed a programme support costs management dashboard to provide timely availability of information on income and costs as well as budget performance for all entities managing programme support costs, the Board considers this recommendation implemented.	X			
178	2019	A/75/5 (Vol. I), chap. II, para. 81	The Board recommended that the Administration strengthen the process for the approval of grants with programme support costs at lower-than-stipulated rates to ensure that decisions are informed predominantly by financial impact analysis and that it maintain an audit trail for all those decisions.	The Administration has reviewed programme support cost percentages stated under all grants that show a lower-than-standard rate, in cooperation with the entity responsible for the grants. Furthermore, the Administration put in place measures to keep a log of all requests for lowering the programme support cost rate that were authorized by the Controller.	Given that the Administration is in the process of reviewing programme support costs, the Board considers this recommendation to be under implementation.		X		

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179	2019	A/75/5 (Vol. I), chap. II, para. 89	The Board recommended that the Administration provide self-contained explanations for material differences between final budget and actual revenue and expenditure in the notes to the financial statements, which would also add to the availability of improved information and better transparency.	In the context of the financial performance report, which will be issued by September 2021 following the end of the budget period and the completion of the financial statements, self-contained explanations for material variances will be provided for added availability and better transparency.	Given that the financial performance report will be issued by September 2021, the Board considers this recommendation to be under implementation.		X		
180	2019	A/75/5 (Vol. I), chap. II, para. 90	The Board recommended that the Administration complete its exercise of aligning Umoja objects of expenditure with budget objects of expenditure within a reasonable time frame.	The alignment will be continued progressively over a number of annual budgets and will be completed with the issuance of the proposed programme budget for 2025 (by April 2024). The related tasks are as follows: (a) liaise with the Umoja team to fully understand the root cause of the issue; (b) explore options that facilitate the alignment exercise by clients and budget officers; (c) provide guidance and launch the remaining alignment steps; and (d) have a small team guide the alignment and perform quality assurance by monitoring the adjustments.	Given that the alignment will be continued and completed with the issuance of the proposed programme budget for 2025, the Board considers this recommendation to be under implementation.		X		
181	2019	A/75/5 (Vol. I), chap. II, para. 95	The Board recommended that the Administration implement a mechanism for regularly fine-tuning and updating the content of the workshops and guidance based on the identification of challenges and feedback from participants.	Workshops were updated, and two new workshops were provided in January 2021 upon request from client departments.	Given that the workshops have been updated accordingly, the Board considers this recommendation implemented.	X			
182	2019	A/75/5 (Vol. I), chap. II, para. 99	The Board recommended that the Administration continue to streamline the budget formulation exercise by improving the new budget	Enhancements were introduced in 2021 in the context of the proposed programme budget for 2022. For example, forms were streamlined, the split of resources across different "types"	Given that the enhancements were introduced in 2021 in the context of the proposed programme	X			

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			formulation solution and resolving the challenges and issues being faced at various stages of the process, including the speed of the system and having to use Word and Excel first and then copying the figures into Umoja.	was discontinued and known information was provided centrally to streamline the budget formulation. With regard to the strategic management application, the copy and extract feature allows users to use the previously approved budget as the basis for the preparation of the next budget proposal, which substantially reduces data entry. The performance of the system was also improved.	budget for 2022, the Board considers this recommendation implemented.				
183	2019	A/75/5 (Vol. I), chap. II, para. 104	The Board recommended that the Administration continue to identify opportunities within Umoja to develop tools and applications to support better budgeting and review practices and strengthen existing tools to better track budget utilization against outcomes.	The integrated planning, management and reporting solution has been launched and the strategic management application has been enhanced to allow the linkage between budget utilization and results.	Given that the integrated planning, management and reporting solution has been launched and the strategic management application has been enhanced to allow the linkage between budget utilization and results, the Board considers this recommendation implemented.	X			
184	2019	A/75/5 (Vol. I), chap. II, para. 111	The Board reiterated its recommendation that the Administration strengthen scrutiny of open commitments after the closure of the budget period and ensure the creation of commitments in line with the provisions of the Financial Regulations and Rules.	The Administration did not provide any further information during the current audit process.	Given that the Board noted that similar issues still existed in the present audit, the Board considers this recommendation to be under implementation.		X		
185	2019	A/75/5 (Vol. I), chap. II, para. 112	The Board recommended that the Administration expedite the finalization of guidelines for the usage of funds commitments and ensure compliance with the guidelines in rationalizing the creation of that commitment type.	The Administration has drafted guidelines on the usage of funds commitments and they are expected to be cleared and finalized by June 2021.	Given that similar issues have been noted and a similar recommendation has been reiterated in the present audit, the Board considers this recommendation as having been overtaken by events.				X

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186	2019	A/75/5 (Vol. I), chap. II, para. 122	The Board recommended that the Administration reconcile the details of operational bank accounts with the open bank accounts in Umoja and ensure the inclusion of all bank accounts in the cash pool balances.	The recommendation is under implementation.	Given that there were still many accounts, not connected to SWIFT, whose bank statements had to be imported into Umoja manually, and that the manual processing for those accounts was often delayed, which in turn meant that bank reconciliations could not be finished on time, the Board considers this recommendation to be under implementation.		X		
187	2019	A/75/5 (Vol. I), chap. II, para. 123	The Board recommended that the Administration obtain the bank statements promptly from the house banks and update them in Umoja to reflect the actual cash position correctly.	The bank statements are obtained promptly. There are few banks where an electronic bank statement is not available, thus the bank statement is obtained in a PDF format and then loaded into Umoja manually, following the "four-eyes" principle. The bank monitoring process is being improved to strengthen the control and the timeliness of the bank statement load. Implementation is in progress.	Given that there were still many accounts, not connected to SWIFT, whose bank statements had to be imported into Umoja manually, and that the manual processing for those accounts was often delayed, which in turn meant that bank reconciliations could not be finished on time, the Board considers this recommendation to be under implementation.		X		
188	2019	A/75/5 (Vol. I), chap. II, para. 124	The Board recommended that the Administration identify and close bank accounts that are inactive for substantial period of time.	The recommendation is under implementation.	Given that there are still some inactive accounts that have not been closed for various reasons, the Board considers this recommendation to be under implementation.		X		

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189	2019	A/75/5 (Vol. I), chap. II, para. 129	The Board recommended that the Administration formulate formal guidelines for the management of funds with negative cash pool balances and that it implement a mechanism for the periodic review of funds with negative cash pool balances.	The Administration conducts a monthly review of fund balances to identify any that have negative balances and informs the managers of those accounts to take corrective action.	Preliminary analysis showed there were some 138 funds related to volume I that had a negative balance at the end of October 2020, and 14 of these funds had a greater negative balance than at the end of 2019. Given the above assessment, the Board considers this recommendation to be under implementation.		X		
190	2019	A/75/5 (Vol. I), chap. II, para. 140	The Board recommended that the Administration ensure the correctness of the entry-on-duty date parameters to ensure the reliability of the census data and consequent valuations.	The task includes several steps, such as improving the Organization's own data as well as using data received from other United Nations system agencies on the history of staff participation in health plans prior to employment with the United Nations. The first phase is being implemented with assistance from the Health and Life Insurance Section and Umoja counterparts. The second phase is being implemented under the auspices of the CEB Task Force on Accounting Standards, which created a working group to collect system-wide data, of which the United Nations is a member.	Given that the improvement of the Organization's own data, as well as the use of data received from other United Nations system agencies, are being implemented, the Board considers this recommendation to be under implementation.		X		
191	2019	A/75/5 (Vol. I), chap. II, para. 142	The Board recommended that the Administration coordinate with other entities participating in health insurance plans to establish effective monitoring mechanisms for the accuracy of membership records and contributions.	A special working group established by the CEB Task Force on Accounting Standards is addressing this recommendation by collecting and compiling qualifying service periods of active staff in other participating entities, prior to their current employment, based on information provided by each entity. The goal is to build a comprehensive data set and to update it annually.	Given that the Administration is still proceeding with enhancing its relevant data in time for the next full actuarial valuation, the Board considers this recommendation to be under implementation.		X		

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192	2019	A/75/5 (Vol. I), chap. II, para. 144	The Board recommended that data on surviving dependants should be clearly demarcated from retiree data and that efforts be made to remove data regarding deceased staff members, which are not required for actuarial valuation.	The review is in progress, subject to coordination with other recommendations of the Board on census data improvement and the prioritization of related United Nations resources.	Given that the review on census data improvement and prioritization of related United Nations resources is in progress, the Board considers this recommendation to be under implementation.		X		
193	2019	A/75/5 (Vol. I), chap. II, para. 155	The Board recommended that the Administration ensure that the decision of the General Assembly to maintain a maximum ratio of 2 to 1 for the share of the Organization and the contributor is complied with for all participating entities.	The Administration stated that at the time of the plans' renewal each year in April, the cost-sharing ratio for United Nations Headquarters-administered United States-based health plans is calculated at a 2 to 1 ratio with an effective date of 1 July. The contribution rates for active staff and retirees participating in after-service health insurance established on this basis are applicable to all participants in those plans, regardless of the funding source or the entity they work for or retired from. As a result, specific entities or funding sources might have an effective ratio slightly lower or higher than 2 to 1 depending on the composition of their participant population at any point in time. The concept of having common plans across United Nations entities and funding sources within the Secretariat is cost-effective, efficient and provides significant economies of scale. The Secretariat will document in detail the process and the mechanism of cost-sharing to better illustrate its practice and full compliance with the mandated ratios.	Given that the documentation in detailing the process and the mechanism of cost-sharing is in progress, the Board considers this recommendation to be under implementation.		X		

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194	2019	A/75/5 (Vol. I), chap. II, para. 161	The Board recommended that the Administration include names of all the participating entities in the health insurance plans, along with details of their contributions, including details of the share of the Organization and the contributor in the notes, to the financial statements.	Among the 30 entities participating in the United Nations health insurance plans, 13 entities with enrolment of more than 100 staff members were disclosed. The Administration considers that the current disclosure is more than adequate and that listing the names of all 30 participating entities does not incrementally improve the transparency.	Given that only the names of participating entities had been disclosed, and that details of their contributions, including details of the share of the entity and the contributor were not disclosed, the Board considers this recommendation to be under implementation.		X		
195	2019	A/75/5 (Vol. I), chap. II, para. 172	The Board recommended that the United Nations Office at Geneva, in line with best practices and OECD guidelines, establish a formal mechanism to carry out solvency studies and projections regularly and consult with OIOS in order to conduct more regular audits of the operations and internal controls of the United Nations Staff Mutual Insurance Society against Sickness and Accidents.	Closure of the recommendation is requested.	Given that the mechanism has been established, the Board considers this recommendation implemented.	X			
196	2019	A/75/5 (Vol. I), chap. II, para. 184	The Board recommended that the Administration put in place specific performance indicators to measure and report potential data inaccuracies, based on key data issues obtained throughout the physical inventory reconciliation and optimization project, and a supporting mechanism for follow-up and proper accounting adjustments.	The Administration is in the second year of the implementation of the performance management reporting framework of property management to all entities. Cross-departmental data quality checks have been institutionalized as part of the year-end financial activities.	The Administration provided the cross-departmental data check sheet for asset capitalization, inventory valuation and write-off. The Board checked the sheets and noted that the Administration had set up a supporting mechanism for follow-up and proper accounting adjustments. The Board considers this recommendation implemented.	X			

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197	2019	A/75/5 (Vol. I), chap. II, para. 186	The Board recommended that compliance with IPSAS provisions relating to retrospective restatement for the prior period or disclosures for the impracticability thereof be ensured while reporting corrections in inventory balances carried out as a result of projects and exercises such as the physical inventory reconciliation and optimization project in the financial statements.	The Administration remains committed to ensuring that compliance with IPSAS provisions relating to retrospective restatement for prior period adjustments is followed. The Office of Programme Planning, Finance and Budget has made no decision on whether a project and/or exercise similar to the scope and scale of the physical inventory reconciliation and optimization project will be undertaken in the near future.	Given that the Administration has committed to ensuring that compliance with IPSAS provisions relating to retrospective restatement for prior period adjustments is followed, the Board considers this recommendation implemented.	X			
198	2019	A/75/5 (Vol. I), chap. II, para. 191	The Board recommended that the Administration consider all heads of entities who have the authority and responsibility for planning, directing and controlling the activities of their entity as key management personnel, in accordance with IPSAS 20, and that it include all relevant disclosures for that group in the notes to the financial statements.	Management considers the current 11 key management personnel as those who have the authority and responsibility for planning, directing and controlling the activities of volume I as a whole, and not in parts. This decision is based on the following reasons: (a) Not all heads of entity who are issued a delegation of authority qualify to be key management personnel. The "entity" mentioned in the delegation of authority should not be interpreted as the same entity in terms of the financial statements for volume I. The entity for the financial statements refers to the aggregate of the core operations of the Secretariat. "Entity" in the delegations of authority issued to 204 or more heads of entity would mean the regional or sector operations, which grow smaller as organizational structures narrow. Considering all 204 recipients of the delegation of authority to be key management personnel is incomprehensible;	Given that the Administration disagrees with the recommendation and no further steps were taken, the Board considers this recommendation not implemented.			X	

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				(b) Through the delegation of authority, the existing 11 key management personnel transferred some authorities and decision-making to the frontline managers only for the purpose of enabling more efficient operations in the field offices through faster decision-making. The delegation of authority did not let them plan or take actions without restriction. The responsibility of the existing key management personnel in guiding the activities at the corporate level was not diluted; (c) The materiality of the individual operation to the entirety of volume I operation was also considered in determining whether to maintain the current number of key management personnel in spite of the delegation of authority.					
199	2019	A/75/5 (Vol. I), chap. II, para. 197	The Board recommended that the Administration create and approve service entry sheets promptly upon the delivery of a service and, especially at year-end, have the service entry sheet approved within the deadline so that the relevant expense is posted in the correct year.	Instructions to ensure that goods receipts and service entry sheets are completed and posted by year-end are included in the instructions for the preparation of IPSAS-compliant financial statements in SharePoint under "Funds management". The topic was also emphasized through a videoconference on 18 January 2021.	Given that the Administration is still working to ensure that service entry sheets are created and approved promptly, especially by year-end, the Board considers this recommendation to be under implementation.		X		
200	2019	A/75/5 (Vol. I), chap. II, para. 198	The Board recommended that the Administration ensure compliance with the delivery principle while recognizing expenses and that it upload all relevant documents in Umoja.	Instructions to ensure compliance with the delivery principle are included in the instructions for the preparation of IPSAS-compliant financial statements in SharePoint under "Funds management". The topic was also emphasized through a videoconference on 18 January 2021.	Given that the Administration is working on ensuring the recognition of expenditure in compliance with the delivery principle, and that the Board will continue to follow up on the progress in its next		X		

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					audit, the Board considers this recommendation to be under implementation.				
201	2019	A/75/5 (Vol. I), chap. II, para. 204	The Board recommended that the Administration take expeditious action to amend and promulgate the Secretary-General's bulletins to specify and enhance the clarity to the roles and responsibilities of the Department of Management Strategy, Policy and Compliance and the Department of Operational Support.	Draft Secretary-General's bulletins were completed by the Department of Operational Support and the Department of Management Strategy, Policy and Compliance. They were submitted to the Global Strategy and Policy Division of the Office of Human Resources for review and final consultation in February 2021, prior to their promulgation in the second half of 2021.	Given that the draft Secretary-General's bulletins are being finalized and are planned for promulgation in the second half of 2021, the Board considers this recommendation to be under implementation.		X		
202	2019	A/75/5 (Vol. I), chap. II, para. 210	The Board recommended that the Administration clearly define and document the roles and responsibilities of the Department of Management Strategy, Policy and Compliance and the Department of Operational Support, including decision-making authority, for all human resources processes and projects, to avoid any potential confusion among their shared clients.	The roles and responsibilities of the Department of Management Strategy, Policy and Compliance and the Department of Operational Support are being detailed in the Secretary-General's bulletins, which are being developed. The bulletins are expected to be promulgated in the second half of 2021.	Given that the roles and responsibilities of the Department of Management Strategy, Policy and Compliance and the Department of Operational Support are being detailed in the Secretary-General's bulletins, which are being developed, the Board considers this recommendation to be under implementation.		X		
203	2019	A/75/5 (Vol. I), chap. II, para. 218	The Board recommended that the Administration develop and document formal procedures for the timely intake of issues by the Management Client Board and strengthen mechanisms and channels so that the members of the Board receive input from their constituents, to make the Board an effective feedback and consultation mechanism.	The document was developed and presented to the Management Client Board at its September 2020 meeting. The Administration requests that this recommendation be closed.	Given that the document was developed and presented to the Management Client Board, the Board considers the recommendation implemented.	X			

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204	2019	A/75/5 (Vol. I), chap. II, para. 220	The Board recommended that the Administration implement a mechanism for transparently assigning deadlines, focal points and the transparent monitoring of the implementation of actions related to decisions on the issues/concerns raised by members of the Management Client Board.	The Administration has implemented this recommendation.	Given that the Administration implemented a mechanism for assigning deadlines, focal points and the transparent monitoring of the implementation of actions related to decisions on the issues/ concerns raised by the members of the Management Client Board, the Board considers the recommendation implemented.	X			
205	2019	A/75/5 (Vol. I), chap. II, para. 227	The Board recommended that the Administration define criteria for what constitutes an entity and clarify which entities are included in the delegation of authority framework as contained in the Secretary-General's bulletin ST/SGB/2019/2.	This recommendation is under implementation. The revision of the Secretary-General's bulletin ST/SGB/2019/2 is in its finalization stage and includes a precise definition of an "entity", in accordance with the delegation of authority framework. The exercise was done in coordination with the ongoing revision exercise of the policy on the organization of the Secretariat of the United Nations (ST/SGB/2015/3).	Given that the revision of the Secretary-General's bulletin ST/SGB/2019/2 is in its finalization stage, the Board considers this recommendation to be under implementation.		X		
206	2019	A/75/5 (Vol. I), chap. II, para. 229	The Board recommended that the Administration review the delegations of authority that the Secretary-General issued to entities excluded from the framework in a time-bound manner.	This recommendation is under implementation. The Administration is finalizing a comprehensive review, through the assessment of the statutory documentation of the entities currently out of the scope of the Secretary-General's bulletin ST/SGB/2019/2, based on the newly defined criteria of the revised policy. The draft revised policy was provided to the Board of Auditors on 9 April 2021. The target date for issuance is June 2021.	Given that the review of delegations of authority is ongoing, the Board considers this recommendation to be under implementation.		X		

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207	2019	A/75/5 (Vol. I), chap. II, para. 237	The Board recommended that the Administration explore how to specify and document the resources for which authority was delegated and subdelegated.	The revised delegation of authority policy includes a new section on the exercise of delegated authority by another entity, clarifying the scenarios in which an entity makes decisions (i.e. exercises its delegated authority on behalf of another entity). The revised policy will prescribe subdelegation between entities in such scenarios. The draft revised policy was provided to the Board of Auditors on 9 April 2021. The target date for issuance of the revised policy is June 2021.	Given that the Secretary-General's bulletin ST/SGB/2019/2 is being revised, the Board considers this recommendation to be under implementation.		X		
208	2019	A/75/5 (Vol. I), chap. II, para. 249	The Board recommended that the Administration expedite the revision of the Secretary-General's bulletin issued for the purpose of decentralizing decision-making to align it with the procedure followed for delegation of authority.	During the revision exercise, a comprehensive review of the policy versus the delegation instrument was performed in 2020. All misalignments have been corrected in the draft revised Secretary-General's bulletin ST/SGB/2019/2 and the related instrument to be released and issued by June 2021. The draft revised policy was provided to the Board of Auditor on 9 April 2021. The target date for issuance of the revised policy is June 2021.	Given that the revised Secretary-General's bulletin on delegation of authority and the related instrument are currently being finalized, the Board considers this recommendation to be under implementation.		X		
209	2019	A/75/5 (Vol. I), chap. II, para. 251	The Board recommended that the Administration review the changes in workload and responsibilities resulting from the enhanced delegation of authority across the Organization at the earliest to better inform policy on delegation of authority and also for resource planning.	This recommendation is under implementation. The Department of Management Strategy, Policy and Compliance initiated in 2020 an evaluation of the accountability system, which included an assessment of the current framework of delegation of authority. The impact of the roll-out of the new framework on the workload of entities with delegated authority is included in this evaluation, conducted by OIOS, which will be concluded in 2021. In addition, the Management Client Board included a set of questions on the workload related to the new delegation of authority framework in	Given that the Management Client Board included a set of questions on the workload related to the new delegation of authority framework in the survey sent out to entities, the Board considers this recommendation to be under implementation.		X		

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				the survey sent out to entities in January 2021. The results of that survey reveal that with regard to the impact of delegation of authority on their entities' workload, the majority of entities who responded to the survey agreed that the new delegation of authority had changed the workload in the areas of budget and finance and of human resources, but the majority also agreed that any increase in workload was outweighed by the overall benefits of enhanced decision-making authority. The detailed results of the survey were provided to the Board in April 2021.					
210	2019	A/75/5 (Vol. I), chap. II, para. 257	The Board recommended that the Administration undertake a comprehensive exercise to identify the enhancements for the delegation of authority portal to incorporate more checks to make it more robust, transparent, user-friendly and useful for monitoring.	This recommendation is under implementation. The delegation of authority portal has been enhanced on a continuous basis based on the feedback received by users, auditors and other stakeholders, as well as the Business Transformation and Accountability Division's own lessons learned. In addition to layout upgrades, major enhancements rolled out in 2020 included new functionalities to improve user experience and allow for a more user-friendly utilization of the portal (e.g. allowing portal administrators to record subdelegations on behalf of others, including their head of entity; adding revoke/suspend dates and restored dates; adding fields for signing authority for procurement subdelegations). Other enhancements aimed at reinforcing internal controls (e.g. limiting the validity period of any delegation to five years; preventing files from being added/deleted unless the status of the entry is "draft";	Given that enhancements to the delegation of authority portal are in progress, the Board considers this recommendation to be under implementation.		X		

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				limiting who can revoke or suspend a delegation). Regarding progress on the list of enhancements provided in July 2020: (a) The review of delegations awaiting acceptance after 60 days was introduced as part of the regular monitoring; (b) An enhancement introduced the unlimited option, instead of only allowing a figure threshold (the clean-up of entries prior to the enhancement is in progress); (c) Delegations valid for more than five years will be reviewed and corrected in consultation with entities; (d) The review of suspended/revoked delegations that have been restored/reissued was introduced as part of the regular monitoring; (e) The enhancement regarding the fix on the revocation reason will be corrected; (f) A special project is being set up to develop an enhancement that improves the interface with a possible selection of predefined authorities.					
211	2019	A/75/5 (Vol. I), chap. II, para. 263	The Board recommended that the Administration expedite development of criteria for the withdrawal of delegated authority and other corrective actions, prepare and implement an internal schedule for monitoring segregation of duties and develop a mechanism for identifying and documenting the lessons learned, for further improvement.	This recommendation is under implementation: (a) The Business Transformation and Accountability Division is preparing an escalation process for determining corrective actions or withdrawal of the delegation of authority, which is expected to be issued by December 2021; (b) The Division is performing a periodic review of conflicting delegations issued in the delegation of authority portal. In addition, entities are	Given that the Business Transformation and Accountability Division is preparing an escalation process for determining corrective actions or withdrawal of the delegation of authority, the Board considers this recommendation to be under implementation.		X		

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				monitored on a quarterly basis to identify staff who are missing delegations or have conflicting roles in Umoja; (c) Lessons learned from the monitoring of the delegation of authority in the human resources functional area are already taken into account in the regular enhancement of the deep-dive human resources analysis, as well as in the delegation of authority portal developments. The Business Transformation and Accountability Division is introducing a regular quarterly review on lessons learned in all functional areas.					
212	2019	A/75/5 (Vol. I), chap. II, para. 269	The Board recommended that the Administration improve the existing mechanism to prevent the granting of Umoja roles without the required delegation of authority and strengthen the mechanism to identify and revoke subdelegations when there are justifications for such revocation.	In addition to its comments indicating that it did not accept the Board's recommendation, as seen in paragraph 270 of chapter II of A/75/5 (Vol. I), the Administration would like to point out that the Business Transformation and Accountability Division is already performing a periodic review of conflicting delegations issued in the delegation of authority portal. In addition, entities are monitored on a quarterly basis to identify staff who are missing delegations or have conflicting roles in Umoja. In the fourth quarter of 2020, the Business Transformation and Accountability Division coordinated the clean-up activities related to misalignments between Umoja roles and delegation requirements inherited from before the creation of the Department of Management Strategy, Policy and Compliance, the Department of Operational Support and the Department of Political and Peacebuilding Affairs.	Given that the Administration has reviewed and cleaned up the misalignment between Umoja roles and delegation requirements, the Board considers this recommendation implemented.	X			

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213	2019	A/75/5 (Vol. I), chap. II, para. 272	The Board recommended that the review to revoke Umoja roles granted prior to the inception of the delegation of authority be completed early and a schedule be prepared to regularly identify and revoke Umoja roles that are no longer required as a result of changes in function or position.	The Administration has implemented this recommendation: (a) In the fourth quarter of 2020, the Business Transformation and Accountability Division coordinated the clean-up activities related to misalignments between Umoja roles and delegation requirements inherited from before the creation of the Department of Management Strategy, Policy and Compliance, the Department of Operational Support and the Department of Political and Peacebuilding Affairs; (b) The Business Transformation and Accountability Division has implemented the quarterly monitoring of Umoja roles to identify those missing delegations. Entities are being advised to review such cases and either issue a new delegation or revoke Umoja roles that are no longer needed.	Given that the Administration has reviewed and cleaned up the misalignment between Umoja roles and delegation requirements, the Board considers this recommendation implemented.	X			
214	2019	A/75/5 (Vol. I), chap. II, para. 275	The Board recommended that the Administration at UNCTAD request the security team to create an entity-specific derivation for the petty cash custodian role (FA.04).	The Monitoring of Delegation of Authority Section provided supporting evidence on 9 April 2021 to document that the completion of the derivation in Umoja is satisfactory. The Administration requests that this recommendation be closed.	Given the completion of the derivation in Umoja, the Board considers this recommendation implemented.	X			
215	2019	A/75/5 (Vol. I), chap. II, para. 276	The Board recommended that the Administration align the Umoja roles guide and the security liaison officer workbook.	The Monitoring of Delegation of Authority Section worked with the Finance Division to update the list of Umoja roles requiring delegation of authority and the related list of violations of separation of duties. The Business Transformation and Accountability Division has been involved in the coordination of the alignment of the guide and the workbook.	Given that the Umoja roles guide and the security liaison officer workbook have been updated accordingly, the Board considers this recommendation implemented.	X			

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216	2019	A/75/5 (Vol. I), chap. II, para. 282	The Board recommended that the Administration complete the review of key performance indicators by the target date to enhance the existing suite of key performance indicators.	The Monitoring of Delegation of Authority Section has completed the review of the key performance indicators, has proposed new expanded indicators (from an existing set of 16 to 27) and has received the endorsement of business owners in property management and finance on the new enhanced key performance indicators. The Business Transformation and Accountability Division is awaiting the endorsement of the business owners in human resources and procurement.	Given that the Business Transformation and Accountability Division has proposed new expanded key performance indicators and is awaiting the endorsement of the business owners, the Board considers this recommendation to be under implementation.		X		
217	2019	A/75/5 (Vol. I), chap. II, para. 283	The Board recommended that the Administration expand the management dashboards to cover all key performance indicators and publish the comprehensive quarterly report on key performance indicators on time so that the report remains relevant.	The Administration has expanded the management dashboards to cover all key performance indicators with the launch of accountability indicator monitoring. The key performance indicator reports for all four quarters of 2020 are available on the management dashboards. The Business Transformation and Accountability Division is finalizing the data modulization to allow entities access to key performance indicator data for all functional areas within 30 days after the end of the quarter. For key performance indicators related to human resources, a "real-time" view is already available on the management dashboards, with the other functional areas to follow shortly.	Given that the Administration has expanded the management dashboards to cover all key performance indicators with the launch of accountability indicator monitoring, the Board considers this recommendation implemented.	X			
218	2019	A/75/5 (Vol. I), chap. II, para. 289	The Board recommended that the Administration review the reasons for non-reporting and delays in reporting exceptions, in consultation with field entities, and put in place a mechanism to further facilitate such reporting and verify that	The Monitoring of Delegation of Authority Section has included information on the time elapsed between the decision date and the submission date in the detailed sheet on key performance indicator 6 in the accountability indicator monitoring dashboard to assist entities in	Given that the Administration has included information on the time between the decision date and the submission date in the detailed sheet on key performance indicator 6	X			

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			all exceptions are reported within the prescribed time.	monitoring their performance. In addition, the Business Transformation and Accountability Division has begun sending reminders to entities before the end of each quarter to request that they review all the decisions made and actions taken during the quarter that may require reporting in the human resources exceptions log and to remind them of the prescribed time for reporting. The first such reminder was sent in the middle of December 2020. The Administration considers this recommendation implemented and requests its closure by the Board.	in the accountability indicator monitoring dashboard to assist entities in monitoring their performance, the Board considers this recommendation implemented.				
219	2019	A/75/5 (Vol. I), chap. II, para. 290	The Board recommended that the Administration prepare and communicate the analysis report on exceptions regularly.	The first half of the 2020 deep-dive review was conducted and the human resources analysis report was communicated to all entities. The deep-dive review for the second half of 2020 is being prepared. The Administration considers this recommendation implemented and requests its closure by the Board.	Given that the deep-dive review has been conducted periodically, the Board considers this recommendation implemented.	X			
220	2019	A/75/5 (Vol. I), chap. II, para. 295	The Board recommended that the Administration expedite the implementation of the workplan priorities for evaluation, including the finalization of evaluation policy, the development of the self-evaluation toolkit and other related capacity-building measures to avoid further delays in the achievement of deliverables for evaluation that are dependent on these measures.	The Administration is in the process of finalizing the evaluation policy and will continue to advance the workplan priorities.	Given that the Administration is in the process of finalizing the evaluation policy and continues to advance the workplan priorities, the Board considers this recommendation to be under implementation.		X		

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						Implemented	Under implementation	Not implemented	Overtaken by events
221	2019	A/75/5 (Vol. I), chap. II, para. 303	The Board recommended that the Administration ensure adherence to the timelines, as communicated to the Board of Auditors, for the activities prescribed in the action plan for the implementation of results-based management.	The Secretariat remains fully committed to the implementation of the action plan and its activities in accordance with the implementation dates set out in the tenth progress report on accountability (A/75/686). Annex III to the report is entitled "Summary of the progress in the implementation of the action plan for the implementation of results-based management in the United Nations Secretariat, 2018–2021".	Given that some of the implementation dates of the action plan are 31 December 2021, the Board considers this recommendation to be under implementation.		X		
222	2019	A/75/5 (Vol. I), chap. II, para. 304	The Board recommended that the Administration include information on progress in the implementation of the action plan at the subactivity level in the forthcoming reports on accountability.	In the tenth progress report on accountability (A/75/686), the Secretariat set out its planned activities in annex III, listing each activity and its status. Lower-level items were detailed under "Going forward".	Given that the tenth progress report on accountability (A/75/686) was issued on 15 January 2021, the Board considers this recommendation implemented.	X			
223	2019	A/75/5 (Vol. I), chap. II, para. 311	The Board recommended that the Administration take steps to prioritize the preparation of an updated risk register and risk response and treatment plans in all the entities in the Secretariat and follow a time-bound plan for embedding the three lines of defence model at all levels.	The Administration is expecting that 57 Secretariat entities will have updated risk registers and risk treatment and response plans by 2023, subject to the availability of a relevant ICT tool to support the process. In addition, the process of embedding the three lines of defence model in enterprise risk management is a continuous effort, with dissemination and learning as the key elements.	Given that the Administration has taken steps to update the risk register and is expecting that 57 Secretariat entities will have updated risk registers and risk treatment and response plans by 2023, the Board considers this recommendation implemented.	X			
224	2019	A/75/5 (Vol. I), chap. II, para. 328	The Board recommended that the Administration take steps to capture the status of the indicator in physical terms and also recommended, in cases where the current status is dependent on surveys, that such surveys are conducted periodically, wherever practicable.	The indicator was updated to the following: "Increase in the usage of the policy portal (unique views)". The baseline as of 2019 was 8,849. The current value as measured on 8 July 2020 was 15,843. This has already been recorded in the benefits tracker.	Given that the indicators were updated and reflected in the United Nations website on management reform, the Board considers the recommendation implemented.	X			

						Status after verification			
No.	*Audit report year/ biennium*	*Report reference*	*Recommendation of the Board*	*Administration's response*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
225	2019	A/75/5 (Vol. I), chap. II, para. 329	The Board recommended that the Administration clearly define a baseline in the identified benefits so that the progress achieved can be measured accurately.	Indicators, and their corresponding baselines, were updated in July 2020. This has already been recorded in the benefits tracker.	Given that the Administration has defined a baseline in the identified benefits, the Board considers the recommendation implemented.	X			
226	2019	A/75/5 (Vol. I), chap. II, para. 338	The Board recommended that the Administration continue its efforts, including the implementation of innovation initiatives, to realize the target recruitment time of 120 days for filling vacant posts.	In April 2020, the Human Resources Service Division and the Office of Information and Communications Technology introduced the recruiter and hiring manager activity centres, which provide real-time operational data on the ongoing recruitments that recruiters and hiring managers are working on. The Human Resources Service Division and the Office of Information and Communications Technology also introduced the applied criteria form, which promotes improved consistency in the manual review of applications by documenting how the hiring managers conduct their screening process. This tool is an enhancement to the candidate summary application screening tool. Finally, they also introduced iterative improvements to the job-fit questionnaire based on client feedback to improve its usefulness for all types of job openings. To increase awareness and commitment to achieving recruitment timelines, the Under-Secretary-General for Operational Support will be issuing a communication to entities requesting greater focus on managing recruitment timelines. The management dashboards as well as the above-mentioned recruiter and hiring manager activity centres are tools that each entity can use to monitor recruitment timelines and track ongoing recruitment cases.	Given that the Administration is in the process of introducing tools to monitor recruitment timelines, the Board considers this recommendation to be under implementation.		X		

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227	2019	A/75/5 (Vol. I), chap. II, para. 340	The Board also recommended that the Administration incorporate all stages of the recruitment process into the planned technology solution for monitoring recruitment timelines, which should also be implemented in a time-bound manner.	The Administration reiterates its position that the recruitment process is measured from job-posting to selection, and that it would not be meaningful to include planning activities that occur at different stages and are not necessarily within the timeline of the posting of the job opening. However, the Department of Management Strategy, Policy and Compliance and the Department of Operational Support are in the process of incorporating the four substages of the recruitment process – posting, assessment, endorsement and selection – into the management dashboards, which are the technology solutions used to monitor recruitment timelines in the Secretariat, to provide a more granular view of the process.	Given that the Administration does not accept the recommendation, the Board considers this recommendation not implemented.			X	
228	2019	A/75/5 (Vol. I), chap. II, para. 347	The Board recommended that the Administration at UNCTAD raise the issue of inaccurate data and closing of job applications within Inspira with the Office of Human Resources in the Department of Management Strategy, Policy and Compliance.	The United Nations Conference on Trade and Development (UNCTAD) raised these issues with the United Nations Office at Geneva and the Department of Management Strategy, Policy and Compliance, bringing the recommendation to their attention. As a result of multiple consultations, and the latest meeting between the United Nations Office at Geneva and UNCTAD involving the participation of the Board of Auditors team on 17 November 2020, it was acknowledged by the Board that the issues addressed in this recommendation are not entity-specific and require corporate response. As agreed with the Board, the United Nations Office at Geneva liaised with United Nations Headquarters to describe the existing internal controls	Given that UNCTAD raised the issue with the partners concerned, which resulted in the confirmation of internal controls through United Nations Headquarters, the Board considers this recommendation implemented.	X			

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				in place to mitigate the risks identified by the Board on this process. UNCTAD had already addressed the concerns of the Board and explained the reasons why the job openings remained open in Inspira, and that this situation does not hinder the capturing of the various stages of the recruitment process, nor does it have an impact on the recruitment timeline. After further consultation with the Inspira technical team, the Administration confirms the above. The reason why jobs openings are kept open is to allow for exceptional scenarios in the event a selected candidate declines or is rejected during the offer management and onboarding process. For this reason, the Administration requests that the recommendation be closed.					
229	2019	A/75/5 (Vol. I), chap. II, para. 360	The Board recommended that the Administration prioritize the implementation of a Secretariat-wide, modern client relations management system to optimally fulfil the service delivery responsibility of the Headquarters support structure.	On 30 April 2021, the Information and Communications Technology Steering Committee approved in principle to move ahead with negotiations for a future global service delivery tool, the implementation of which will be subject to a sustainable funding model. This will help to address the recommendation to optimally fulfil the service delivery responsibility of the Headquarters support structure.	The Board will assess the performance of the future global service delivery tool in the next audit, therefore the Board considers this recommendation to be under implementation.		X		
230	2019	A/75/5 (Vol. I), chap. II, para. 362	The Board recommended that the Administration take steps to enhance the capacity of the client relationship management mechanism and formulate standard key performance indicators to better reflect and monitor the timelines for addressing requests.	The Administration continues to monitor timelines and reviews ageing reports weekly to ensure that requests are answered within the established five-day key performance indicator. The current average response time for service requests is four days, based on 2020 data. Further automation and process improvement, however, depends on the implementation of a	Given that the client relations management system is in the process of being improved, the Board considers this recommendation to be under implementation.		X		

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				global, fully automated client relations management system, enforcing the end-to-end single-entry advisory support structure and advanced reporting capacities and tracking based on a more complex key performance indicator system. The meeting of the Information and Communications Technology Steering Committee approved the global initiative led by the Department of Operational Support and the Office of Information and Communications Technology in April 2020 with a view to reviewing options for a global client management model and client relations management tool. The need for this initiative arose from extensive consultations with clients and service providers across the Secretariat that highlighted the lack of a globally standardized, intuitive and easy-to-use client relationship management system as the main obstacle to improving client experience. As part of this initiative, a group of experts from various stakeholders, including client entities and service providers, developed detailed business requirements with a view to developing a comprehensive business case. Final recommendations are due to be presented to the Information and Communications Technology Steering Committee later in 2021.					
231	2019	A/75/5 (Vol. I), chap. II, para. 364	The Board recommended that the Administration obtain detailed feedback and suggestions from client entities while developing an enhanced automated client relations management system.	Business requirements have been developed jointly in close collaboration with clients and service providers as part of the global initiative to develop a fully automated client relations management system. The meeting of the Information and Communications Technology Steering	Given that the client relations management system is in the process of being automated, the Board considers this recommendation to be under implementation.		X		

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				Committee approved the global initiative led by the Department of Operational Support and the Office of Information and Communications Technology in April 2020 with a view to reviewing options for a global client management model and client relations management tool. The need for this initiative arose from extensive consultations with clients and service providers across the Secretariat that highlighted the lack of a globally standardized, intuitive and easy-to-use client relationship management system as the main obstacle to improving client experience. As part of this initiative, a group of experts from various stakeholders, including client entities and service providers, developed detailed business requirements with a view to developing a comprehensive business case. Final recommendations are due to be presented to the Information and Communications Technology Steering Committee later this year.					
232	2019	A/75/5 (Vol. I), chap. II, para. 366	The Board recommended that the Administration take steps to maintain the dual structure, distinguishing between policy formulation and advisory support, through the tiered structure for receiving and rendering advice to entities across the Secretariat and ensure the integrity and completeness of the data on advice requests in the Department of Operational Support and the Department of	The Office of Human Resources and the Human Resources Service Division continue to meet biweekly to discuss service requests requiring tier three support and authoritative policy advice. The Global Strategy and Policy Division, the Office of Support Operations and the Capacity Development and Operational Training Service held a retreat in July 2020 to discuss, share and synchronize efforts and identify and close the gaps that might inhibit the Organization's ability to work effectively to accomplish the objective of one human resources	Given that the tiered advisory support system depends on the client relations management system, which is in the process of automation and improvement, the Board considers this recommendation to be under implementation.		X		

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			Management Strategy, Policy and Compliance.	system for the United Nations. The senior leadership also meets biweekly to share and update information on ongoing human resources initiatives.					
233	2019	A/75/5 (Vol. I), chap. II, para. 373	The Board recommended that the Administration ensure that it had the information needed to monitor that only entities with sufficient procurement capacity and infrastructure subdelegate procurement authority.	This recommendation is under implementation. The Business Transformation and Accountability Division received the information on entities that had sufficient procurement capacity and the mandatory training courses taken by the staff. The new quarterly procurement monitoring including this information will be rolled out starting in the first quarter of 2021. The review of procurement subdelegations issued is also done on a quarterly basis.	Given that the new quarterly procurement monitoring, including this information, will be rolled out starting in the first quarter of 2021, the Board considers this recommendation to be under implementation.		X		
234	2019	A/75/5 (Vol. I), chap. II, para. 383	The Board recommended that the Administration review and expand the key performance indicators in the area of procurement, based on existing data and reporting tools and on new data and reporting tools attainable with adjustments to enterprise systems, to enable heads of entities to demonstrate that they are exercising their delegated authority in a transparent, responsible and accountable manner.	This recommendation is under implementation. The Business Transformation and Accountability Division has completed the review of the existing key performance indicators for procurement, has proposed new expanded key performance indicators and is awaiting the endorsement of the procurement business owners.	Given that the Business Transformation and Accountability Division has completed the review of the existing key performance indicators for procurement, has proposed new expanded key performance indicators and is awaiting the endorsement of the procurement business owners, the Board considers this recommendation to be under implementation.		X		
235	2019	A/75/5 (Vol. I), chap. II, para. 392	The Board recommended that the Administration make a distinction between operational guidance, to be applied using professional judgement and expertise, and mandatory	The Administration continues its efforts to implement the recommendation.	Given that the Administration continues its efforts to ensure that a distinction is made between mandatory policy and		X		

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			policies, and issue procurement guidance and policy accordingly.		operational guidance, and that procurement policy and guidance are promulgated accordingly, the Board considers this recommendation to be under implementation.				
236	2019	A/75/5 (Vol. I), chap. II, para. 400	The Board recommended that the Administration review, refine and harmonize the accountability framework for monitoring the exercise of delegated decision-making authority with the property management performance assessment framework to prevent duplication and overlap of efforts and to enable the appropriate, timely and effective monitoring of the quantitative as well as qualitative aspects of the management of property, in compliance with the applicable policy framework.	The Monitoring of Delegation of Authority Section has completed the review of the existing key performance indicators for property management, has proposed new expanded key performance indicators and has received the endorsement of the property management business owners. The Administration considers this recommendation implemented and requests its closure by the Board.	Given that the Business Transformation and Accountability Division has completed the review of the existing key performance indicators for property management, has proposed new expanded key performance indicators and has received the endorsement of the property management business owners, the Board considers this recommendation implemented.	X			
237	2019	A/75/5 (Vol. I), chap. II, para. 407	The Board recommended that the Administration review and enhance the functionality to capture and report complete actual physical verifications conducted during a year, irrespective of nominal delays in updating the related Umoja records, to enable proper and correct performance reporting and assessments.	The recommendation has already been implemented and physical verification is incorporated into the business intelligence tools.	Given that the Administration provided detailed job aids on the effectiveness of physical accountability analysis, the physical accountability of inventory, the reconciliation of property not found and plant and equipment analysis, and that all these job aids contain information on how to capture and report	X			

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					complete actual physical verifications conducted during a year, the Board considers this recommendation implemented.				
238	2019	A/75/5 (Vol. I), chap. II, para. 408	The Board recommended that the Administration strengthen its monitoring mechanism to follow up on investigations and management actions on missing assets to ensure proper asset accountability and reliable financial reporting of property, plant and equipment and inventories.	The performance management framework implemented across the Secretariat includes specific key performance indicators that monitor the physical verification activities, the reporting of missing items and the duration of the write-off and/or disposal processes. In addition, as part of the accountability framework for delegation of authority, the Administration has implemented a key performance indicator on the prevention of loss and the accountability of property.	Given that key performance indicators 24 and 25 have been set for measuring the loss, write-off and disposal of property and the new indicators for key performance indicator 24 are updated quarterly, the Board considers this recommendation implemented.	X			
239	2019	A/75/5 (Vol. I), chap. II, para. 409	The Board recommended that the Administration prioritize the timely and proper physical verification of assets and equipment lying with other organizations under service-level agreements.	The performance management framework, along with a key performance indicator dedicated to physical verification, has been implemented for all entities in volume I starting from March 2020. The progress of the physical verification activities is monitored as part of the performance management framework and is measured against an annual key performance indicator target. In addition, as part of end-of-year financial activities, entities are reminded of the importance of completing physical verification and reconciliation processes on time for the generation of the financial statements.	Given that the Administration provided strategic guidance on property management performance monitoring and reporting for 2020, and a related annex that illustrated the method of collecting transactional data from the Umoja Enterprise Core Component and business intelligence modules for the respective key performance indicators key performance indicators and indicated that the target of the key performance indicator index was for property management, the Board	X			

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					considers this recommendation implemented.				
240	2019	A/75/5 (Vol. I), chap. II, para. 415	The Board recommended that the Administration explore reviewing and revalidating the data sources in key performance indicator reports to provide a measurement basis aligned with financial statements, which can also help in mainstreaming IPSAS into the property management business processes and introducing a common approach for property management and its financial reporting.	The Administration is of the view that key performance indicators are not "missing" but that not every key performance indicator is applied to every entity. The physical verification reports are generated at the entity level, and the results of the physical verification exercises are recorded in Umoja and are available for reporting. The documentation of the physical verification exercises is maintained by the entity at the local level.	Given that the key performance indicator reports for all applicable entities describe all information on physical verification as at 31 December 2020, the Board considers this recommendation implemented.	X			
241	2019	A/75/5 (Vol. I), chap. II, para. 419	The Board recommended that the Administration strengthen the monitoring of delegation of authority in property management to ensure the timely completion of all mandatory and required training by staff member's delegated and subdelegated with revised authorities and also ensure reconciliation of information regarding the completion of mandatory property management trainings within the Department of Management Strategy, Policy and Compliance.	This recommendation is under implementation. Monitoring of mandatory training in property management is included in the expanded set of key performance indicators that has been endorsed by the Global Asset Management Policy Service. The new quarterly property management monitoring on training sessions will be done manually starting in the first quarter of 2021, before its integration into accountability indicator monitoring on the management dashboards.	Given that the new quarterly property management monitoring on training sessions will be done manually starting in the first quarter of 2021, and is still ongoing, the Board considers this recommendation to be under implementation.		X		
242	2019	A/75/5 (Vol. I), chap. II, para. 420	The Board recommended that the Administration put in place a mechanism for monitoring the creation and composition of local property survey boards.	Since the promulgation of the administrative instruction for the property survey boards is still pending, the secretariat of the Headquarters Committee on Contracts/Headquarters Property Survey Board took interim steps by requesting all entities with property delegation to provide copies of the composition of their local	Given that the promulgation of the administrative instruction for the property survey boards is still pending, the Board considers this		X		

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				property survey boards, which are currently in the process of being collected and analysed. Once the initial collection process is complete, the secretariat of the Headquarters Committee on Contracts/Headquarters Property Survey Board will roll out a mechanism for updating the records. Upon promulgation of the administrative instruction, the composition will be monitored for compliance with the provisions of the administrative instruction regarding the composition of local property survey boards and the training status of the members.	recommendation to be under implementation.				
243	2019	A/75/5 (Vol. I), chap. II, para. 431	The Board recommended that the Administration take steps to address the funding gap issues with the agencies not participating in cost-sharing and encourage them to be part of the United Nations development system.	The Development Coordination Office has followed up with all 19 entities currently listed as participants in the United Nations Sustainable Development Group cost-sharing agreement. A new member, the International Trade Centre, has come on board, with a contribution of equal size to that of the World Tourism Organization, and as a result the full amount expected from the United Nations Sustainable Development Group cost-sharing arrangement has already been received in the special purpose trust fund.	Given the efforts undertaken by the Development Coordination Office, the Board considers this recommendation implemented.	X			
244	2019	A/75/5 (Vol. I), chap. II, para. 433	The Board recommended that the Administration continue its efforts and explore avenues to further improve the inflow of resources for the smooth and optimum functioning of the reinvigorated resident coordinator system.	In response to the auditors' most recent request, the Development Coordination Office has uploaded the copies of contracts related to voluntary contributions from 43 countries.	Given that the resource mobilization for supporting the resident coordinator system needs long-term effort, the Board considers this recommendation to be under implementation.		X		

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245	2019	A/75/5 (Vol. I), chap. II, para. 438	The Board recommended that the Administration continue efforts to encourage contributions, on a voluntary basis, to the capitalization of the Joint Fund at the required levels.	Engagement continues with both private sector actors and current and prospective Member States. In the first quarter of 2021, briefing sessions on the Joint Sustainable Development Goals Fund will be hosted by several Member States to showcase its work in the Sustainable Development Goal financing space to the wider diplomatic community. The briefing sessions, open to all permanent representatives, will feature resident coordinators, Government officials and private sector actors and will be an occasion to increase the visibility of the Fund and expand its donor base. One session will be specifically focused on the small island developing States, co-hosted by the permanent representative leading the small island developing States delegation and the European Union. Another briefing will be hosted by Fiji and Rwanda, who co-led discussion group 2 under the financing for development agenda.	Given that the Development Coordination Office states that engagement continues to progress, the Board considers this recommendation to be under implementation.		X		
246	2019	A/75/5 (Vol. I), chap. II, para. 443	The Board recommended that the Administration expedite the recruitment process of resident coordinators for the remaining countries. The Board also recommended that the recruitment exercise for other positions be completed in a time-bound manner to enable the resident coordinator offices and regional desks to work at optimum capacity.	Resident coordinator positions become vacant and are filled on a rolling basis, depending on when their contracts expire. Since resident coordinators are selected at different points in time, their contracts end at different points in time. By the time a given set of vacant positions is filled, new positions become vacant. Hence, there will always be some vacancy. However, the two parts of the recommendation have been addressed: (a) Resident coordinator recruitment has been expedited significantly in 2020 in comparison with 2019 and thus the	Given that the efforts made by the Development Coordination Office succeeded in expediting the recruitment of resident coordinators and decreasing the vacancy rate (12.56 per cent as at 1 April 2021), the Board considers this recommendation implemented.	X			

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				vacancy rate as at 1 April 2021 was 11.54 per cent (115 on board out of 130); (b) Recruitment of other positions in the resident coordinator offices have been raised to optimum levels and thus the vacancy rate as at 1 April 2021 was 12.56 per cent (682 on board out of 780, excluding posts of Driver, which are still under UNDP). In a meeting with the auditors on 12 April 2021, the auditors agreed to revisit this recommendation in the light of clarifications presented and reassess it. They indicated a willingness to consider closure if the Development Coordination Office was able to come down to a resident coordinator vacancy rate of 15 per cent. Therefore, the Office strongly requests that the Board re-evaluate this recommendation and close it.					
247	2019	A/75/5 (Vol. I), chap. II, para. 448	The Board recommended that the Administration expedite the development of a permanent system for the performance management of resident coordinators, which should reflect and be aligned with their revamped role.	The development of the policy framework for the performance management of resident coordinators and United Nations country teams is ongoing, in parallel with capturing lessons learned from the 2019–2020 results of the transitional performance appraisal system, the roll-out of a peer feedback tool to capture United Nations country team member inputs on resident coordinator performance and the design of the permanent resident coordinator/ United Nations country team performance management system, all in consultation with a United Nations Sustainable Development Group task force on resident coordinator/United Nations country team performance management. The development of the policy framework is envisioned to be completed by the end of 2021.	Given that the development of a policy framework for the performance management of resident coordinators and United Nations country teams is ongoing, the Board considers this recommendation to be under implementation.		X		

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248	2019	A/75/5 (Vol. I), chap. II, para. 453	The Board recommended that the Administration make efforts to finalize accountability frameworks at the regional and global levels at the earliest to effectively identify relevant United Nations development system members and their roles, responsibilities and interrelationships and provide a comprehensive accountability framework.	Development of the regional and global chapters of the management and accountability framework is being led by the Executive Office of the Secretary-General. The Development Coordination Office understands that the drafting process is currently under way and consultations with United Nations Sustainable Development Group entities will take place in December 2020 and January 2021. The Development Coordination Office stands ready to support this process.	Given that the drafting process of the regional and global chapters of the management and accountability framework is currently under way, the Board considers this recommendation to be under implementation.		X		
249	2019	A/75/5 (Vol. I), chap. II, para. 461	The Board recommended that the Administration continue to engage with the United Nations country teams to ensure timely formulation of new common country analyses and the updating of existing common country analyses.	The Development Coordination Office, in close collaboration with regional peer support groups, among others, has provided support to United Nations country teams to formulate new common country analyses and update existing ones. Part of the support focused on the countries that designed their Cooperation Frameworks in 2020 for implementation in 2021. As a result, 13 countries used 2020 to start their common country analysis preparations early, with support from the Development Coordination Office and peer support groups. As for updates of existing common country analyses, with the aim of minimizing additional transaction costs during the development emergency caused by COVID-19, the Development Coordination Office provided guidance that socioeconomic impact assessments related to the pandemic could replace the common country analysis update. One hundred countries undertook one or several socioeconomic impact assessments. Twenty-four countries reported having undertaken a common	Given that the timely formulation of new common country analyses and the updating of existing common country analyses requires continuous learning and adjustment based on emerging experience, the Board considers this recommendation to be under implementation.		X		

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				country analysis update in 2020 in addition to the socioeconomic impact assessment (Azerbaijan, Belarus, Bahrain, Benin, Burkina Faso, Colombia, Costa Rica, Côte d'Ivoire, Cuba, Dominican Republic, Guinea, Haiti, Jordan, Kenya, Kyrgyzstan, Lesotho, Maldives, Philippines, Republic of Moldova, Senegal, Sierra Leone, Togo, Turkmenistan, Uzbekistan). The country dashboard – accessible to United Nations Sustainable Development Group principals and their entities – is updated as soon as information about new timelines is received from resident coordinator offices. Based on the above, the Development Coordination Office considers the recommendation closed; however, the Office acknowledges that this work requires continuous learning and adjustment based on emerging experience. As such, the Office will prepare for continued work related to common country analysis formulation and updates in 2021.					
250	2019	A/75/5 (Vol. I), chap. II, para. 467	The Board recommended that the Administration expedite the development of the online course for the capacity-building of United Nations country teams, which should be complemented with tailored support to country teams, depending on the country context.	The e-course on Cooperation Frameworks was launched with the United Nations System Staff College as planned and is now available to United Nations staff in 2021.	Given that there is an online course, the Board considers this recommendation implemented.	X			
251	2019	A/75/5 (Vol. I), chap. II, para. 480	The Board recommended that the Administration proactively support the High-level Committee on Management in bringing all United Nations Sustainable Development Group	The Development Coordination Office does not control the signature process, as issues relating to mutual recognition were transferred to the High-level Committee on Management. Mutual recognition is owned by the	Given that the signature process of the mutual recognition principle has been transferred to the High-level Committee on Management, the				X

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			members on board with regard to the mutual recognition principle and augmenting the capacity for tracking the progress of the implementation of the mutual recognition principle.	Committee, not the United Nations Sustainable Development Group. The Development Coordination Office has no control over the signature process, which is managed by the secretariat of the Committee. This was explained to the auditors in the meeting of 15 April 2021 and the auditors agreed to revisit this recommendation. As the Development Coordination Office has done its part and handed over the mutual recognition process to the High-level Committee on Management, the Office strongly believes that there is nothing more it can do, and requests that the Board re-evaluate this recommendation and close it.	Board considers this recommendation as having been overtaken by events.				
252	2019	A/75/5 (Vol. I), chap. II, para. 481	The Board recommended that the Administration support the High-level Committee on Management in exploring the feasibility of a system-wide implementation framework and guidance for the mutual recognition principle, including identification of practical concerns of agencies for implementation and addressing them by ensuring broad-based inter-agency participation.	The Development Coordination Office supports the High-level Committee on Management by capturing and sharing with the Committee the challenges related to the implementation of mutual recognition at the field level, as and when they are raised to the Office. Similarly, the Office also supports the Committee by including mutual recognition and the need for agency-specific guidance operationalizing mutual recognition in its efficiency briefings to the executive management of United Nations entities. A statement on mutual recognition has been signed by the Secretary-General and the executive heads of 19 other United Nations system organizations (the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women); UNDP; the United Nations Population Fund; the Office of the United Nations High Commissioner for Refugees; the United	Given the efforts and clarification in the briefing on efficiency gains, the Board considers more support has been provided to the High-level Committee on Management to explore the feasibility of system-wide implementation framework and guidance for the mutual recognition principle, including identification of practical concerns of agencies for implementation and addressing them by ensuring broad-based inter-agency participation. Therefore, the Board considers this	X			

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				Nations Children's Fund; the United Nations Office for Project Services (UNOPS); the World Food Programme; the World Health Organization; the International Labour Organization; the International Organization for Migration; the United Nations Educational, Scientific and Cultural Organization; the Joint United Nations Programme on HIV/AIDS; the International Telecommunication Union; the Food and Agriculture Organization of the United Nations (FAO); the United Nations Relief and Works Agency for Palestine Refugees in the Near East; the United Nations Environment Programme; the International Fund for Agricultural Development; the International Trade Centre; and the United Nations Industrial Development Organization). The High-level Committee on Management is coordinating the collection of signatures from entities.	recommendation implemented.				
253	2019	A/75/5 (Vol. I), chap. II, para. 488	The Board recommended that the Administration take steps to bring clarity to, and define the ownership and responsibility for taking further action to promote the adoption of, the client satisfaction and costing and pricing principles, and thereafter enhance the engagement and consultations with the remaining United Nations entities to get them on board along with addressing the concerns, if any.	In the context of the recommendation, the Development Coordination Office has put utmost efforts, as indicated in the Administration's comments on the first quarter of 2021, towards having the maximum number of entities adopt the client satisfaction and costing and pricing principles. As a result, 10 entities have signed (including all United Nations Secretariat entities, which all sign as one under the Secretary-General). Between January and March 2021, FAO, UNOPS, UNDP and the Secretariat (on behalf of all Secretariat entities) signed both the client satisfaction principles and the cost and pricing principles. As the	Given that the Development Coordination Office is coordinating with the remaining United Nations Sustainable Development Group entities to collect their signatures, the Board considers this recommendation to be under implementation.		X		

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				recommendation emphasizes efforts made but not specific numbers of signatures, given the progress made, the Development Coordination Office requests that the Board consider closing this recommendation.					
254	2019	A/75/5 (Vol. I), chap. II, para. 496	The Board recommended that the Administration engage with United Nations country teams for the implementation of the business operations strategy 2.0 and explore the development of realistic transition and implementation timelines.	The Development Coordination Office launched the business operations strategy 2.0 practitioner online training course and the number of participants reached 1,000 United Nations personnel by the end of 2020.	Given the efforts made by the Development Coordination Office to engage the stakeholders and parties involved, and taking into consideration the timeline that has been worked out, the Board considers this recommendation implemented.	X			
255	2019	A/75/5 (Vol. I), chap. II, para. 498	The Board recommended that the Administration take steps to authenticate and revalidate the data entered by United Nations country teams in the business operations strategy so that correct and complete information can drive decision-making.	The Board's concerns raised in this recommendation have already been addressed, as the business operation strategy 2.0 has a quality assurance system that requires a mandatory review of the business operations strategy data by a certified specialist for every United Nations country team. Quality assurance must be verified by a quality assurer appointed by the Development Coordination Office before the resident coordinator can finalize and sign off on the business operations strategy in the system. Furthermore, the Development Coordination Office allocates a business operations strategy specialist to assist the development/transition of United Nations country teams to the business operations strategy online platform.	Given the efforts undertaken by the Development Coordination Office to authenticate and revalidate the data entered by United Nations country teams, the Board considers this recommendation implemented.	X			

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256	2019	A/75/5 (Vol. I), chap. II, para. 500	The Board recommended that the Administration ensure a close linkage between the business operations strategy design and roll-out and the common back office design and roll-out to derive benefits from their inherent synergies and help avoid the double engagement of United Nations country teams on these interrelated topics.	The timelines and milestones are those available in the roll-out plan signed in August 2020. The Development Coordination Office also updated the United Nations Sustainable Development Group Business Innovations Group and task teams on the roll-out plan through regional and global briefings and webinars.	Given that the two have been aligned with each other in the roll-out plan, the Board considers this recommendation implemented.	X			
257	2019	A/75/5 (Vol. I), chap. II, para. 513	The Board recommended that the Administration set specific timelines with interim targets and milestones for the roll-out of common back offices and that it monitor adherence thereto.	Targets and timelines were set in the roll-out plan signed in August 2020. These timelines are on track. The Development Coordination Office provides regular updates to the United Nations Sustainable Development Group Business Innovations Group and task teams on the roll-out plan.	Given that there is a roll-out plan for common back offices, the Board considers this recommendation implemented.	X			
258	2019	A/75/5 (Vol. I), chap. II, para. 515	The Board recommended that the Administration explore ways to create a dedicated team for a smooth global roll-out of the common back offices and the development of the information technology platform to support it.	A dedicated common back office team has been established at United Nations Headquarters in addition to the Development Coordination Office regional offices, and in most cases cost-sharing arrangements have been implemented.	Notwithstanding the roll-out plan that has been put in place, given that the common back office digital platform is still being developed, the Board considers this recommendation to be under implementation.		X		
259	2019	A/75/5 (Vol. I), chap. II, para. 517	The Board recommended that the Administration, in coordination with the United Nations Sustainable Development Group, take action for development of a United Nations Sustainable Development Group platform to facilitate the fast-tracking of the implementation of the common back offices project.	Adequate resources were allocated to the common back office platform developed under the 2021 United Nations Sustainable Development Group Business Innovations Group annual workplan and the Development Coordination Office budget. Development of the platform is on track and is expected to be finalized by the end of September 2021.	Given that the development of the platform is on track and is expected to be finalized by the end of September 2021, the Board considers this recommendation to be under implementation.		X		

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260	2019	A/75/5 (Vol. I), chap. II, para. 529	The Board recommended that the Administration set a realistic timeline, with interim milestones for the implementation of common premises, identify risks and challenges in the implementation thereof and coordinate with partner agencies to ensure execution.	Adequate resources were allocated to the common back office platform developed under the 2021 United Nations Sustainable Development Group Business Innovations Group annual work plan and the Development Coordination Office budget. Development of the platform is on track and is expected to be finalized by the end of September 2021.	Given that the development of timelines and common premises' implementation and execution is on track, the Board considers this recommendation to be under implementation.		X		
261	2019	A/75/5 (Vol. I), chap. II, para. 531	The Board recommended that the Administration take action for the early completion of the consolidation methodology, the finalization of the tools proposed by the Business Innovations Group project team, the establishment of the information technology platform and the establishment of the governance body on the common premises information technology platform.	The Development Coordination Office has completed a common premises roll-out plan on the basis of the consolidation methodology and tools approved by the Business Innovations Group project team. The roll-out plan includes an end-to-end consolidation plan as part of the methodology for countries to set up country common premises plans.	Given that the common premises online platform is still under development, the Board considers this recommendation to be under implementation.		X		
262	2019	A/75/5 (Vol. I), chap. II, para. 533	The Board recommended that the Administration complete the database of premises as a priority and ensure its integrity so that future plans can be based upon it.	The platform has been developed. In addition, the Development Coordination Office is building a common premises portal in the UN INFO platform, which includes the database and also serves as the platform for countries to establish country common premises plans.	Given that the common premises database is still in the building process, the Board considers this recommendation to be under implementation.		X		
263	2019	A/75/5 (Vol. I), chap. II, para. 540	The Board recommended that the Administration coordinate with the Business Innovations Group to expedite the identification of a governance structure as recommended by the Joint Inspection Unit in its report A/74/71.	The governance structure has been identified.	Given that the governing structure has been identified, the Board considers this recommendation implemented.	X			

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264	2019	A/75/5 (Vol. I), chap. II, para. 548	The Board recommended that the Department take steps for the systematic follow-up of issues raised in the review meetings within the Department's authority and that it maintain a transparent record of the same.	A tracker was developed to document the agreed action points from the review retreats that looked at collaboration between the peace and security pillar and the development and management systems, and to ensure systematic follow up. Most of the action points have been implemented. For those outstanding areas with regard to collaboration with the development system, a senior leadership meeting of the Department of Political and Peacebuilding Affairs and the Department of Peace Operations, scheduled to take place on 3 February 2021, will take stock of good practices and challenges to operational collaboration in order to ensure systematic and coherent pillar approaches towards the development system. With regard to collaboration with the management system, a task force has been set up to examine and institutionalize ways to further strengthen management system support to the peace and security pillar. In both areas, follow-up actions and the resolution of outstanding issues will be completed by the end of 2021.	Given that two areas still need follow-up actions and outstanding issues need to be resolved, the Board considers this recommendation to be under implementation.		X		
265	2019	A/75/5 (Vol. I), chap. II, para. 553	The Board recommended that the Department continue to take up change management activities in the context of the peace and security reforms for the closer involvement of staff.	The Department of Political and Peacebuilding Affairs and the Department of Peace Operations are taking a number of specific steps to implement change management and promote long-term culture change. The two departments developed a comprehensive plan, "Building Our Pillar", with concrete activities to support the building of a shared and agile culture, help develop staff professionally and increase knowledge	Given that further activities to support the building of a shared and agile culture and the assessment of the results of current activities need to be done, the Board considers this recommendation to be under implementation.		X		

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				of different parts of the pillar, among other things. There is also an emphasis on increasing innovation aimed at promoting a more fulfilling and productive workplace. During the COVID-19 pandemic, the departments partnered with the United Nations System Staff College to conduct focus groups to reflect on best practices from the remote working environment and shape the vision for a post-pandemic workplace. These activities are expected to continue throughout 2021, with an assessment of the results of current activities through a subsequent staff engagement survey foreseen for the fourth quarter of 2021, which would also inform planning and design regarding the continuation of future culture change efforts beyond 2021, as and if needed.					
266	2019	A/75/5 (Vol. I), chap. II, para. 558	The Board recommended that the Department and Office develop relevant criteria for assessing enhanced output as a result of the deployment of additional resources in the Peacebuilding Support Office, in the context of the aspirations contained in General Assembly resolution 70/262 and Security Council resolution 2282 (2016) for its revitalization.	The peace and security reform benefits tracker tracks the impact of the Peacebuilding Support Office's revitalization (through additional capacity and its integration with the Department of Political and Peacebuilding Affairs) particularly through greater impact of the Peacebuilding Fund and the Peacebuilding Commission and strengthened partnership with the World Bank. This is also being tracked through the report of the Secretary-General on peacebuilding and sustaining peace. Integration and coordination between the Peacebuilding Support Office and the rest of the Department has been coherent. In addition, going forward, and based on the recommendation, the programme budget will reflect enhanced output.	Given that there are various benefits tracking systems, including the benefits tracker as a central and integrated tool of performance reporting, together with the results framework and strategic plan, among other things, where indicators have been established to measure the outputs or performance in peacebuilding, in the context of implementation of peace and security reform, the Board considers this recommendation implemented.	X			

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267	2019	A/75/5 (Vol. I), chap. II, para. 565	The Board recommended that the Peacebuilding Support Office of the Department of Political and Peacebuilding Affairs continue efforts to augment the financial resources of the Peacebuilding Fund.	The Peacebuilding Fund mobilized $181 million in 2020, up from $134 million in 2019. A high-level replenishment conference for the Peacebuilding Fund was organized on 26 January 2021 with the participation of more than 60 Member States.	Given that augmenting the financial resources of the Peacebuilding Fund needs continuous efforts, the Board considers this recommendation to be under implementation.		X		
268	2019	A/75/5 (Vol. I), chap. II, para. 570	The Board recommended that the Administration score change requests to the United Nations General Conditions of Contract and/or the draft form of the contract during the evaluation of proposals in procurement cases in which the United Nations considers such modifications.	The Administration stated that scoring changes to specific contractual provisions may be appropriate under certain procurement requirements (e.g. highly complex and high-value procurements or when there are only a few or even one vendor who is able to provide the requested service or good). The Administration considers using scoring whenever these criteria apply.	The Board notes the Administration's response and considers this recommendation implemented.	X			
269	2019	A/75/5 (Vol. I), chap. II, para. 580	The Board recommended that the Procurement Division coordinate with the respective requisitioning offices to ensure that a detailed scoring matrix for the technical evaluation is developed that scores criteria of a quantitative nature and that shows how a specific score should be selected.	The recommendation has been implemented. Section 6.4.6.2, Mandatory and technical criteria, of the updated Procurement Manual as at 30 June 2020 provides detailed instructions on the structure and components of technical evaluation criteria and elaborates on the scoring matrix with a focus on measurable and quantifiable indicators as well as clearly defined ratings. During the development of the source selection plan, requisitioners are reminded to comply with the above instructions and relevant technical standards when developing technical evaluations and scoring matrices, in addition to the Procurement Division's continued guidance and assistance in this regard. In the light of the above, the Administration requests that the Board consider closing the recommendation.	Given that the Procurement Manual has been revised accordingly and provides detailed instructions on the structure and components of technical evaluation criteria and elaborates on the scoring matrix with a focus on measurable and quantifiable indicators as well as clearly defined ratings, the Board considers this recommendation implemented.	X			

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270	2019	A/75/5 (Vol. I), chap. II, para. 587	The Board recommended that the Department of Operational Support update the standard procedure for filing procurement documents. The procedure should identify the responsibilities for maintaining complete digital files, standardize the structure and contain further instructions on documentation (such as a non-editable format).	The Administration has developed a draft guidance on the filing procedures, which is being further reviewed and finalized. Noting this progress, the Board may wish to review whether the recommendation could be considered implemented.	Given that the Administration has developed a draft guidance on the filing procedures, the Board considers this recommendation implemented.	X			
271	2019	A/75/5 (Vol. I), chap. II, para. 596	The Board recommended that the Administration make all efforts to achieve the funding targets for country-based pooled funds and continue to proactively advocate the increase of multi-year and unearmarked funding for more predictable financial resources and flexibility.	The Administration would like to note that all funding to country-based pooled funds is considered "softly earmarked" funding, in accordance with grand bargain definitions, so the recommendation for more unearmarked funding does not apply.	Given that the earmarked fund of the programme activities of the Office for the Coordination of Humanitarian Affairs has increased from 44.83 per cent in 2019 to 51.79 per cent in 2020, and that the target for country-based pooled funds was not achieved, and is reiterated in the present audit report, the Board considers this recommendation as having been overtaken by events.				X
272	2019	A/75/5 (Vol. I), chap. II, para. 606	The Board recommended that the Office scale up its engagement with United Nations agencies with regard to country-based pooled fund reporting so that there is improvement within a defined time period.	The Administration did not provide any information in the current audit process.	Given that similar issues have been noted in recent audits and the Board reiterates this in the present audit, the Board considers this recommendation as having been overtaken by events.				X

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273	2019	A/75/5 (Vol. I), chap. II, para. 618	The Board recommended that the Office make sustained and time-bound efforts to clear the backlog of audits and to ensure that refunds due from implementing partners are received promptly.	The Administration did not provide any information in the current audit process.	Given that similar issues have been noted in recent audits and the Board reiterates this in the present audit, the Board considers this recommendation as having been overtaken by events.				X
274	2019	A/75/5 (Vol. I), chap. II, para. 625	The Board recommended that the secretariat of the Central Emergency Response Fund engage with implementing agencies to minimize requests for extension, carefully review such requests and grant extensions only in genuinely exceptional circumstances.	The Administration did not provide any information in the current audit process.	Given that similar issues existed in 2020, the Board considers this recommendation to be under implementation.		X		
275	2019	A/75/5 (Vol. I), chap. II, para. 634	The Board recommended that the secretariat of the Central Emergency Response Fund pursue the timely completion of financial reports and the refund of unspent funds.	The Administration did not provide any information in the current audit process.	Given that similar issues have been noted in recent audits and the Board reiterates this in the present audit, the Board considers this recommendation as having been overtaken by events.				X
276	2019	A/75/5 (Vol. I), chap. II, para. 635	The Board recommended that the secretariat of the Central Emergency Response Fund strengthen measures such as training, policy briefings and consultations with the United Nations agencies for better collaboration in ensuring timely financial reporting and refunds.	The Administration did not provide any information in the current audit process.	Given that similar issues have been noted in recent audits and the Board reiterates this in the present audit, the Board considers this recommendation as having been overtaken by events.				X

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
277	2019	A/75/5 (Vol. I), chap. II, para. 644	The Board recommended that the Office expedite the roll-out of the Umoja Extension 2 grantor-country-based pooled funds grant management system bridge and explore its utility and customization for the Central Emergency Response Fund to reduce manual interventions in the recording of financial transactions and preparation of trial balances.	The Administration did not provide any information in the current audit process.	Given that the first phase of the data bridge from the grant management system to the Umoja was launched in 2021, and that the second phase of the bridge from Umoja to the grant management system has not been initiated, the Board considers this recommendation to be under implementation.		X		
278	2019	A/75/5 (Vol. I), chap. II, para. 656	The Board recommended that the Administration strengthen controls to ensure that entities report details of fraud or presumptive fraud as soon as it comes to their notice to facilitate prompt reporting of fraud and presumptive cases and to strengthen monitoring of reported cases by OIOS.	Several measures have been taken: (a) The guidelines on fraud and presumptive fraud which describe the processes involved in reporting fraud, established timelines and process flows have been revised, made available in the Knowledge Gateway and shared with entities in volume I on 17 December 2020; (b) A presentation was conducted with entities in volume I to highlight the importance of timely reporting on cases of fraud or presumptive fraud as soon as it comes to their notice; (c) A tracking spreadsheet was put in place to facilitate and strengthen the reporting by all offices: (i) latest action on cases referred by OIOS; (ii) latest action taken by the entities on cases reported previously;	Given that the Administration has taken several measures to strengthen controls to ensure that entities report details of fraud/presumptive fraud in a timely manner, the Board considers this recommendation implemented.	X			

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Administration's response	Board's assessment		Status after verification			
							Implemented	Under implementation	Not implemented	Overtaken by events
				(d) Entities are responsible for gathering information on cases of fraud and presumptive fraud within their departments, services and sections as well as their respective service providers, if any, prior to submission to the Office of the Controller.						
279	2019	A/75/5 (Vol. I), chap. II, para. 660	The Board recommended that the Administration explore stipulating a time frame to guide the conduct of investigations and also ensure close monitoring of the progress of investigations.	The programme plan for 2020 for OIOS (A/74/6 (Sect. 30)), approved by the General Assembly and monitored through Umoja, included a measure on the timeliness of sexual harassment investigations. The Office's programme plan for 2021 (A/75/6 (Sect. 30)), approved by the Assembly in December 2020, and monitored in Umoja, expanded this measure to include the timeliness of all investigations.	Given that the time frame has not been established, the Board considers this recommendation to be under implementation.			X		
	Total					**279**	**96**	**150**	**2**	**31**
	Percentage					**100**	**34**	**54**	**1**	**11**

Annex II

Status of implementation of recommendations up to the year ended 31 December 2019 on information and communications technology affairs

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
1	2012	A/67/651, para. 31	The Board recommended that, in order to enable greater consistency and transparency with regard to ICT funding and budgets and allow better management of costs and effective prioritization, the Controller require that proposed ICT budgets set out: (a) the cost of running day-to-day services; (b) the cost of licences and maintenance costs for existing systems; (c) costs related to upgrading existing service delivery (e.g. to improve security); and (d) new costs, including strategic requirements.	In accordance with existing policy, significant information and information and communications technology (ICT) initiatives should be coordinated with and/or approved by the Office of Information and Communications Technology. Technical guidance for field technology operations prepared by the Office of Information and Communications Technology is included as part of the Controller's budget instructions. Missions are requested to engage early with their Headquarters counterparts in the Office during the budget preparation process and to receive concurrence from the Office before submitting their budget proposals. The programme budget guide contains instructions to entities on the development of their ICT budget proposals, as well as the stipulation that new ICT investments or projects requiring an investment of $200,000 or more are subject to technical clearance from the Project Management Office prior to the submission of their budget proposals to the Office of Programme Planning, Finance and Budget. The Office of Information and Communications Technology requests that this recommendation be closed.	Given that the ICT budgets are not set out in detail as recommended, the Board considers this recommendation to be under implementation.		X		

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
2	2012	A/67/651, para. 32	The Board recommended that the entities, offices and programmes comprising the United Nations prioritize ICT funding to ensure that the right balance of attention is given to transformation, improvement and leadership, frameworks and policies, and operational services.	In accordance with existing policy, significant information and communications technology initiatives should be coordinated with and/or approved by the Office of Information and Communications Technology. Technical guidance for field technology operations prepared by the Office is included as part of the Controller's budget instructions. Missions are requested to engage early with their Headquarters counterparts in the Office in the budget preparation process and to receive concurrence from the Office before submitting their budget proposals. The Office of Information and Communications Technology requests that this recommendation be closed.	Given that the technical guidance for ICT issues is included as part of the Controller's budget instructions for entities and offices, the Board considers this recommendation implemented.	X			
3	2012	A/67/651, para. 68	The Board recommended that the Administration develop a fit-for-purpose governance framework to oversee the strategic development of ICT across the United Nations. This governance framework should clearly set out roles, accountabilities and responsibilities and ensure that decision-making bodies operate distinctly from consultative and advisory forums.	Governance information has been provided and closure of this part of the recommendation is requested. The ICT delegation of authority matrix has been developed.	Based on the progress of the ICT delegation of authority matrix as a part of the governance framework, the Board considers this recommendation to be under implementation.		X		
4	2015	A/70/581, summary, recommendation (a)	Clarify the role and authority of the Chief Information Technology Officer in field operations by setting out clearly which activities require strong central control and which activities require or merit operational freedom.	The report on shifting the management paradigm in the United Nations does not define a specific role of the Chief Information Technology Officer for the field. The ICT delegation of authority is an effort that will ensure an appropriate balance of operational freedom and central control and includes interlinked layers at the	Based on the shifting of management paradigm in the United Nations, the Office provides central leadership and oversight of information and communications technology, and the				X

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				global, regional and local levels. The Office provides central leadership and oversight of information and communications technology activities, resource management, standards, cybersecurity, architecture, policies and guidance at the United Nations Secretariat, and establishes and maintains an integrated and harmonized information and communications technology environment throughout the Secretariat, including at all duty stations and field missions (see General Assembly resolution 69/262). Therefore, the closure of this recommendation is requested, as it has been overtaken by events resulting from the implementation of the management reform.	Board considers this recommendation as having been overtaken by events.				
5	2015	A/70/581, summary, recommendation (c)	As a matter of urgency, formalize corporate ICT policies and procedures, including governance structures and appropriate delegations of authority, to ensure that the necessary authorities and accountabilities are in place to support implementation of the ICT strategy.	The ICT delegation of authority matrix has been developed and is under implementation.	Based on the progress of the ICT delegation of authority matrix, the Board considers this recommendation to be under implementation.		X		
6	2015	A/70/581, summary, recommendation (d)	Establish a robust compliance framework with the necessary authorities to ensure adherence to Secretariat-wide ICT policies, including those on information security.	The Office of Information and Communications Technology recently proceeded with a compliance review exercise in order to review the existing mechanisms and identify an action plan. Resources are still limited, so the recommendation is under implementation.	Given that the Office of Information and Communications Technology is establishing a compliance framework with limited resources, the Board considers this recommendation to be under implementation.		X		

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	*Status after verification*			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
7	2015	A/70/581, summary, recommendation (g)	Increase the visibility of senior management in leading the implementation of the ICT strategy to ensure that all departments are committed to implementing the revised ICT strategy as mandated by the General Assembly, and that any disagreements or impediments to implementing the strategy are assessed and resolved in a timely manner.	The membership of the Information and Communications Technology Steering Committee has been expanded in accordance with the recommendation of the Board. The Steering Committee is co-chaired by the Under-Secretaries-General for Operational Support and for Management Strategy, Policy and Compliance, with the Office of Information and Communications Technology and the Special Adviser to the Secretary-General on Reforms as permanent members. The Steering Committee includes the following Secretariat entities: the Department for General Assembly and Conference Management, the Department of Peace Operations, the Economic Commission for Latin America and the Caribbean (ECLAC), the Executive Office of the Secretary-General, the Office for Disarmament Affairs, the Office of the United Nations Special Coordinator for Lebanon, the United Nations Assistance Mission in Afghanistan (UNAMA), the United Nations Office at Geneva and the United Nations Regional Centre for Preventive Diplomacy for Central Asia. In addition to these members, the Office of Legal Affairs has been included as a participating adviser. The current participation reflects representation from key Headquarters departments, offices away from Headquarters, economic commissions and field missions. The expanded Information and Communications	Given that the ICT strategy ended in 2020, the Board considers this recommendation as having been overtaken by events.				X

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				Technology Steering Committee is meeting monthly, with two meetings already having been conducted. Closure of the recommendation is requested.					
8	2017	A/72/151, para. 21	The Board recommended that the Administration ensure that: (a) bodies under the ICT governance framework engage proactively in monitoring progress, resolving interdepartmental issues to ensure the implementation of the strategy in compliance with General Assembly resolution 69/262; (b) the performance measures in the senior managers' compact with regard to the strategy be made more objective and quantifiable; (c) immediate steps be taken to issue the necessary delegation and designation policies; and (d) departments submit road maps and take the steps necessary for aligning their business plans with the strategy.	Closure is requested for part (a) of the recommendation. The membership of the Information and Communications Technology Steering Committee has been expanded in accordance with the recommendation of the Board. The Steering Committee is co-chaired by the Under-Secretaries-General for Operational Support and for Management Strategy, Policy and Compliance, with the Office of Information and Communications Technology and the Special Adviser to the Secretary-General on Reforms as permanent members. The Steering Committee includes the following Secretariat entities: the Department for General Assembly and Conference Management, the Department of Peace Operations, ECLAC, the Executive Office of the Secretary-General, the Office for Disarmament Affairs, the Office of the United Nations Special Coordinator for Lebanon, UNAMA, the United Nations Office at Geneva and the United Nations Regional Centre for Preventive Diplomacy for Central Asia. In addition to these members, the Office of Legal Affairs has been included as a participating adviser. The current participation reflects representation from key Headquarters departments, offices away from Headquarters, economic commissions	Given that the Administration has new governance and related documents were provided, the Board considers parts (a), (b) and (c) of the recommendation implemented, and part (d) as having been overtaken by events.	X			

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				and field missions. The expanded Information and Communications Technology Steering Committee is meeting monthly, with two meetings already having been conducted.					
9	2017	A/72/151, para. 40	The Board recommended that the Office of Information and Communications Technology complete the task of formulating and promulgating ICT policies in a time-bound manner and establish the proposed self-regulatory compliance function.	The Secretary-General's bulletin on information classification and handling still stands and is under revision. A policy on data privacy will be developed by the Office of Legal Affairs, as this is a legal matter rather than a technical one.	Based on the progress of some ICT policies that are being formulated and promulgated, the Board considers this recommendation to be under implementation.		X		
10	2017	A/72/151, para. 50	The Board recommended that the formulation and implementation of the ICT performance management framework be expedited.	The Office of Information and Communications Technology has implemented a technology scorecard that establishes a consistent approach to operational performance management and the visibility of operations. Similarly, the Office, in strengthening cybersecurity-related efforts, has implemented a security advisory tracker.	Given that a similar recommendation appears in paragraph 26 of A/73/160, the Board considers this recommendation as having been overtaken by events.				X
11	2017	A/72/151, para. 55	The Board recommended that the Administration ensure that all personnel complete the mandatory information security training.	The numbers from December 2020 indicate an 83 per cent completion rate for staff. This is an ongoing effort and the training course has been made mandatory. The position held by the Board results in an unachievable target. It is unrealistic to expect that 100 per cent of United Nations staff have taken the mandatory training at any point in time, owing to the fact that incoming staff are made aware of mandatory training requirements, including on information security, but it takes time to complete all of these activities, and that there is no enforcement mechanism available to the Office of Information and Communications Technology.	Given that the objective of mandatory training for all personnel was scheduled to be implemented by the first quarter of 2020 in the cybersecurity action plan endorsed by the Management Committee in 2019, the Board considers this recommendation to be under implementation.		X		

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				The information security training course has the highest completion rate of all mandatory courses, demonstrating the emphasis placed on this training, and compliance rates are monitored and made available to entity heads in the management dashboard. Performance against this objective is also included in the Under-Secretary-General's compact with the Secretary-General. The Office of Information and Communications Technology implemented the elements under its control in a timely manner. The course was created and made available to all United Nations personnel through multiple platforms. Compliance with mandatory training requirements is a cross-cutting issue that cannot be resolved by the Office of Information and Communications Technology. Closure of this recommendation is requested.					
12	2017	A/72/151, para. 67	The Board recommended that: (a) the criteria for determining the criticality of applications be reviewed and the number of critical applications be ascertained on the basis of an analysis; and (b) the number of critical applications be progressively reduced by replacing them with new systems and enterprise-level applications through consolidation and rationalization.	The Office of Information and Communications Technology considers this recommendation implemented. The Senior Emergency Policy Team's list of critical applications, entitled "UNHQ critical applications", was provided. The determination of criticality is outside the mandate of the Office: it rests with the Senior Emergency Policy Team. The Team is the body that establishes United Nations critical applications. Closure of this recommendation is requested.	Given that the Senior Emergency Policy Team is established as being responsible for the determination of critical applications and that a list of "UNHQ critical applications" has been provided, the Board considers this recommendation implemented.	X			
13	2017	A/72/151, para. 77	The Board recommended that progress in website rationalization and harmonization and application rationalization and consolidation	Documentation of the closure of the project to harmonize Unite Web has been provided. As part of the project, Unite Web was established as an enterprise content	Given that a series of actions has been taken to rationalize and harmonize websites and applications, the Board	X			

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			be expedited to mitigate security risks, reduce costs and optimize application value.	management platform. All websites built on Unite Web are compliant across all required areas: technology, security, branding, multilingualism and accessibility for the disabled. Departments have been notified of their compliance obligations, especially in the area of security. It is the responsibility of each entity to ensure its websites are compliant. The monitoring of website governance compliance is shared between the Department of Global Communications and the Office of Information and Communications Technology. The Department of Global Communications is the lead department on the administrative instruction related to the website. The Office of Information and Communications Technology has provided its input, which is currently with the Office of Legal Affairs for review. ICT governance and guidance has been communicated to all departments. Departments who develop their own applications are obliged to be compliant in the areas of security, architecture and technical standards. The Office of Information and Communications Technology conducts a yearly survey during which all application and website owners are requested to register their applications and websites in Unite Apps, including their compliance status.	considers this recommendation implemented.				
14	2017	A/72/151, para. 86	The Board recommended that the Administration devise a first-level resolution rate measure by classifying the requests for services that could	The first-level resolution rate volumes/ key performance indicators will be aligned with those currently used for end-to-end services, integrating service desk and Global Service Centre	Given that the performance benchmarks for the service desks have not yet been formalized, the		X		

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			potentially be resolved at the first level.	delivery practices into the global service management framework.	Board considers this recommendation to be under implementation.				
15	2017	A/72/151, para. 105	The Board recommended that the relevant policies be suitably revised to ensure that ICT procurements above a prescribed threshold are processed through Umoja and vetted centrally by the Office of Information and Communications Technology to ensure uniformity, standardization, compliance with ICT policies and benchmarking of costs.	The Department of Operational Support adopted a supply chain strategy as part of the Secretary-General's management reform. In turn, the Office of Information and Communications Technology participates in the implementation of this strategy. The Office has finalized two category strategies that have been approved by the steering committee on category management: (a) end user technology; and (b) server, network and storage. Developing the category strategy requires analyses of trends, contracts and expenditures by the United Nations Secretariat entities involved in the process. The oversight governance body represented by the steering committee met in March 2021 and approved the categories mentioned above. Approved strategies will lead to actions such as developing the scope of requirements and the solicitation process, and the awarding of contracts.	Given that the category strategy has not been approved, the Board considers this recommendation to be under implementation.		X		
16	2017	A/72/151, para. 106	The Board recommended that a clear road map be developed to realize cost optimization benefits through global sourcing.	A new global sourcing contract with Trigyn Technologies was signed for application development. All works that can be transitioned to the new contract have been, and the onboarding of the new service provider is therefore completed. Pursuant to the outcome of the pending global sourcing project, the Office of Information and Communications Technology will prepare a detailed transition plan at the appropriate time.	Given that the category strategy has not been approved, the Board considers this recommendation to be under implementation.		X		

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				Further to the December 2020 update, the category strategy has been prepared and is pending approval by the steering committee on category management. The steering committee meeting for ICT professional services is scheduled for the final week of April 2021. Subject to Committee approval, the anticipated timelines for the revised solicitation process and award of contract for ICT professional services are: (a) Strategy approval, end of April 2021; (b) Final scope of work submitted to the Procurement Division, end of June 2021; (c) Solicitation process, July to November 2021; (d) Contract award, 31 December 2021.					
17	2017	A/72/151, para. 112	The Board recommended that the Administration take effective steps to ensure the implementation of the enterprise delivery framework and reduce the fragmentation of ICT resources.	The enterprise service desk project has established a 24/7 global support centre for enterprise applications, the Unite Service Desk. The Unite Service Desk is fully operational and has successfully supported the Office of Information and Communications Technology in delivering services to a very broad span of entities across multiple geographical regions vis-á-vis the enterprise systems support environment. The Enterprise Network Operations and Security Centres at United Nations Headquarters, the Global Service Centre and peacekeeping and special political missions have now been consolidated into the Global Network Operations Centre located in the Global Service Centre.	Given that the second phase has not been completed, the Board considers this recommendation to be under implementation.		X		

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				The end-of-project report for the Global Network Operations Centre has been completed. With the objective of defragmenting the ICT landscape and in collaboration with all duty stations, the Office of Information and Communications Technology has provided the requisite capital investment for the identification, replacement and upgrade of targeted outdated ICT systems needed to secure information assets and resources in all duty stations worldwide on an ongoing basis, providing continuous access and making available enterprise systems to remote users in a secure manner. By focusing on improving existing services and attaching priority status to critical services, such as virtual meetings and teleconferencing, the Office has improved the infrastructure and services that provide communications in a standardized way, emphasizing standard hardware, services, applications and policies, as well as reinforcing security measures. The Office of Information and Communications Technology requests that this recommendation be closed.					
18	2018	A/73/160, para. 25	The Board recommended that appropriate processes and practices of the governance framework be followed so that the business goals of the Organization are met through the implementation of the ICT strategy.	The membership of the Information and Communications Technology Steering Committee has been expanded in accordance with the recommendation of the Board. The Steering Committee is co-chaired by the Under-Secretaries-General for Operational Support and for Management Strategy, Policy and Compliance, with the Office of	Given that the Administration has taken action on the post-reform ICT governance body and the membership of the Information and Communications Technology Steering Committee has been	X			

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				Information and Communications Technology and the Special Adviser to the Secretary-General on Reforms as permanent members. The Steering Committee includes the following Secretariat entities: the Department for General Assembly and Conference Management, the Department of Peace Operations, ECLAC, the Executive Office of the Secretary-General, the Office for Disarmament Affairs, the Office of the United Nations Special Coordinator for Lebanon, UNAMA, the United Nations Office at Geneva and the United Nations Regional Centre for Preventive Diplomacy for Central Asia. In addition to these members, the Office of Legal Affairs has been included as a participating adviser. The current participation reflects representation from key Headquarters departments, offices away from Headquarters, economic commissions and field missions. The expanded Information and Communications Technology Steering Committee is meeting monthly, with two meetings already having been conducted. Closure of the recommendation is requested.	expanded, the Board considers this recommendation implemented.				
19	2018	A/73/160, para. 26	The Board recommended that the Administration establish a performance management framework with suitable metrics and benchmarks that help align the ICT initiatives with the strategic goal of the United Nations within an established time frame.	The Office of Information and Communications Technology has implemented a technology scorecard that establishes a consistent approach to operational performance management and visibility of operations. Similarly, the Office, in strengthening cybersecurity-related efforts, has implemented the security advisory tracker.	Given that a technology scorecard was applied to establish a performance management framework with suitable metrics and benchmarks, the Board considers this recommendation implemented.	X			

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
20	2018	A/73/160, para. 41	The Board recommended that the Administration proactively engage with user departments to identify policy gaps in emerging areas and draw up action plans to frame such policies.	The Office of Information and Communications Technology requests that this recommendation be closed, based on the following. The terms of reference of the ICT Policy Committee state that the Committee will regularly review existing ICT policies to identify gaps and possible areas of improvement. Policy gaps are discussed among the ICT Policy Committee members as required. The Committee is composed of members from various United Nations Secretariat entities in order to ensure a broad representation of clients. In 2020, after gaps were identified in data and information management, technical procedures were developed, including data classification and the sharing of technical procedures with external partners. In addition, a number of policies have been reviewed and consideration to the latest technology changes has been given. Addressing gaps in the policy framework is an ongoing activity of the Committee, which is composed of user departments. As stipulated in the terms of reference for ICT Policy Committee, the Committee meets regularly to review existing Secretariat-wide ICT policies to identify gaps and possible areas of improvement and assign them to appropriate subject matter experts for necessary review and amendment. Examples of where policy gaps were addressed include the recent introduction of a technical procedure on sharing information with external parties, and the "Big Bucket content	Given that the terms of reference of the ICT Policy Committee include identifying policy gaps and possible areas of improvement and engaging with user departments, and that the Committee has met regularly to review existing Secretariat-wide ICT policies to identify gaps and possible areas of improvement, the Board considers this recommendation implemented.	X			

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				retention guideline" to support the data classification technical procedure. Furthermore, when the need arises, the Committee considers and reviews the need for policies on trends and to guide the use of emerging technologies, such as quantum computing, and their impact on the Organization.					
21	2018	A/73/160, para. 55	The Board recommended that the Administration take appropriate measures to mitigate risks related to the project components under Umoja mainstreaming and ensure that the Office of Information and Communications Technology, in conjunction with the Umoja project office, ensures knowledge transfer to facilitate Umoja mainstreaming as and when it happens.	The mainstreaming plan was presented to the Umoja Steering Committee on 29 July 2020 for feedback and discussion. This plan was then finalized as part of the twelfth and final progress report on the enterprise resource planning project (A/75/386), with the General Assembly endorsing the mainstreaming plan, the creation of the Enterprise Resource Planning Solution Division and the associated funding (see A/75/7/Add.14).	Given that the General Assembly endorsed the mainstreaming plan and created the Enterprise Resource Planning Solution Division, the recommendation is considered as having been overtaken by events.				X
22	2018	A/73/160, para. 79	The Board recommended that: (a) the Office of Information and Communications Technology continue to work with the Department of Field Support, offices away from Headquarters and regional commissions to improve the visibility of ICT assets; (b) a cost-benefit analysis be conducted in order to decide on extension of the scope of intrusion detection services to include all critical ICT resources across the Secretariat; (c) priority be accorded to the completion of network segmentation as originally planned; and (d) efforts be made	Part (a) of this recommendation has been implemented. With regard to part (b), following an assessment of intrusion detection services in the context of evolving cybersecurity threats, as well as the need to implement a Secretariat-wide capacity, the Office of Information and Communications Technology has identified that using internal cybersecurity capabilities and capacities will address the need for intrusion detection more effectively and efficiently. With regard to part (c), a mandate to implement network segmentation was approved by the Project Review Committee in February 2021, a detailed	Given that a detailed project plan for network segmentation is being finalized and a data privacy policy is being formulated, the Board considers this recommendation to be under implementation.		X		

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			to finalize the data privacy policy for the United Nations at the earliest.	project plan is being finalized and implementation is expected to commence in the second quarter of 2021. For part (d), as a critical part of the Data Strategy of the Secretary-General, a data privacy policy is being formulated by the Office of Legal Affairs with support from the Office of Information and Communications Technology.					
23	2018	A/73/160, para. 101	The Board recommended that the Administration identify the number of core applications that are required to be maintained and work towards rationalizing applications by identifying overlapping applications within the same area.	The ICT strategy established the Office of Information and Communications Technology as the supplier of enterprise applications. The Office also established governance and guidance regarding the architecture, security and technical standards required to build applications. Finally, the Office also established Unite Apps (recently upgraded) to serve as the organizational repository of information on all applications and public websites in the Secretariat, and conducts a yearly software asset survey requesting that application owners update their information. The Office provides details on the aforementioned guidance and resources on iSeek, and actively works with departments to support them in migrating to standard enterprise platforms (i.e. the migration of Lotus Notes applications and legacy document management solutions to Microsoft Office 365). While the Office of Information and Communications Technology is mandated to build and support enterprise applications, through the delegation of authority entities can develop their own applications as long as this is done in compliance with ICT guidance.	Given that the Office of Information and Communications Technology has established Unite Apps, allowing departments in the Secretariat to easily see all the applications they own, as well as search for applications, the Board considers this recommendation implemented.	X			

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				As a result, ICT application rationalization is an organizational responsibility and is an ongoing process. Unite Apps allows departments to easily see all the applications they own, as well as search for applications (including enterprise applications) to meet the goal of reducing the number of Secretariat applications, which was achieved. However, the established governance and guidance is intended to keep rationalization at the forefront of the Office's processes and operations.					
24	2018	A/73/160, para. 118	The Board recommended that the Administration develop a long-term augmentation plan, considering asset life and technological change, and indicate the requirements in budget requests in a timely manner.	The Office of Information and Communications Technology, in collaboration with all duty stations, has prepared the requirements for the requisite capital investment, which includes a five-year plan for the replacement, identification and upgrade of outdated systems needed to secure information assets and resources in all duty stations worldwide. However, owing to the coronavirus disease (COVID-19) pandemic, the Office will review these requirements taking into account changes in technology and new ways of working. The next milestone target date will be the end of May 2021.	Given that the risks brought by old information assets have been identified and discussed in the present report with a separate recommendation, this recommendation is considered as having been overtaken by events.				X
25	2018	A/73/160, para. 126	The Board recommended that the Administration identify and document global sourcing opportunities along with an estimation of savings.	The Department of Operational Support adopted a supply chain strategy as part of the Secretary-General's management reform. In turn, the Office of Information and Communications Technology participates in the implementation of this strategy. The Office has finalized two category strategies that have been approved by the steering committee on category	Given that the category strategy has not been approved, the Board considers this recommendation to be under implementation.		X		

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				management: (a) end user technology; and (b) server, network and storage. Developing the category strategy requires analyses of trends, contracts and expenditures by the United Nations Secretariat entities involved in the process. The oversight governance body represented by the steering committee met in March 2021 and approved the categories mentioned above. Approved strategies will lead to actions such as developing the scope of requirements and the solicitation process, and the awarding of contracts.					
26	2018	A/73/160, para. 127	The Board recommended that pending contracts be finalized with the established timelines to enable optimal utilization of resources.	A new global sourcing contract with Trigyn Technologies was signed for application development. All works that can be transitioned to the new contract have been, and the onboarding of the new service provider is therefore completed. Pursuant to the outcome of the pending global sourcing project, the Office of Information and Communications Technology will prepare a detailed transition plan at the appropriate time. Further to the December 2020 update, the category strategy has been prepared and is pending approval by the steering committee on category management. The steering committee meeting for ICT professional services is scheduled for the final week of April 2021. Subject to Committee approval, the anticipated timelines for the revised solicitation process and award of contract for ICT professional services are: (a) Strategy approval, end of April 2021;	Given that a detailed transition plan has not been prepared, the Board considers this recommendation is under implementation.		X		

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				(b) Final scope of work submitted to the Procurement Division, end of June 2021; (c) Solicitation process, July to November 2021; (d) Contract award, 31 December 2021.					
27	2018	A/73/160, para. 140	The Board recommended that the Administration draw up a plan for the time-bound replacement of videoconferencing equipment to ensure the resilience of videoconferencing services.	An upgrade to videoconference control management was completed and deployed to the Global Service Centre, pending the final pre-production set-up of the One United Nations conference bridge to include the recently purchased conference bridges, currently in progress. Videoconference control management will be rolled out for global videoconference operations, targeted for the third quarter of 2021.	Given that videoconference control management has not been rolled out for global videoconference operations, the Board considers this recommendation to be under implementation.		X		
28	2019	A/74/177, para. 20	The Board recommended that the Office of Information and Communications Technology develop an appropriate compliance model including a self-assessment mechanism for all policies, where feasible, and coordinate with stakeholders to ensure better compliance.	The Office of Information and Communications Technology recently proceeded with a compliance review exercise in order to review the existing mechanisms and identify an action plan. Resources are still limited at the current time, therefore the recommendation is under implementation.	Based on the practices and progress of the self-assessment mechanism with limited resources, the Board considers this recommendation to be under implementation.		X		
29	2019	A/74/177, para. 30	The Board recommended that the Administration conduct a comprehensive assessment of the achievements under all projects, including projects designated as completed and mainstreamed, vis-à-vis the targets and objectives of the ICT strategy.	The Office of Information and Communications Technology completed the end-of-project reports for the six remaining projects requiring a post-project review. The Office has assessed all projects, including projects designated as completed and mainstreamed. The Office requests that this recommendation be closed.	Given that the Office of Information and Communications Technology completed post-project reviews for all remaining projects and assessed all projects, including projects designated as completed and mainstreamed, the Board considers this	X			

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					recommendation implemented.				
30	2019	A/74/177, para. 36	The Board recommended that the Administration prioritize the preparation and putting in motion of the Umoja mainstreaming plan.	The mainstreaming plan was presented to the Umoja Steering Committee on 29 July 2020 for feedback and discussion. This plan was then finalized as part of the twelfth and final progress report on the enterprise resource planning project (A/75/386), with the General Assembly endorsing the mainstreaming plan, the creation of the Enterprise Resource Planning Solution Division and the associated funding (see A/75/7/Add.14).	Given that the General Assembly endorsed the mainstreaming plan and created the Enterprise Resource Planning Solution Division, the recommendation is considered implemented.	X			
31	2019	A/74/177, para. 53	The Board recommended that the Office of Information and Communications Technology focus its efforts on network segmentation and continue to enhance the information security programme by focusing on workstation configuration, training and asset classification	The initiative is under implementation as recommended.	The Board considers this recommendation to be under implementation.		X		
32	2019	A/74/177, para. 58	The Board recommended that the Office of Information and Communications Technology maintain a complete record of specific information about the modus and extent of cyberattacks and take appropriate steps to combat these vulnerabilities.	The modus operandi and incident-response requirements are established as part of incident-response activities and maintained in incident-related reports. The closure of this recommendation is requested.	Given that the modus operandi and incident-response requirements have been established and are maintained in incident related reports, the Board considers this recommendation implemented.	X			
33	2019	A/74/177, para. 68	The Board recommended that the Administration review and define the current set of "critical" applications, conduct regular disaster recovery exercises for all applications identified as critical and ensure prompt corrective action for	The Senior Emergency and Preparedness Team defines and approves the overarching essential and time-critical business services policy. The business units, in collaboration with the Office of Information and Communications Technology, carry out the mapping of the business	Although the "critical" applications were defined by the Senior Emergency and Preparedness Team and prompt corrective actions were reviewed by the Board, given that		X		

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			shortcomings noted in the disaster recovery exercise.	processes to the relevant applications and systems. Hence, the determination of the criticality of applications and business services rests with the business units but is dependent on ICT infrastructure. The closure of this recommendation is requested.	regular disaster recovery exercises on all applications identified as critical were not conducted, the Board considers this recommendation to be under implementation.				
34	2019	A/74/177, para. 76	The Board recommended that the Office of Information and Communications Technology carry out annual verification of all application assets, clearly define the categories of applications that are to be consolidated or retired and address the shortcomings in the data recorded in Unite Applications.	Unite Apps is a central enterprise repository for application assets. It was migrated to new technology in January 2021 and new functionalities have been added to enhance application record-keeping. The Office of Information and Communications Technology sends a yearly request to departments to update data related to their application assets in Unite Apps; however, updates can also be done at any point in time by application owners. The latest inventory was conducted in July 2020, and a memo from the Chief Information Technology Officer was sent on 10 July 2020 to all departments. Though it is responsible for the good functioning of Unite Apps and providing departments with guidance to record their application assets, the Office does not have the authority or the knowledge to ensure the completeness and accuracy of data entered by departments. In the opinion of the Office, if a field (e.g. cost) is left blank by some application owners, it is because they do not have the information; leaving a field blank is more "meaningful" than entering inaccurate data. Decisions regarding consolidating or retiring applications also belong to the owner departments:	Given that a yearly request to departments to update data related to their application assets in Unite Apps was submitted, and that updates can also be done at any point in time by application owners, the Board considers this recommendation implemented.	X			

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				the Office of Information and Communications Technology does not have enough knowledge of those applications to decide. The closure of this recommendation is requested.					
35	2019	A/74/177, para. 85	The Board recommended that the Office of Information and Communications Technology, in coordination with other stakeholders, review the existing governance and compliance processes regarding websites, identify the gaps and ensure compliance with the existing guidelines and standards.	The administrative instruction on public websites, under review by the Office of Legal Affairs, addresses the compliance aspects of public websites. The Department of Global Communications is the lead department on this administrative instruction. The Office of Information and Communications Technology has established Unite Web as a fully compliant, standard enterprise web content management platform that is available to all authoring entities. However, departments may choose to build and host their own websites as long as they follow the compliance requirements. The Office of Information and Communications Technology and the Department of Global Communications have provided guidance regarding public website compliance requirements to authoring entities.	Given that gaps in governance and compliance processes were not identified by reviewing public websites and that the compliance of all entities cannot be ensured by Unite Web, the Board considers this recommendation to be under implementation.		X		
36	2019	A/74/177, para. 90	The Board recommended that the Office of Information and Communications Technology take measures including arranging for appropriate funding, in coordination with other stakeholders, to ensure that the Enterprise Network Operations Centre project achieves the envisaged objectives of consolidation.	The Global Network Operations Centre is located in the Global Service Centre. As previously reported, the Enterprise Network Operations and Security Centres at United Nations Headquarters, the Global Service Centre and peacekeeping and special political missions are now consolidated into the Global Network Operations Centre. The end-of-operations report for the Global Network Operations Centre has been	Given that Enterprise Network Operations and Security Centres have been consolidated into the Global Network Operations Centre and that the end-of-project report for the Global Network Operations Centre has been completed, the Board considers this	X			

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				completed. Future efforts to include offices away from Headquarters and regional commissions will be treated as separate initiatives and be dependent on the availability of funding. As such, it is requested that this recommendation be closed.	recommendation implemented.				
37	2019	A/74/177, para. 102	The Board recommended that the Office of Information and Communications Technology clarify the scope of the Unite Service Desk consolidation project and take measures to ensure that the envisaged objectives of consolidation and continuous improvements are achieved at the earliest.	This has now been incorporated into the recommendation of the Board in paragraph 181 of A/75/156. The consolidation process has now been completed. It is therefore requested that this recommendation be closed.	Given that the recommendation was reiterated in paragraph 181 of A/75/156, the recommendation is considered as having been overtaken by events.				X
38	2020	A/75/156, para. 15	The Board recommended that the Administration ensure participation and representation from client departments and offices (business owners) in the ICT governance structure to ensure that ICT activities are aligned with organizational priorities and to improve transparency and strengthen accountability.	The membership of the Information and Communications Technology Steering Committee has been expanded in accordance with the recommendation of the Board. The Steering Committee is co-chaired by the Under-Secretaries-General for Operational Support and for Management Strategy, Policy and Compliance, with the Office of Information and Communications Technology and the Special Adviser to the Secretary-General on Reforms as permanent members. The Steering Committee includes the following Secretariat entities: the Department for General Assembly and Conference Management, the Department of Peace Operations, ECLAC, the Executive Office of the Secretary-General, the Office for Disarmament Affairs, the Office of the United Nations Special Coordinator for Lebanon, UNAMA, the United Nations	Given that the Administration has taken action and the membership of the Information and Communications Technology Steering Committee has been expanded in accordance with the recommendation, the Board considers this recommendation implemented.	X			

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				Office at Geneva and the United Nations Regional Centre for Preventive Diplomacy for Central Asia. In addition to these members, the Office of Legal Affairs has been included as a participating adviser. The current participation reflects representation from key Headquarters departments, offices away from Headquarters, economic commissions and field missions. The expanded Information and Communications Technology Steering Committee is meeting monthly, with two meetings already having been conducted.					
39	2020	A/75/156, para. 34	The Board recommended that the Office map the functions, roles and responsibilities of the divisions, sections and services within the Office, based on the report of the Secretary-General (A/72/492/Add.2), in order to avoid overlapping and duplication of functions.	The Office is mapping the roles and responsibilities of the divisions, sections and services within the Office, based on the report of the Secretary-General (A/72/492/Add.2) and to ensure, two years after the establishment of the integrated Office of Information and Communications Technology, that it is best suited to most effectively deliver on its mandates. This will also be informed by the incoming Chief Information Technology Office on appointment. The target date is the first quarter of 2022.	Based on the plan and the progress of mapping the functions, roles and responsibilities of the divisions, sections and services within the Office, the Board considers this recommendation to be under implementation.		X		
40	2020	A/75/156, para. 49	The Board recommended that the Office align a risk response and mitigation plan with the ICT risks identified for the entire Secretariat.	The Office of Information and Communications Technology is currently working with the Business Transformation and Accountability Division to develop the enterprise risk management risk treatment plan for ICT-related risks. The associated working group is chaired by the Office of Information and Communications Technology. The closure of this recommendation is requested.	Given that the risk treatment and response plans were approved by the Management Committee on 14 April 2021, the Board considers this recommendation implemented.	X			

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41	2020	A/75/156, para. 50	The Board recommended that the Office develop an accountability framework for ICT and that it monitor its implementation in line with its role as a second line of defence for ICT functions.	The ICT delegation of authority matrix has been developed and is under implementation.	Based on the progress of the ICT delegation of authority matrix as a component of the accountability framework for ICT, the Board considers this recommendation to be under implementation.		X		
42	2020	A/75/156, para. 69	The Board recommended that the Office carry out a post-project review of all projects, as envisaged in the project management framework, using the mandated templates for better appreciation of their status and achievements.	The Office of Information and Communications Technology completed the end-of-project reports for the six remaining projects requiring a post-project review. The Office requests that this recommendation be closed.	Given that the end-of-project reports for the six remaining projects with post-project reviews were completed, the Board considers this recommendation implemented.	X			
43	2020	A/75/156, para. 75	The Board recommended that the Administration formalize the Umoja mainstreaming and transition plan at the earliest possible time, in consultation with the identified Secretariat entities to which the functions and project personnel are likely to be transferred.	The mainstreaming plan was presented to the Umoja Steering Committee on 29 July 2020 for feedback and discussion. This plan was then finalized as part of the twelfth and final progress report on the enterprise resource planning project (A/75/386), with the General Assembly endorsing the mainstreaming plan, the creation of the Enterprise Resource Planning Solution Division and the associated funding (see A/75/7/Add.14). The Office of Information and Communications Technology requests that this recommendation be closed	Given that the General Assembly endorsed the mainstreaming plan and created the Enterprise Resource Planning Solution Division, the recommendation is considered implemented.	X			
44	2020	A/75/156, para. 93	The Board recommended that the Administration take forward the information security initiatives identified earlier, such as asset classification, enhanced awareness and network segmentation, and that	The initiative is under implementation as recommended.	The Board considers this recommendation to be under implementation.		X		

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			it take appropriate initiatives to ensure better compliance by the departments and offices.						
45	2020	A/75/156, para. 103	The Board recommended that the Administration update the technical procedure on cryptographic controls and put in place an appropriate accountability mechanism for ensuring that departments and offices implement the cybersecurity action plan.	The technical procedure on cryptographic controls was updated and endorsed by the ICT Policy Committee. The procedure stipulates accountability requirements. A mechanism is in place to verify compliance with the technical procedure requirements through the performance of security reviews.	Given that the technical procedure on cryptographic controls has been updated and endorsed by the ICT Policy Committee, the Board considers this recommendation implemented.	X			
46	2020	A/75/156, para. 109	The Board recommended that the Office review the capital investment plan for the remaining period and reprioritize, identify and upgrade outdated systems to secure information assets and resources that are accessible across the globe.	The Office of Information and Communications Technology, in collaboration with all duty stations, has prepared the requirements for the requisite capital investment, which includes a five-year plan for the replacement, identification and upgrade of outdated systems needed to secure information assets and resources in all duty stations worldwide. However, owing to the COVID-19 pandemic and liquidity issues, the Office will review these requirements taking into account changes in technology and new ways of working. The next milestone target date will be the end of May 2021. The closure of this recommendation is requested.	Given that the risks brought by old information assets have been identified and discussed in the present report with a separate recommendation, this recommendation is considered as having been overtaken by events.				X
47	2020	A/75/156, para. 120	The Board recommended that the Office develop a road map for undertaking disaster recovery exercises for all critical applications and put in place a mechanism to ensure that entities prepare disaster recovery plans and test them, in line with the prescribed procedure.	The "Disaster Recovery Assessment project" transitioned to maintenance mode effective 1 December 2018. The Office of Information and Communications Technology therefore requests that this recommendation be closed.	Based on the supporting documentation provided by Administration, the Board considers this recommendation implemented.	X			

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48	2020	A/75/156, para. 130	The Board recommended that the Office identify additional applications to be decommissioned in consultation with other stakeholders.	Since the implementation of the management reform on 1 January 2019, the Office of Information and Communications Technology has been responsible for enterprise applications. The Office also operates an inventory database, Unite Apps, that all departments are requested to populate with information related to applications that they develop to meet their specific departmental needs. Departments are responsible for deciding which applications can be decommissioned, while the Office assists during the decision-making process from a technical point of view. The closure of this recommendation is requested.	Given that the application reductions were recorded in Unite Apps and shown in a data sample in January 2021, the Board considers this recommendation implemented.	X			
49	2020	A/75/156, para. 132	The Board recommended that the Office introduce procedural controls through a technical procedure document before application development.	A technical procedure on software development is being finalized by the Office of Information and Communications Technology.	Given the response from the Administration that the status was pending and planned to be completed in the second quarter of 2021, the Board considers this recommendation to be under implementation.		X		
50	2020	A/75/156, para. 142	The Board recommended that the Office, in consultation with business owners, review and update records in Unite Applications for the correct depiction of the future road map regarding the decommissioning, consolidation or merger of applications.	Unite Apps is the central repository for all application and public website data in the Secretariat. However, it is the responsibility of the application/public website business and technical owners to review and update their respective records in Unite Apps. The Office of Information and Communications Technology plays an active and supportive role in the identification of synergistic opportunities for departments through the use of enterprise applications throughout the ICT governance process. The Office undertakes a yearly verification of	Given that the Office of Information and Communications Technology undertakes a yearly verification of application assets, the Board considers this recommendation implemented.	X			

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				application assets as part of its existing operations, at which point it engages with business and technical owners to reiterate their obligation to record complete and up-to-date data in Unite Apps. A memorandum from the Chief Information Technology Officer was sent on 10 July 2020 to all departments and offices to seek their support to complete the annual review of the application inventory. The closure of this recommendation is requested.					
51	2020	A/75/156, para. 143	The Board recommended that the Administration review the future road map of all applications identified for consolidation in Inspira, in line with the decisions taken regarding Inspira.	Inspira is the enterprise application for talent management and covers several areas of business requirements. The business owners of Inspira are the Department of Operational Support and the Department of Management Strategy, Policy and Compliance. The Office of Information and Communications Technology will review those legacy applications that have been identified by their respective departmental owners as planned for consolidation with Inspira and will reach out to facilitate their migration to the Inspira platform in instances where it is confirmed that the associated business requirements are covered by Inspira. The Office will liaise with the Department of Operational Support and the Department of Management Strategy, Policy and Compliance as and when necessary in this regard.	Given that the review of the future road map of all applications identified for consolidation in Inspira has not yet been completed, the Board considers this recommendation to be under implementation.		X		
52	2020	A/75/156, para. 153	The Board recommended that the Office prepare a compliance road map for all the United Nations websites, in consultation with other stakeholders, to mitigate security risks within a defined time frame.	The administrative instruction on public websites, under review by the Office of Legal Affairs, addresses the compliance aspects of public websites. The Department of Global Communications is the lead	Given that a road map for compliance by all United Nations websites within a defined time frame was not provided, though		X		

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				department on this administrative instruction. The Office of Information and Communications Technology has established Unite Web as a fully compliant, standard enterprise web content management platform that is available to all authoring entities. However, departments may choose to build and host their own websites as long as they follow the compliance requirements. The Office of Information and Communications Technology and the Department of Global Communications have provided guidance regarding public website compliance requirements to authoring entities.	Unite Web was established, the Board considers this recommendation to be under implementation.				
53	2020	A/75/156, para. 161	The Board recommended that the Administration undertake improvements in the planning process and a comprehensive evaluation of resource requirements, in consultation with all relevant stakeholders, and consolidate the Enterprise Network Operations Centre, as set out in the ICT strategy, within a defined time frame.	The Global Network Operations Centre is located in the Global Service Centre. As previously reported, the Enterprise Network Operations and Security Centres at United Nations Headquarters, the Global Service Centre and peacekeeping and special political missions are now consolidated into the Global Network Operations Centre. The end-of-operations report for the Global Network Operations Centre has been completed. Future efforts to include offices away from Headquarters and regional commissions will be treated as separate initiatives and be dependent on the availability of funding. As such, it is requested that this recommendation be closed.	Given that Enterprise Network Operations and Security Centres have been consolidated into the Global Network Operations Centre and that the end-of-project report for the Global Network Operations Centre has been completed, the Board considers this recommendation implemented.	X			

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54	2020	A/75/156, para. 172	The Board recommended that the Office ensure the accountability of vendors for non-achievement of the prescribed key performance indicators.	Penalties were clarified in the contract used for vendors at Brindisi, and are also included in the same contract at Valencia. In addition, an example of a case where the key performance indicators were not achieved, and improvement actions were requested from the provider and analysed, was submitted to the Board. The Office of Information and Communications Technology requests that this recommendation be closed.	Given that the penalties have been clarified in the used for vendors at Brindisi, the Board considers this recommendation implemented.	X			
55	2020	A/75/156, para. 173	The Board recommended that the Office align the key performance indicators in the next contract (for both Brindisi and Valencia) so that they are consistent and homogeneous and reflect the operational requirements of the network.	The new Network Control Centre contract aligns the key performance indicators in the Valencia contract with those in the Brindisi contract. Key performance indicators for the Brindisi contract and those for the renewal of the Valencia contract were provided. The Office of Information and Communications Technology therefore requests that this recommendation be closed.	Given that the new Network Control Centre contract has aligned the key performance indicators in the Valencia contract with those in the Brindisi contract, the Board considers this recommendation implemented.	X			
56	2020	A/75/156, para. 181	The Board recommended that the Office prepare a consolidation road map for all pending activities to achieve a fully unified Enterprise Service Desk.	The Office is preparing a consolidated road map for all pending activities to achieve a fully unified Unite Service Desk. The Office and the Global Service Centre will present the proposal to the legislative bodies for vetting at the seventy-sixth session of the General Assembly.	Given that a consolidated road map for all pending activities to achieve a fully unified Unite Service Desk is being worked out, the Board considers this recommendation to be under implementation.		X		
57	2020	A/75/156, para. 183	The Board recommended that the Administration take steps for the formulation of appropriate performance benchmarks for the resolution of incidents and requests for enterprise applications based on service-	The Administration is implementing standard service-level agreements, which are based on service request prioritization for all enterprise applications supported. The agreement implemented for enterprise applications will be based on the	Given that the standard service-level agreements, which are based on service request prioritization for all enterprise applications supported,		X		

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			level agreements, and monitor the performance of the Unite Service Desks against them.	service-level agreement identified by Umoja. Compliance with benchmarks is already systematically measured through the Unite Service Desk's service management reporting suite. This recommendation is under implementation.	have not yet been released, the Board considers this recommendation to be under implementation.				
58	2020	A/75/156, para. 193	The Board recommended that the Office of Information and Communications Technology, along with the user departments and offices, develop a comprehensive strategic road map and set achievable milestones for the timely completion of the hybrid cloud computing project so that the envisaged cost savings are achieved.	The strategic road map was developed and includes the milestones and a proposed closure date of 31 March 2022. This will be completed as a project by 31 March 2022 and will then be mainstreamed into normal operations. The Office of Information and Communications Technology requests that this recommendation be closed.	Given that the strategic road map was developed with milestones and a specific closure date, the Board considers this recommendation implemented.	X			
59	2020	A/75/156, para. 195	The Board recommended that the Office of Information and Communications Technology improve the compliance of third-party cloud systems through the implementation of high-impact recommendations, in particular for such aspects as security, availability and performance.	The cloud compliance report is issued every three months. The team tasked with ensuring cloud compliance has issued four quarterly reports to date. The Office of Information and Communications Technology requests that this recommendation be closed.	Given that the cloud compliance report is issued quarterly by the team tasked with ensuring cloud compliance through the monitoring and improving of compliance by third-party cloud systems, the Board considers this recommendation implemented.	X			
60	2020	A/75/156, para. 203	The Board recommended that the Administration make efforts to adhere to milestones set for the timely completion of the Unite Workspace project.	All milestones set for Unite Workspace project were completed within tolerance levels. The project's board approved the closure of the project as of January 2021, and the approved end-of-project report was provided to the Board for reference. It is requested that this recommendation be closed.	Given that the end-of-project report was provided and the project's board approved the closure of this project in January 2021, the Board considers this recommendation implemented.	X			

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61	2020	A/75/156, para. 204	The Board recommended that the Administration develop a policy on information management and data privacy, in line with the personal data protection and privacy principles established by CEB.	The Office of Information and Communications Technology has drafted an information management framework that establishes an information life cycle management model to govern the management of all information assets across the Secretariat regardless of their status, format and storage media. The draft is currently with the Information and Communications Technology Steering Committee, the Office of Legal Affairs and the Executive Office of the Secretary-General for review and comments. There is a Secretariat initiative to address data privacy as part of the Data Strategy of the Secretary-General and the Office of Information and Communications Technology is supporting that activity.	Given that the policy on information management and data privacy is under review, the Board considers this recommendation to be under implementation.		X		
62	2020	A/75/156, para. 210	The Board recommended that the Office of Information and Communications Technology complete the creation of a central repository of data sources or organization-wide data catalogue in consultation with the Executive Office of the Secretary-General.	The United Nations Data Exchange, as outlined in the Data Strategy of the Secretary-General, is part of the Office of Information and Communications Technology's larger "Data-as-a-Service" vision for the Secretariat. Data-as-a-Service addresses a common challenge for users when faced with producing dashboards and analytics: where can we find the data we need and what sources can we tap into? A centralized hub solves this issue, bringing data owners and data consumers together to facilitate data activities across the United Nations Secretariat. Over time, as the Service matures, colleagues will be able to better connect the various data sources across the Organization for more enriched and sophisticated insight, which in turn can significantly improve mandate delivery.	Given that Data-as-a-Service is under construction, the Board considers this recommendation to be under implementation.		X		

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63	2020	A/75/156, para. 215	The Board recommended that the Office of Information and Communications Technology prepare and implement the open source and intellectual property framework/model, so that technology solutions developed by the Labs could be shared with Member States.	In paragraph 216 of A/75/156, the Office of Information and Communications Technology informed the Board that it had received the first advisory note from the Advisory Group on Open-source and Intellection Property. The closure of this recommendation is requested.	Given that the advisory note from the Advisory Group on Open-source and Intellectual Property, which established a possible framework model for engagement on sharable solutions that would be built by the Lab, was created, and that management responsibilities and key milestones were defined, the Board considers this recommendation implemented.	X			
64	2020	A/75/156, para. 226	The Board recommended that the Office of Information and Communications Technology take the necessary steps, in consultation with the Office of Supply Chain Management, to draw up a timeline and complete the revised solicitation process and award of contract for ICT services.	Further to the December 2020 update, the category strategy has been prepared and is pending approval by the steering committee on category management. The steering committee meeting for ICT professional services is scheduled for the final week of April 2021. Subject to Committee approval, the anticipated timelines for the revised solicitation process and award of contract for ICT professional services are: (a) Strategy approval, end of April 2021; (b) Final scope of work submitted to the Procurement Division, end of June 2021; (c) Solicitation process, July to November 2021; (d) Contract award, 31 December 2021.	Given that the category strategy has not been approved, the Board considers this recommendation to be under implementation.		X		

						Status after verification			
No.	*Publication year of audit report*	*Report reference*	*Recommendation of the Board*	*Administration's response*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
65	2020	A/75/156, para. 227	The Board recommended that the Office of Information and Communications Technology prepare detailed transition plans for each of the global sourcing projects for smooth onboarding of the new service providers.	A new global sourcing contract with Trigyn Technologies was signed for application development. All works that can be transitioned to the new contract have been, and the onboarding of the new service provider is therefore completed. Pursuant to the outcome of the pending global sourcing project, the Office of Information and Communications Technology will prepare a detailed transition plan at the appropriate time.	Given that a detailed transition plan has not been prepared, the Board considers this recommendation to be under implementation.		X		
66	2020	A/75/156, para. 235	The Board recommended that the Office of Information and Communications Technology establish an improved collaborative mechanism with administrative focal points in respect of dormant account holders in their departments or offices to disable accounts and telephone connections that are no longer needed.	Through their Executive Office or administrative focal point, each client office or department is responsible for maintaining the data's integrity and ensuring the timely clean-up of accounts. The Office of Information and Communications Technology will brief the Information and Communications Technology Steering Committee on the potential operational and financial risks presented by dormant accounts and seek intervention from the Committee in this regard. The Office will seek approval for the permanent deletion of accounts that are unused for a yet-to-be-determined specified period of time. Once agreed and approved, this process should be integrated into the current policy, be communicated worldwide and be part of service acceptance when establishing an account.	Given that the Information and Communications Technology Steering Committee has not intervened in this matter and established an accountability framework, the Board considers this recommendation to be under implementation.		X		

No.	Publication year of audit report	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
67	2020	A/75/156, para. 236	The Board recommended that the Office of Information and Communications Technology consider briefing the Information and Communications Technology Steering Committee on the potential operational and financial risks presented by the dormant accounts and seek its intervention on the matter.	Through their Executive Office or administrative focal point, each client office or department is responsible for maintaining the data's integrity and ensuring the timely clean-up of accounts. The Office of Information and Communications Technology will brief the Information and Communications Technology Steering Committee on the potential operational and financial risks presented by dormant accounts and seek intervention from the Committee in this regard. The Office will seek approval for the permanent deletion of accounts that are unused for a yet-to-be-determined specified period of time. Once agreed and approved, this process should be integrated into the current policy, be communicated worldwide and be part of service acceptance when establishing an account.	Given that the Information and Communications Technology Steering Committee has not intervened in this matter and established an accountability framework, the Board considers this recommendation to be under implementation.		X		
68	2020	A/75/156, para. 246	The Board recommended that the Administration continue its efforts towards defragmentation of the ICT environment, including ensuring oversight on ICT-related budgets across the Secretariat, duty stations and field missions.	The Secretary-General's management reform (in effect January 2019) integrated the previously separate peacekeeping and Headquarters ICT architectures into a single entity, resulting in a paradigm shift and giving the newly integrated Office of Information and Communications Technology a global responsibility. This addressed the foremost issue of fragmentation that had existed. That being said, the ICT strategy has always supported the principle that there needs to be a balance between central control and operational freedom. As such, it was recognized across the	Given that a new related recommendation is proposed in the Board's report for 2020, this recommendation is considered as having been overtaken by events.				X

						Status after verification			
No.	*Publication year of audit report*	*Report reference*	*Recommendation of the Board*	*Administration's response*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
				Secretariat that entities may require ICT capacities to support their specific mandate delivery requirements. However, the critical requirement is that ICT operations are carried out in accordance with established ICT governance and follow centrally promulgated polices, standards and architecture, including those related to information security. If operating within the central governance and policy framework, mandate delivery globally is considered best supported in the area of ICT by focusing on specific business requirements in certain entities. As such, going forward, ensuring coherence in ICT across the Secretariat is seen as being achievable through a combination of measures: strengthened ICT governance that is effective and followed, including a formal delegation of authority; a task force on enterprise architecture; an appropriate policy, guidance and standards framework; increased deployment of global enterprise systems; application rationalization and sunsetting legacy systems; and the use of platform and/or template technologies such as Unite Web 2.0. In addition, the Office of Information and Communications Technology is increasing its proactive engagement with the global ICT community and is taking a more active monitoring role in terms of compliance through various monitoring mechanisms, such as self-assessments, annual reviews and management dashboards.					

							Status after verification			
No.	*Publication year of audit report*	*Report reference*	*Recommendation of the Board*	*Administration's response*	*Board's assessment*		*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
				With regard to ICT budgets, the Office of Information and Communications Technology is reviewing proposals for ICT capital investments by departments in the context of the proposed programme budget for 2022.						
	Total					**68**	**28**	**32**	**0**	**8**
	Percentage					**100**	**41**	**47**	**0**	**12**

Annex III

Status of implementation of recommendations up to the year ended 31 December 2019 on the strategic heritage plan

						Status after verification			
No.	*Audit report year*	*Report reference*	*Recommendation of the Board*	*Administration's response*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
1	2016	A/72/5 (Vol. I), chap. II, para. 391	The Board recommended that: (a) the strategic heritage plan team finalize the parts of the programme manual related to the construction phase; and (b) the project owner approve and implement the programme manual.	Part (a) of the recommendation has been implemented. Part (b) is under implementation.	Recommendation (a) is related to the construction phase of the new permanent building H, which has been completed. Recommendation (b) is considered to be under implementation.		X		
2	2017	A/73/157, para. 82	The Board recommended that management underline the importance of a decision to be taken by the General Assembly at its seventy-third session regarding the scheme and currency of appropriation and assessment for the strategic heritage plan to secure the financing of the project.	The importance of a decision was once again underlined in the annual reports of the Secretary-General, though the General Assembly decided to continue to defer the matter to their next session.	The recommendation is considered implemented.	X			
3	2017	A/73/157, para. 261	The Board recommended that management base the calculation of energy savings on sound and reliable data on the energy consumption at the Palais des Nations before the implementation of the strategic heritage plan started, namely, before the start of the construction work on the new building.	The Board of Auditors and the management agreed on a new baseline for the calculation of energy savings before the start of the construction work on the new building.	The recommendation is considered implemented.	X			
4	2017	A/73/157, para. 282	The Board recommended that management enhance its efforts to mitigate the impact of its buildings on the natural environment through sustainable design and ensure that the	Management stated that it would assess the LEED performance upon completion of the new permanent building H.	The recommendation is considered to be under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			contractor for the new building performs its work with the objective of fulfilling all environmental categories from the LEED green building certification systems, as stipulated in the contract.						
5	2017	A/73/157, para. 316	The Board recommended that management update and calculate the applicable and potential rental income of premises based on current contracts, data and realistic assumptions, taking into account the number of relocating staff, appropriate rental cost (using the arm's length principle) and an updated funding key for OHCHR.	The United Nations Office at Geneva updated its rental guidelines in 2020, and they became effective 1 January 2021. As the new building H will initially be used primarily as swing space, additional tenants will only be accommodated at the end of the renovation project. Until then, rental income will not vary significantly from the current situation. Aside from the Office of the United Nations High Commissioner for Human Rights (OHCHR) (for which an updated income estimate exists based on the latest assumptions), a reliable income estimate for additional tenants can only be made once space occupancy details between potential new tenants have been agreed. At the moment, this is still a work in progress. The funding key for OHCHR is now updated annually in collaboration with OHCHR, and is based mainly on the OHCHR annual report disclosing detailed staffing information. The next update will be requested in February 2021.	The recommendation is considered to be under implementation.		X		
6	2017	A/73/157, para. 318	The Board recommended that management charge the cost for maintenance and for safety and security for the new building proportionally to all potential users in accordance with their individual needs.	Upon completion of the renovations of the Palais des Nations, the United Nations Office at Geneva will recover the incremental costs for safety and security services in proportion to the square meters occupied by tenants. The cost of standard maintenance is	The recommendation is considered to be under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				recovered through the spendable portion of the rental charge.					
7	2019	A/75/135, para. 64	The Board recommended that the United Nations Office at Geneva develop additional mitigation strategies in case the guaranteed maximum price value will be higher than assumed.	The guaranteed maximum price was not higher than assumed: it was approximately SwF 830,000 below the original contract value, inclusive of the effects of the coronavirus disease (COVID-19) pandemic until the mid-point of 2021. In the context of COVID-19, a cost-saving exercise was also undertaken and presented to the Steering Committee, which identified options to lower costs.	The recommendation is considered implemented.	X			
8	2019	A/75/135, para. 74	The Board recommended that the strategic heritage plan team add a legend or other explanation to the chart.	Starting with the monthly report for November 2020, the chart was revised to provide more detail and now contains a legend.	The recommendation is considered implemented.	X			
9	2019	A/75/135, para. 78	The Board recommended that the strategic heritage plan team extend the curve for actual cost in the chart with a forecast of the actual cost and mark the occurred slippage in the project schedule at the time of the monthly report.	Starting with the monthly report for November 2020, the chart was revised to extend the actual cumulative cost. Slippage in the project schedule is identified in each monthly report.	The recommendation is considered implemented.	X			
10	2019	A/75/135, para. 82	The Board recommended that the strategic heritage plan team revise the current chart to report on the actual and budget cost of each contract phase separately in the chapter in the monthly project reports from the start of the renovation works.	As an agreement on the guaranteed maximum price has been reached and the renovation works to the historic building are starting, the format of the monthly progress report is currently being revised to address this recommendation. It is expected that the recommendation will be resolved and implemented by the time the monthly progress report for February 2021 is issued.	The recommendation is considered to be under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
11	2019	A/75/135, para. 85	The Board recommended that the United Nations Office at Geneva incorporate project status charts in the report to the General Assembly.	The status charts will be provided in the annex to the report to the seventy-sixth session of the General Assembly.	The recommendation is considered to be under implementation.		X		
12	2019	A/75/135, para. 100	With regard to future procurement of renovation construction works, the Board recommended that the United Nations Office at Geneva incorporate lessons learned and implement, from the outset, contracting strategies that are balanced in an appropriate way. Such strategies would further enable potential qualified contractors to opt to participate in the tender and submit competitive bids while not taking on excessive risk to the United Nations.	The United Nations Office at Geneva believes that this recommendation includes two parts in its implementation: (a) relating to the final issuance of the contracting strategy document for building E (see below); and (b) relating to the lessons learned on the procurement process of the renovation of the historic buildings, including the pre-construction service period. The contract for the renovation of building E and its partial dismantling is being drafted utilizing the International Federation of Consulting Engineers-based United Nations standard contract, as developed by the strategic heritage plan, the Office of Legal Affairs, the Procurement Division and the Purchase and Transportation Section, with some optimizations and modifications to make it more project-specific and to incorporate the extensive lessons learned from the previous two major strategic heritage plan contracts, namely the new building H and the renovation of the historic buildings. In 2020, business seminars were conducted to seek feedback from potential contractors to inform the drafting process and develop a contract that would create an incentive for qualified contractors to participate in the tender, while managing the risks of the United Nations. Based on the market feedback, it was decided to use a two-stage "open	The recommendation is considered to be under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				book" process that would lead to a guaranteed maximum price prior to a notice to proceed for construction works, as that process is well understood by the construction industry. This would also make the first-stage tender process relatively low-cost and attractive to general contractors and attract the maximum possible number of prequalified companies, which would then hopefully attract the optimum target of five to six bids for the role of general contractor at the procurement stage (first stage). In addition, as the United Nations has already successfully used this methodology for the renovation of the historic buildings, it has now gained sufficient experience to know that by starting with this type of procurement from the outset, it will be able to optimize and reduce the time of the procurement period compared with the time taken for the previous contract.					
13	2019	A/75/135, para. 105	The Board recommended that the strategic heritage plan team continue its efforts to determine and communicate a robust project schedule by avoiding over-optimistic time frames.	The revised programme for the renovation of the historic buildings was developed and agreed with the renovation contractor as part of the pre-construction services, and was captured in the agreement of the guaranteed maximum price prior to the starting of the main works.	The recommendation is considered implemented.	X			
14	2019	A/75/135, para. 114	The Board recommended that the United Nations Office at Geneva define and document a forward-oriented transversal strategy on how the building information modelling method would support the Office throughout the entire lifetime of the buildings of the Palais des Nations.	The Office of Central Support Services at the United Nations Office at Geneva hired two building information modelling experts; one of their roles is to develop a strategy on how building information modelling will support the operation and maintenance of the Palais des Nations.	The recommendation is considered to be under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
15	2019	A/75/135, para. 121	The Board recommended that the United Nations Office at Geneva continue to incorporate lessons learned from past experience into any upcoming recruitment process of experts for the long-term use of building information modelling to facilitate selection processes.	The United Nations Office at Geneva will ensure that the recommended candidates with regard to the upcoming recruitments for building information modelling have the relevant skills and experience.	The recommendation is considered implemented.	X			
16	2019	A/75/135, para. 127	The Board recommended that the strategic heritage plan team document the design progress and quality of the digital models at the end of each design stage by approving the respective digital building models for the rest of the strategic heritage plan project.	The building information models have been reviewed and approved on a regular basis since the building information modelling expert was onboarded.	The recommendation is considered implemented.	X			
17	2019	A/75/135, para. 133	The Board recommended that the strategic heritage plan team confirm the responsibility for the quality of the building information models with their respective providers at all design and construction stages, at least for the renovation of building E.	The responsibility for the quality of the building information models is clearly defined in the building information modelling management plan, which is included in the contract for every contractor.	The recommendation is considered implemented.	X			
18	2019	A/75/135, para. 142	The Board recommended that the strategic heritage plan team continue its efforts to ensure a high quality of the building information models for the entire strategic heritage plan project.	The strategic heritage plan team is closely following the development of the building information models for every contract, and with the hiring of building information modelling experts on the facility management side the team will have additional help to prepare the models for operation and maintenance.	The recommendation is considered to be under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
19	2019	A/75/135, para. 157	The Board recommended that management conduct a further detailed review and continue to further refine the calculation of energy-saving measures and expected energy use.	Management will monitor the project's performance in order to meet the energy-saving target according to the new baseline.	The recommendation is considered to be under implementation.		X		
20	2019	A/75/135, para. 165	The Board recommended that the United Nations Office at Geneva report on the projected number of occupants following the implementation of the strategic heritage plan in each annual progress report of the Secretary-General.	That information is envisaged to be incorporated into the next report to the seventy-sixth session of the General Assembly.	The recommendation is considered to be under implementation.		X		
21	2019	A/75/135, para. 174	The Board recommended that the United Nations Office at Geneva report on the projected number of workspaces following the implementation of the strategic heritage plan in each annual progress report of the Secretary-General.	That information is envisaged to be incorporated into the next report to the seventy-sixth session of the General Assembly.	The recommendation is considered to be under implementation.		X		
22	2019	A/75/135, para. 188	The Board recommended that the strategic heritage plan team assess whether the number of fire exits, particularly on level 6 and for the town hall stairs, remains compliant with the number of persons allowed during the operational phase of the building.	The issue was reviewed again with the host country permit authorities, who confirmed that the design was in accordance with the code and permit requirements.	The recommendation is considered implemented.	X			
23	2019	A/75/135, para. 194	The Board recommended that the strategic heritage plan team establish a task force for the case of technical failure in operating sections. The task force should consist of three to six responsible technicians from the contractor for the renovation works as well as from the Facilities Management Section,	A crisis response plan was developed with the contractor and the stakeholders at the United Nations Office at Geneva (the Security and Safety Service, the Information and Communications Technology Service and the Facilities Management Section). A future revision will be published soon that will also include	The recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			the Information and Communications Technology Service and the Security and Safety Service, and the communication manager of the Division of Administration.	the communication manager of the Division of Administration.					
24	2019	A/75/135, para. 196	The Board recommended that the strategic heritage plan team arrange a written agreement between the contractor for the renovation works and the Facilities Management Section. The agreement should include key data such as names of the technicians responsible, emergency/service telephone numbers, response times and so on.	The agreement and information are part of the crisis response plan.	The recommendation is considered implemented.	X			
25	2019	A/75/135, para. 210	The Board recommended that the United Nations Office at Geneva assess and apply measures to lower carbon emissions when planning and constructing future buildings, thereby also taking a life cycle assessment into account.	When planning and constructing future buildings, the United Nations Office at Geneva intends to continue to assess and apply measures to lower carbon emissions for future building designs, subject to the availability of sufficient upfront budgetary and human resources.	This recommendation is considered to be under implementation.		X		
26	2019	A/75/135, para. 218	The Board recommended that the United Nations Office at Geneva integrate the use of more renewable energy into future building designs on the campus of the Palais des Nations to the extent possible.	When future building design happens, the United Nations Office at Geneva plans to integrate the use of more renewable energy, subject to the availability of sufficient upfront budgetary and human resources.	This recommendation is considered to be under implementation.		X		
27	2019	A/75/135, para. 225	The Board recommended that the strategic heritage plan team design all artificial lighting installations to cover lighting requirements while minimizing obtrusive light and energy use in order to set a good example for the defence of the night sky.	The design of the artificial lighting has been implemented in the drawings. They are low-intensity lighting installations and can be monitored in order to minimize their impact during the night when the building is closed.	The external lighting installations are expected to be completed early in the fourth quarter of 2021. This recommendation is considered to be under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
28	2019	A/75/135, para. 236	The Board recommended that the United Nations Office at Geneva summarize all relevant information on valorization, including the supplementary information provided to the Advisory Committee on Administrative and Budgetary Questions and the Fifth Committee (excluding commercially sensitive information), in a structured, concise and coherent document, update it, if necessary, in the course of time and use this document as a basis to confidentially inform the General Assembly and other stakeholders.	The information on valorization was summarized in a structured, concise and coherent document and presented in a report to the seventy-fifth session of the General Assembly for approval.	The recommendation is considered implemented.	X			
Total					**28**	**13**	**15**	**0**	**0**
Percentage					**100**	**46**	**54**	**0**	**0**

Annex IV

Status of implementation of recommendations up to the year ended 31 December 2017 on the capital master plan

No.	Audit report year/biennium	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
1	2013–2014	A/70/5 (Vol. V), summary, para. 17 (d)	The Board recommended that the Administration report the full amount of any savings arising from contract closure and introducing appropriate governance mechanisms to determine the use that can be made of such savings, including specific consideration of returning savings to Member States.	The arbitration cases are still ongoing. The recent eighteenth annual progress report on the implementation of the capital master plan (A/75/302) provides details on the status of cases.	Given that the arbitration cases are still ongoing, the Board considers this recommendation to be under implementation.		X		
2	2017	A/73/5 (Vol. V), para. 71	The Board recommended that the Administration examine the requirements of the 2010 ADA Standards for Accessible Design and take necessary steps on a progressive basis towards compliance with those standards to ensure accessibility to all individuals with disabilities.	The implementation of the three-year accessibility programme is still ongoing, with some delays owing to the coronavirus disease (COVID-19) pandemic. Some of the work planned for 2022 may need to be shifted to 2023.	Given that the implementation of the three-year accessibility programme is still ongoing, with some delays owing to COVID-19, the Board considers this recommendation to be under implementation		X		
	Total				**2**	**0**	**2**	**0**	**0**
	Percentage				**100**	**0**	**100**	**0**	**0**

Chapter III
Certification of the financial statements

Letter dated 24 March 2021 from the Assistant Secretary-General, Controller, addressed to the Chair of the Board of Auditors

The financial statements of the United Nations for the year ended 31 December 2020 have been prepared in accordance with financial regulation 6.1 of the Financial Regulations and Rules of the United Nations. The statements cover all funds except peacekeeping operations, the United Nations Compensation Commission and the International Residual Mechanism for Criminal Tribunals, which are the subject of separate financial statements.

The summary of significant accounting policies applied in the preparation of these statements is included as notes to the financial statements. The notes provide additional information on and clarification of the financial activities undertaken by the Organization during the period covered by these statements for which the Secretary-General has administrative responsibility.

I certify that the appended financial statements of the United Nations, numbered I to V, are correct in all material respects.

(*Signed*) Chandramouli **Ramanathan**
Assistant Secretary-General, Controller

Chapter IV
Financial report for the year ended 31 December 2020

A. Introduction

1. The Secretary-General has the honour to submit the financial report on the volume I set of accounts of the United Nations for the year ended 31 December 2020.

2. The financial situation of the Organization is presented in five financial statements and the accompanying notes that provide financial information relating to the United Nations General Fund and related funds, trust funds, the Tax Equalization Fund, capital assets and construction-in-progress funds, end-of-service/post-employment benefits funds, insurance/workers' compensation and other funds.

3. The financial statements presented herein do not include peacekeeping operations, the United Nations Compensation Commission and the International Residual Mechanism for Criminal Tribunals, which are reported on separately. Separate financial statements are also issued for the International Trade Centre (ITC), the United Nations University, the United Nations Institute for Training and Research, the United Nations Office on Drugs and Crime (UNODC), the United Nations Environment Programme (UNEP) and the United Nations Human Settlements Programme (UN-Habitat).

4. The present financial report is designed to be read in conjunction with these financial statements. It presents an overview of the consolidated position and performance of the Organization, highlighting trends and significant movements. In 2020, at the consolidated level, there was a surplus of revenue over expenses, and net assets decreased while liabilities increased, primarily owing to actuarial losses related to employee benefits. At the consolidated level, cash assets were three times the size of current liabilities; however, the regular budget segment was frequently affected by insufficient cash assets to settle short-term financial demands.

5. The outbreak of the coronavirus disease (COVID-19) pandemic in mid-March 2020 became a global challenge and affected the world economy in an unprecedented manner. While the impact on the way the Organization conducted its business was profound, the direct effect on the financial performance for 2020 and the financial position at the end of the year was limited. Furthermore, there can be no exact determination of the impact of the COVID-19 pandemic on these financial statements, as the accounting system of the Organization is not designed to report expenses, revenues and changes in account balances based on a specific underlying cause, such as a pandemic. Despite these limitations, certain broad trends were reflected in the financial statements. A detailed review of the impact of the COVID-19 pandemic is provided in note 4, Impact of the COVID-19 pandemic.

B. Liquidity

6. The liquidity crisis in regular budget operations deepened in 2020. The record arrears of assessed contributions at the end of 2019 continued at the end of 2020 (see para. 13 below). In an effort to mitigate the impact of these arrears, cash conservation measures were imposed from the beginning of the year. A sharp decline in collections in the first quarter necessitated additional austerity measures, including the suspension of hiring for all vacant regular budget posts and more restrictions on non-post expenditure. While collections picked up in the second quarter, they again fell significantly behind in the third quarter, as well as in October and November. Despite the ruthless cash conservation measures, the regular budget liquidity reserves

(Working Capital Fund of $150 million and Special Account of $206 million) were exhausted in December, forcing the borrowing of $100 million from closed peacekeeping missions for two and a half weeks.

7. Not only did Member States collectively pay less in 2020 than the year's assessment, thereby exacerbating an already extraordinary level of arrears, but the Organization also had to also grapple with significant uncertainty in the timing and volume of collections due to considerable shifts in payment patterns. Programme delivery was constrained by both liquidity and the pandemic, while high vacancies put more pressure on existing staff already affected by the pandemic. The Organization managed, however, to pay salaries and entitlements to its personnel and to settle payments to vendors by controlling hiring and adapting commitments based on collections.

8. Liquidity ratios at the fund group level are presented in table IV.1 below. At the level of the consolidated total, the ratio of cash assets to current liabilities was 3.3 (2019: 3.4) and the ratio of current assets to current liabilities was 3.8 (2019: 4.1). These relatively strong liquidity ratios at the consolidated level were possible due to the substantial cash assets of the trust funds and the operational reserves of insurance funds. Cash balances of the trust funds are earmarked for specific activities of the respective trust funds and not available to other fund groups. The liquidity of the regular budget and related funds was very low. The ratio of cash assets to current liabilities was merely 0.3 (2019: 0.1) and the ratio of current assets to current liabilities was 1.1 (2019: 1.1).

Table IV.1
Liquidity ratio by fund group
(Millions of United States dollars)

	31 December 2020					*31 December 2019*	
	Cash assets[a]	*Total current assets*	*Current liabilities*	*Cash assets to current liabilities*	*Current ratio*	*Cash assets to current liabilities*	*Current ratio*
Fund group	*A*	*B*	*C*	*A/C*	*B/C*		
Regular budget and related funds	212.2	690.0	636.8	0.3	1.1	0.1	1.1
Trust funds	2 466.6	3 108.1	299.4	8.2	12.9	10.2	12.9
Capital assets and construction-in-progress	54.7	137.6	23.1	2.4	4.3	3.3	4.3
Common support services	541.4	514.5	47.4	11.4	10.1	10.1	10.1
Long-term employee benefits	234.0	182.4	138.2	1.7	1.0	1.3	1.0
Insurance/workers' compensation	867.3	639.1	167.0	5.2	3.9	4.8	3.9
Other	265.4	225.7	225.4	1.2	1.1	1.3	1.1
Consolidated total[b]	**4 641.6**	**5 380.0**	**1 420.0**	**3.3**	**3.8**	**3.4**	**4.1**

[a] Cash assets consist of cash, cash equivalents and investments in cash pools, which comprise cash, cash equivalents and short- and long-term investments.
[b] Consolidated figures include eliminations that are not shown.

C. Overview of assets and liabilities

Assets

9. Total assets increased by $555.2 million (a 5.7 per cent increase) during 2020, from $9,714.9 million to $10,270.1 million. The increase was mainly due to the net

effect of an increase in investments of $1,045.3 million, offset by a decrease in cash and cash equivalents of $566.6 million. The changes in categories of assets are shown in table IV.2

Table IV.2
Changes in assets
(Millions of United States dollars)

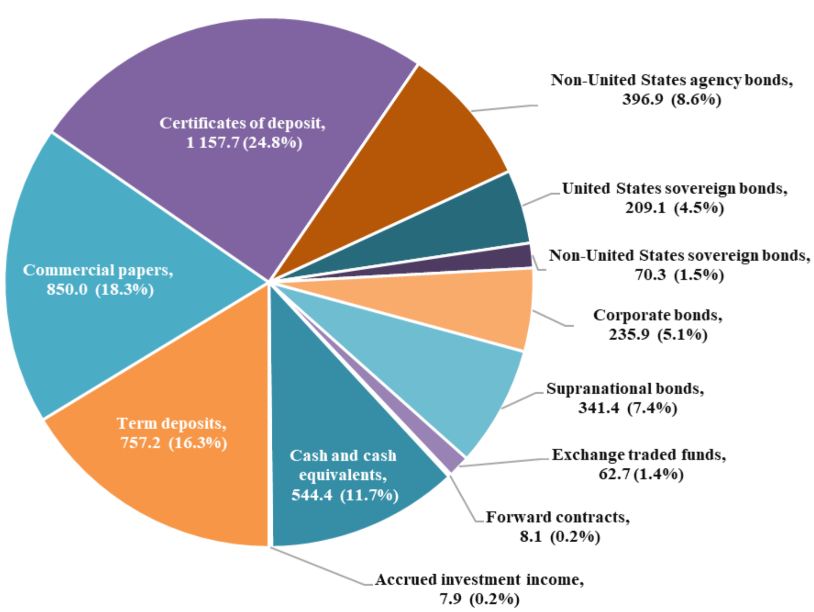
	2020	*2019*	*Change*	*Percentage change*
Cash and cash pool investments	4 641.6	4 162.9	478.7	11.5
Assessed contributions receivable	448.2	441.3	6.9	1.6
Voluntary contributions receivable	1 533.2	1 459.7	73.5	5.0
Property, plant and equipment	2 936.2	2 952.4	(16.2)	(0.5)
Inventories	29.1	31.4	(2.3)	(7.3)
Intangible assets	147.4	142.6	4.8	3.3
Other assets[a]	534.4	524.7	9.7	1.8
Total assets	**10 270.1**	**9 714.9**	**555.2**	**5.7**

[a] Other assets of $371.5 million, other receivables of $159.0 million and share of joint ventures of $3.9 million (2019: other assets of $384.2 million, other receivables of $137.0 million and share of joint ventures of $3.5 million).

Cash and cash pool investments

10. As at 31 December 2020, the Organization held cash and cash pool investments of $4,641.6 million (2019: $4,162.9 million). Cash and cash pool investments were the biggest asset group, representing 45 per cent of total assets. The cash pool consists largely of investments in certificates of deposit and bonds issued by Governments, government agencies, supranational entities and corporations (see figure IV.I).

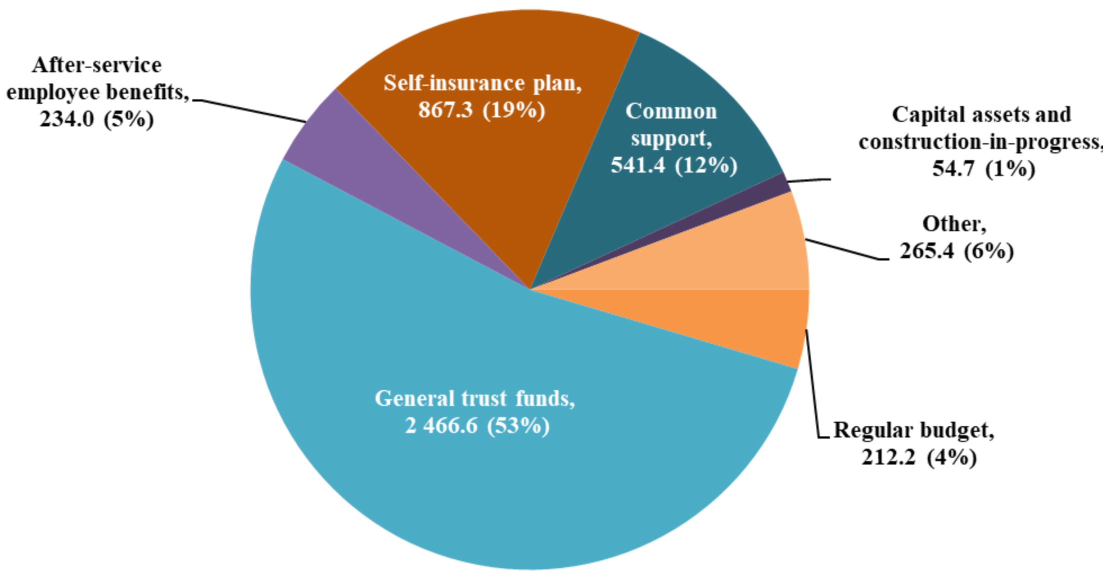
Figure IV.I
Cash and cash pool investments, by instrument type
(Millions of United States dollars)



11. In 2020, the net investment income from cash pools was $78.5 million (2019: $99.3 million). The rate of return in the main pool was 1.11 per cent (2019: 2.33 per cent).

12. The trust funds group accounted for 53 per cent of the cash pools, while 19 per cent was held by insurance/workers' compensation funds (see figure IV.II below).

Figure IV.II
Cash and cash pools by fund group
(Millions of United States dollars)



Assessed contributions receivable

13. Outstanding assessed contributions receivable as at 31 December 2020 were $448.2 million ($831.6 million, less allowance for doubtful receivables of $383.4 million). Assessed contributions receivable increased from the prior year by $6.9 million (a 1.6 per cent increase) (see table IV.3).

Table IV.3
Assessed contributions: receivables from non-exchange transactions
(Millions of United States dollars)

	2020	*2019*	*Change*	*Percentage change*
Assessed contributions receivable	831.6	793.4	38.2	4.8
Allowance for doubtful receivables	(383.4)	(352.1)	(31.3)	8.9
Total assessed contributions receivable	**448.2**	**441.3**	**6.9**	**1.6**

Voluntary contributions receivable

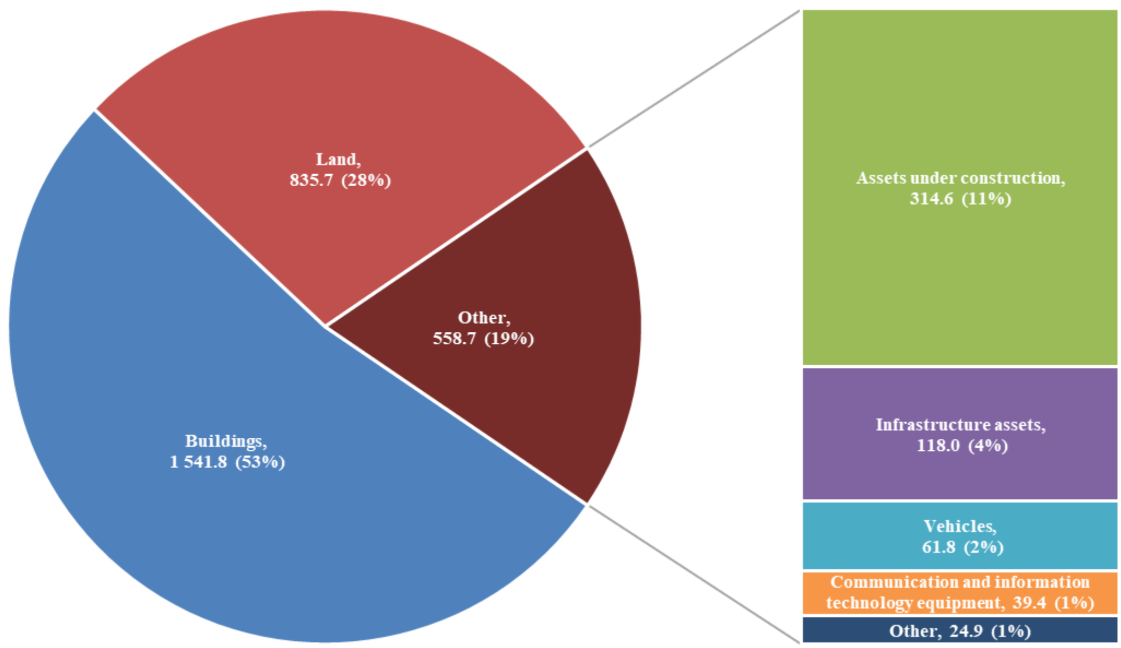
14. Voluntary contributions receivable as at 31 December 2020 amounted to $1,533.2 million (2019: $1,459.7 million), an increase of 5.0 per cent from the prior year. The increase is primarily due to the increase in outstanding pledges for the trust fund for strengthening the Office of the Emergency Relief Coordinator.

15. Voluntary contributions receivable were related mainly to the human rights and humanitarian affairs projects ($977.1 million, or 63.7 per cent), which mostly comprised the receivables of the Central Emergency Response Fund ($552.9 million) and the Office for the Coordination of Humanitarian Affairs ($235.9 million).

Property, plant and equipment

16. The carrying value of property, plant and equipment was $2,936.2 million at the end of 2020 (2019: $2,952.4 million), with the largest asset category (buildings) representing 53 per cent of total assets and the second largest asset category (land) representing 28 per cent of total assets. The composition of property, plant and equipment is shown in figure IV.III below.

Figure IV.III
Property, plant and equipment
(Millions of United States dollars and percentage)



17. Buildings largely comprise those located at United Nations Headquarters in New York, the United Nations Assistance Mission in Afghanistan and the United Nations Office at Geneva, valued at $1,129.7 million, $100.0 million and $66.6 million, respectively. The Vienna International Centre is classified as a finance lease and each occupying entity of the Centre capitalizes a portion of the buildings. The Organization’s share is 23 per cent, which amounted to $58.4 million.

18. Land is located mostly at United Nations Headquarters and the United Nations Office at Geneva, amounting to $617.8 million and $191.7 million, respectively. The land at the Economic Commission for Africa and at the United Nations Office at Nairobi is not recognized, as it is not deemed to be under the control of the Organization.

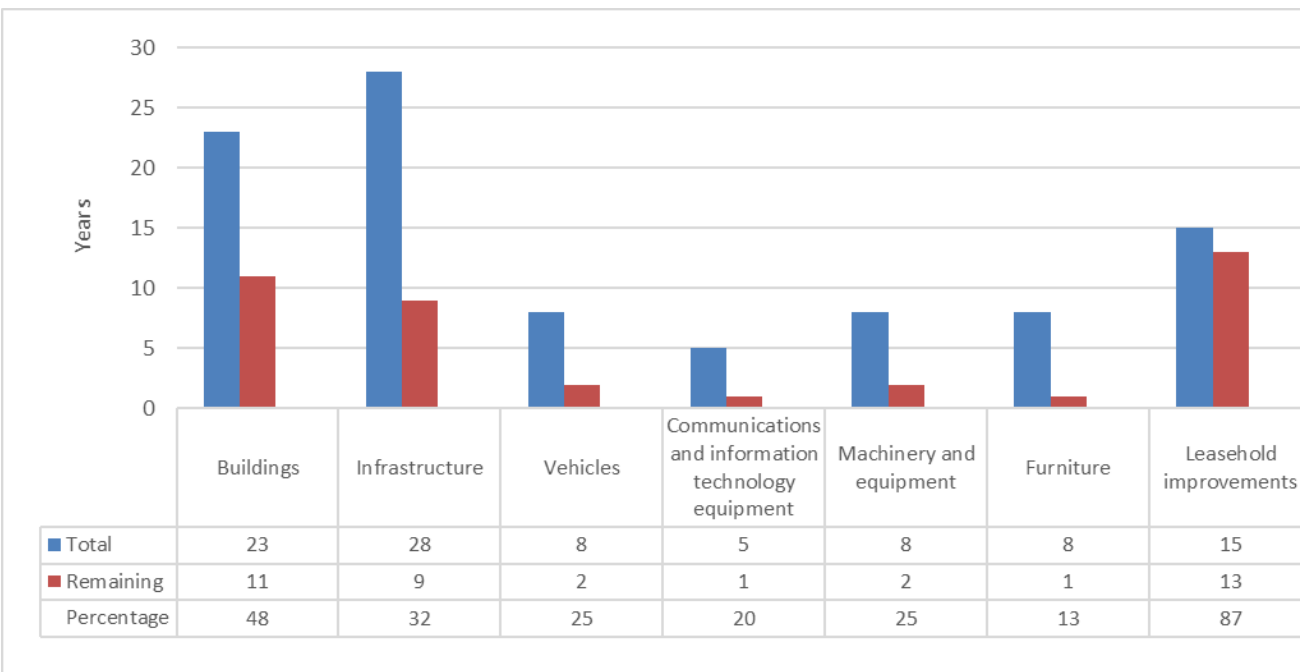
19. A summary of major additions during the year and balances as at 31 December 2020 for assets under construction is presented in table IV.4. Additions in 2020 were affected by the COVID-19 pandemic and fell short of the planned target by 5 percentage points on average.

Table IV.4
Assets under construction: major additions
(Millions of United States dollars)

Project	*Additions in 2020*	*Construction-in-progress at 31 December 2020*
United Nations Office at Geneva – strategic heritage plan	75.0	247.4
United Nations Headquarters – flexible workspace	5.9	25.5
United Nations Office at Nairobi – COVID-19 medical facility	4.2	Completed
Special political missions – buildings and infrastructure	3.4	7.9
Economic and Social Commission for Asia and the Pacific – seismic mitigation	2.5	8.4
Economic Commission for Africa – Africa Hall	1.8	12.2

20. The average remaining years of useful life as at the end of 2020 and the original average useful life of various categories of property, plant and equipment are shown in figure IV.IV. The average remaining useful life of communications and information technology equipment and furniture was one year and the fully depreciated assets in those two categories were 67 per cent and 46 per cent, respectively.

Figure IV.IV
Remaining useful lives of property, plant and equipment
(Years and percentage)



Liabilities

21. Total liabilities increased by $811.6 million (11.1 per cent) during 2020, from $7,286.7 million to $8,098.3 million. The most notable increase was in employee benefits liabilities, which increased by 9.1 per cent and accounted for 81.4 per cent of total liabilities. Table IV.5 shows changes in liabilities.

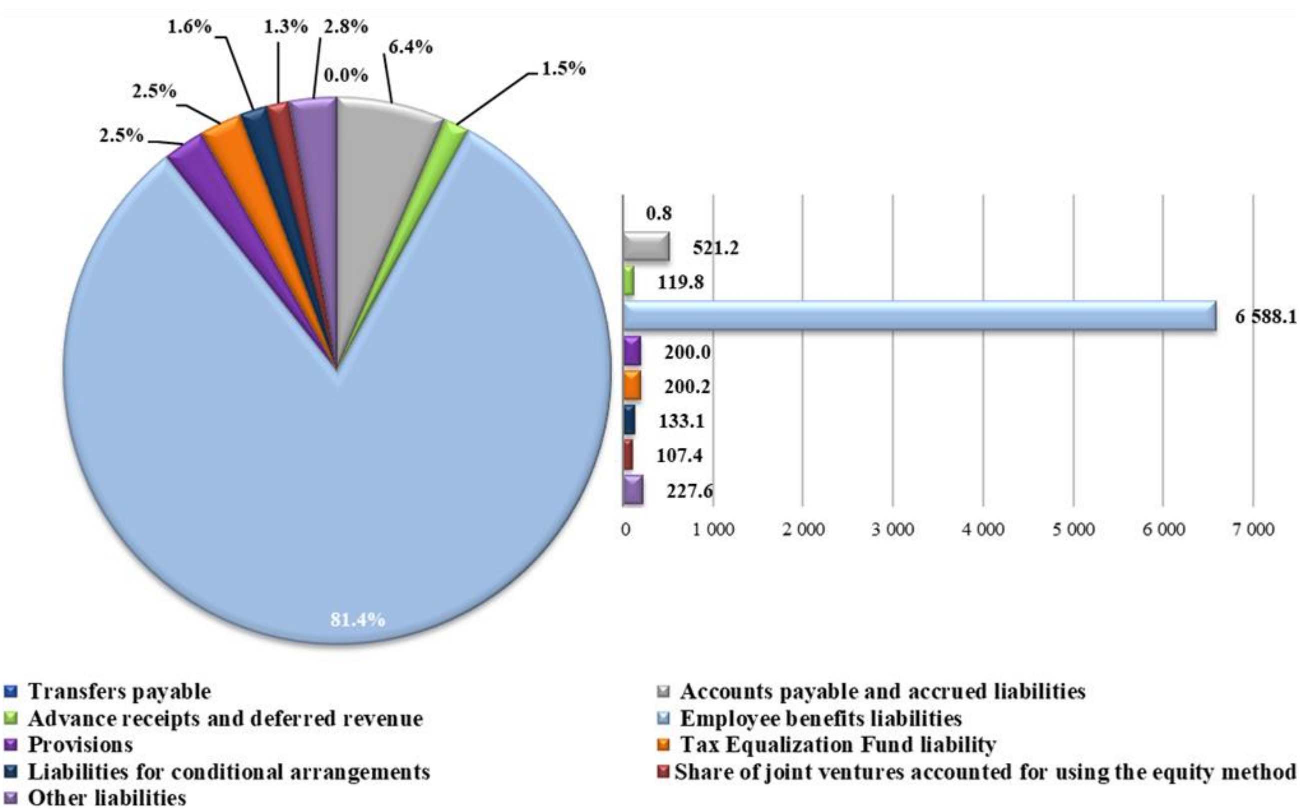
Table IV.5
Changes in liabilities
(Millions of United States dollars)

	2020	*2019*	*Change*	*Percentage change*
Employee benefits liabilities	6 588.1	6 039.0	549.1	9.1
Accounts payable and accrued liabilities	521.2	488.0	33.2	6.8
Provisions	200.0	125.5	74.5	59.4
Tax equalization fund liability	200.2	182.6	17.6	9.6
Transfers payable	0.8	0.6	0.2	33.3
Advance receipts and deferred revenue	119.8	94.5	25.3	26.8
Other liabilities[a]	468.1	356.4	111.7	31.3
Total liabilities	**8 098.3**	**7 286.7**	**811.6**	**11.1**

[a] Share of joint venture of $107.4 million, liabilities for conditional arrangements of $133.1 million and other liabilities of $227.6 million (2019: share of joint venture of $82.1 million, liabilities for conditional arrangements of $126.4 million and other liabilities of $147.9 million).

22. Figure IV.V below presents the composition of the liabilities as at 31 December 2020.

Figure IV.V
Liabilities as at 31 December 2020
(Millions of United States dollars and percentage)



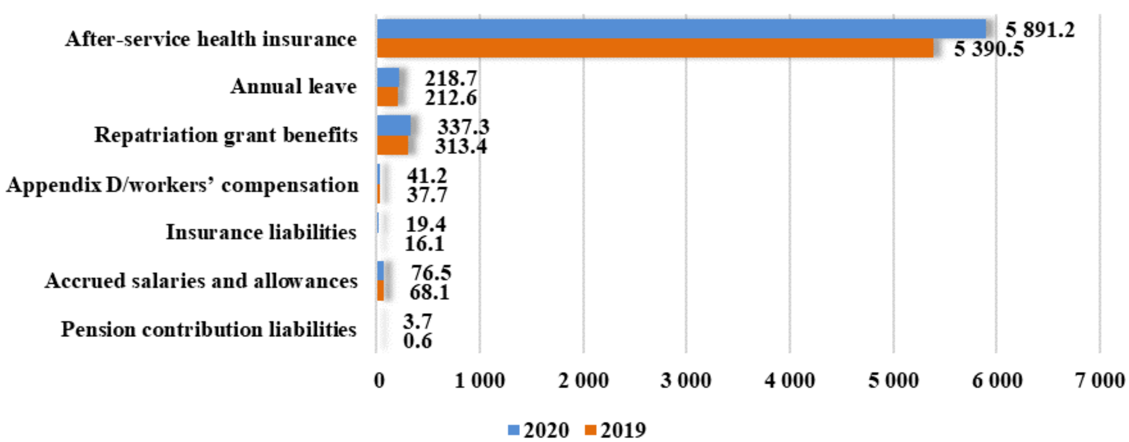
Employee benefits liabilities

23. Total employee benefits liabilities increased by $549.1 million in 2020, of which $530.7 million related to defined benefits, which comprise after-service health insurance, annual leave and repatriation grant benefits. The changes in employee benefits liabilities are shown in figure IV.VI below. The increase was largely due to the decrease in discount rates used for actuarial valuation (2020: 2.07 per cent, 2019: 2.43 per cent), partially offset by decreased health-care cost trend rates.

24. Defined benefits liabilities of the regular budget ($5,321.8 million in total) remain unfunded and the pay-as-you-go approach continues for the present time, posing a long-term risk.

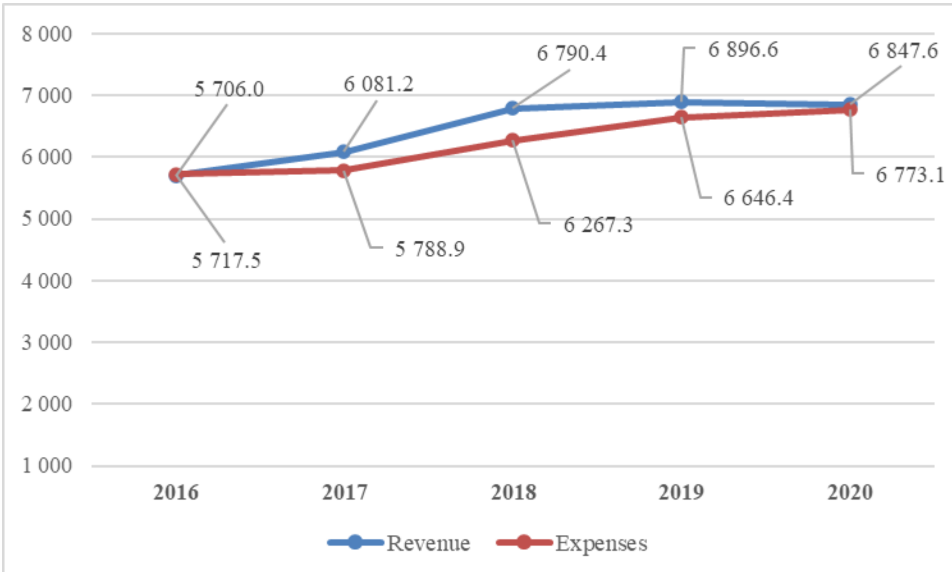
25. For extrabudgetary funds, after-service health insurance liabilities are funded at 6 per cent of employee salaries. The funding provided up to 31 December 2020 was $96.1 million (2019: $58.1 million), which was 9.8 per cent (2019: 6.6 per cent) of the respective liabilities.

Figure IV.VI
Employee benefits liabilities
(Millions of United States dollars)



D. Overview of financial performance

Figure IV.VII
Total revenue and expenses, 2016–2020
(Millions of United States dollars)



Revenue

26. Total revenue for 2020 was $6,847.6 million (2019: $6,896.6 million), a decrease of $49.0 million, or 0.7 per cent, from the prior year. Assessed contributions decreased by $57.3 million, voluntary contributions by $92.6 million, other transfers and allocations by $1.1 million and investment revenue by $30.3 million. Those decreases were offset by an increase in contributions for self-insurance funds of $32.2 million and an increase in other revenue of $100.0 million (see table IV.6).

Table IV.6
Changes in revenue by nature
(Millions of United States dollars and percentage)

	2020	*2019*	*Change*	*Percentage change*
Assessed contributions	2 953.0	3 010.3	(57.3)	(1.9)
Voluntary contributions	2 934.2	3 026.8	(92.6)	(3.1)
Contribution to self-insurance	428.9	396.7	32.2	8.1
Other revenue	321.5	221.5	100.0	45.1
Other transfers and allocations	125.9	127.0	(1.1)	(0.9)
Investment revenue	84.1	114.3	(30.2)	(26.5)
Total revenues	6 847.6	6 896.6	(49.0)	(0.7)

27. Figures IV.VIII and IV.IX below provide analysis of revenue by nature and by segment.

Figure IV.VIII
Revenue by nature
(Millions of United States dollars and percentage)

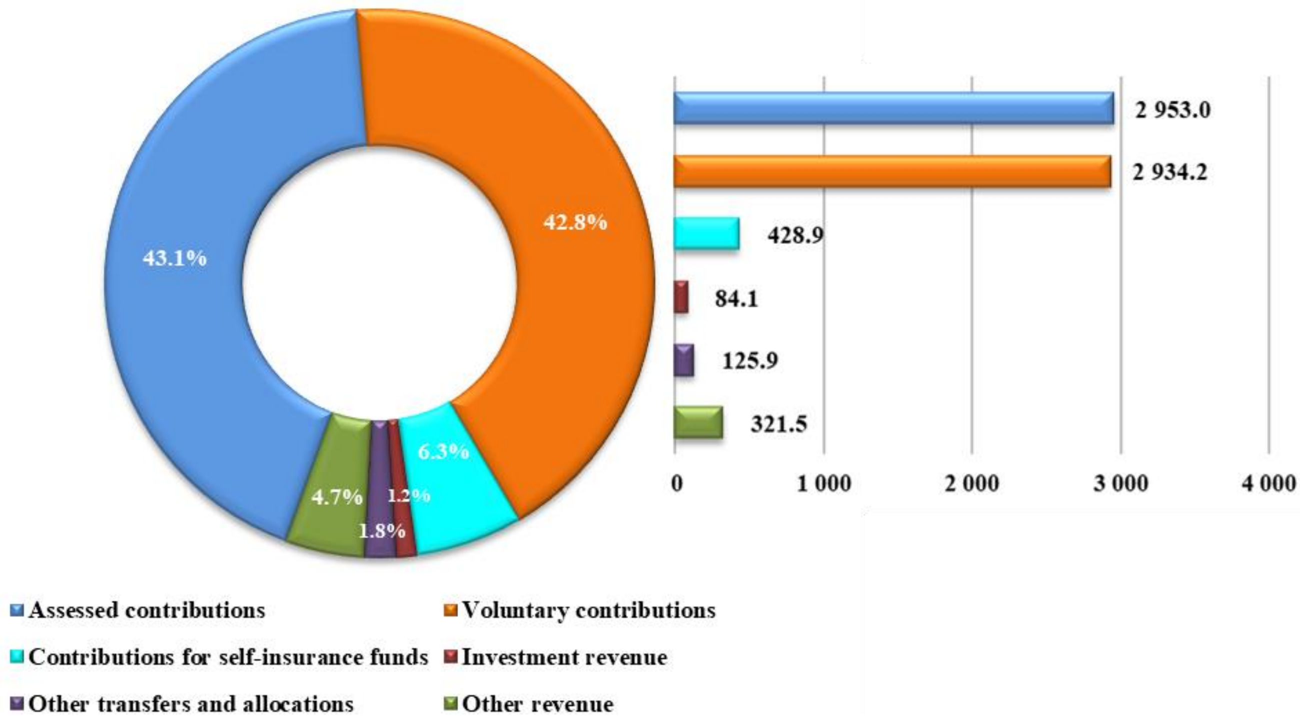
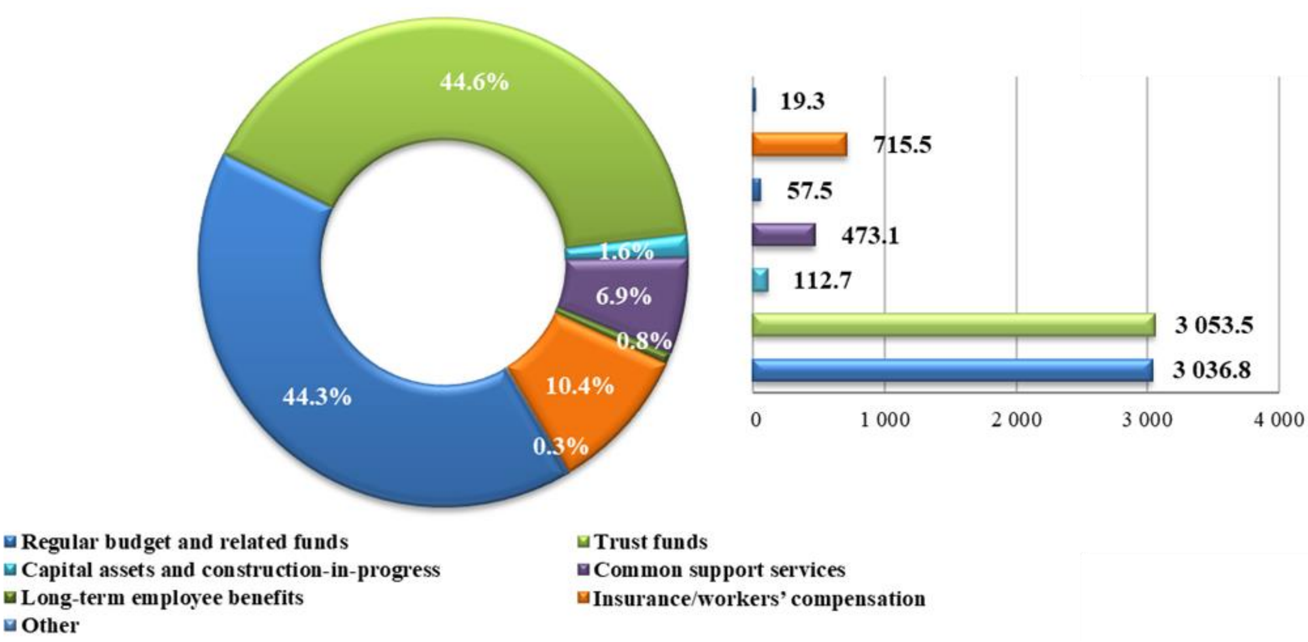


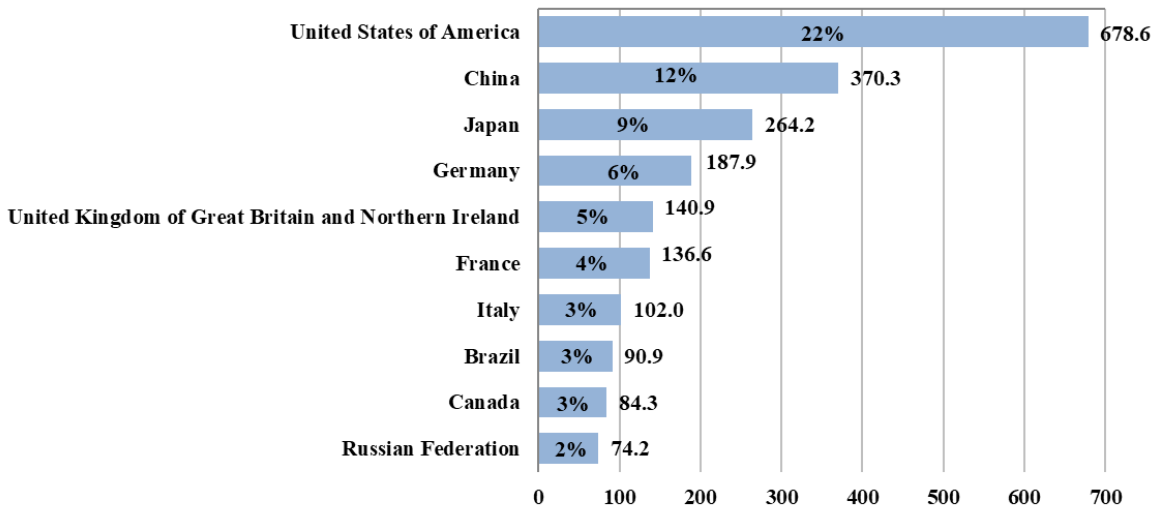
Figure IV.IX
Revenue by segment[a]
(Millions of United States dollars and percentage)



[a] The figures above do not include inter-segment elimination revenue of $620.7 million.

28. Assessed contributions revenue of $2,953.0 million in 2020 was $57.3 million (1.9 per cent) less than $3.010.3 million in 2019, and comprised 43.1 per cent of total revenue. Assessed contributions are based on a scale of assessments approved by the General Assembly; figure IV.X indicates the Member States with the largest assessments for 2020.

Figure IV.X
Top 10 contributors of assessed contributions
(Millions of United States dollars and percentage)



29. Voluntary contributions revenue amounted to $2,934.2 million, comprising 42.8 per cent of total revenue, a decrease of $92.6 million (3.1 per cent) from $3,026.8 million in 2019, mainly due to a decrease in contributions for the common humanitarian multi-partner trust funds ($109.1 million), the trust fund for strengthening the Office of the Emergency Relief Coordinator ($105.7 million), the Central Emergency Response Fund ($91.6 million) and the voluntary trust fund for assistance in mine action ($20.4 million). The decrease was offset by increases in contributions for the peacebuilding multi-partner trust fund ($118.6 million), the COVID-19 response and recovery multi-partner trust fund ($75.9 million) and the trust fund for the support of the Centre for Human Rights ($44.8 million).

30. Figure IV.XI shows the top 10 voluntary contributors in 2020, along with their contributions in 2019. Table IV.7 highlights voluntary contributions by programme segment. In both 2019 and 2020, voluntary contributions were directed largely to the human rights and humanitarian affairs segment.

Figure IV.XI
Major voluntary contributions
(Millions of United States dollars and percentage)

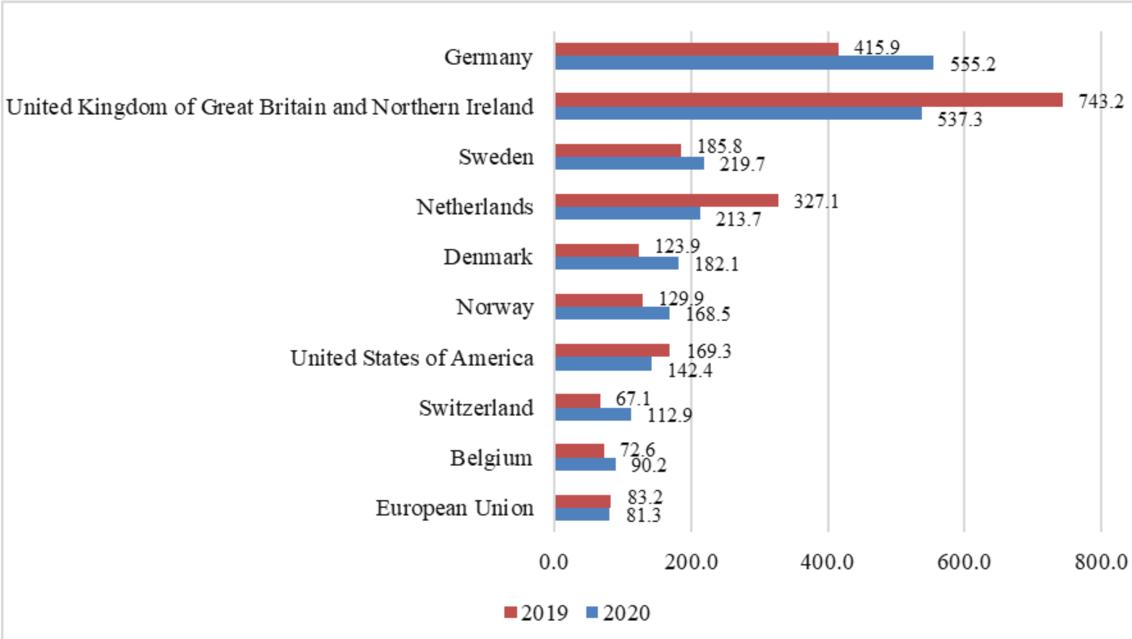


Table IV.7
Voluntary contributions by programme segment
(Millions of United States dollars and percentage)

	2020	*2019*	*Change*	*Percentage change*
Human rights and humanitarian affairs	2 124.3	2 308.4	(184.1)	(8.0)
Political and peacekeeping affairs	386.7	265.9	120.8	45.4
Cooperation and development	208.3	215.3	(7.0)	(3.3)
Common support services	152.9	147.1	5.8	3.9
Crime prevention	25.3	6.6	18.7	283.3
Other	36.7	83.5	(46.8)	(56.0)
Total revenue	**2 934.2**	**3 026.8**	**(92.6)**	**(3.1)**

Expenses

31. Total expenses for 2020 were $6,773.1 million (2019: $6,646.4 million). The increase of $126.6 million, or 1.9 per cent, was mostly attributable to an increase in grants and other transfers of $246.6 million. Another notable increase was in employee salaries, allowances and benefits by $69.4 million due to the full integration of the resident coordinator system, which accounted for $49.6 million of the increase. There was also a decrease in travel and other operating expenses of $138.0 million and $46.6 million, respectively, which was associated with COVID-19-related restrictions on travel and telecommuting arrangements. Table IV.8 below shows changes in expenses.

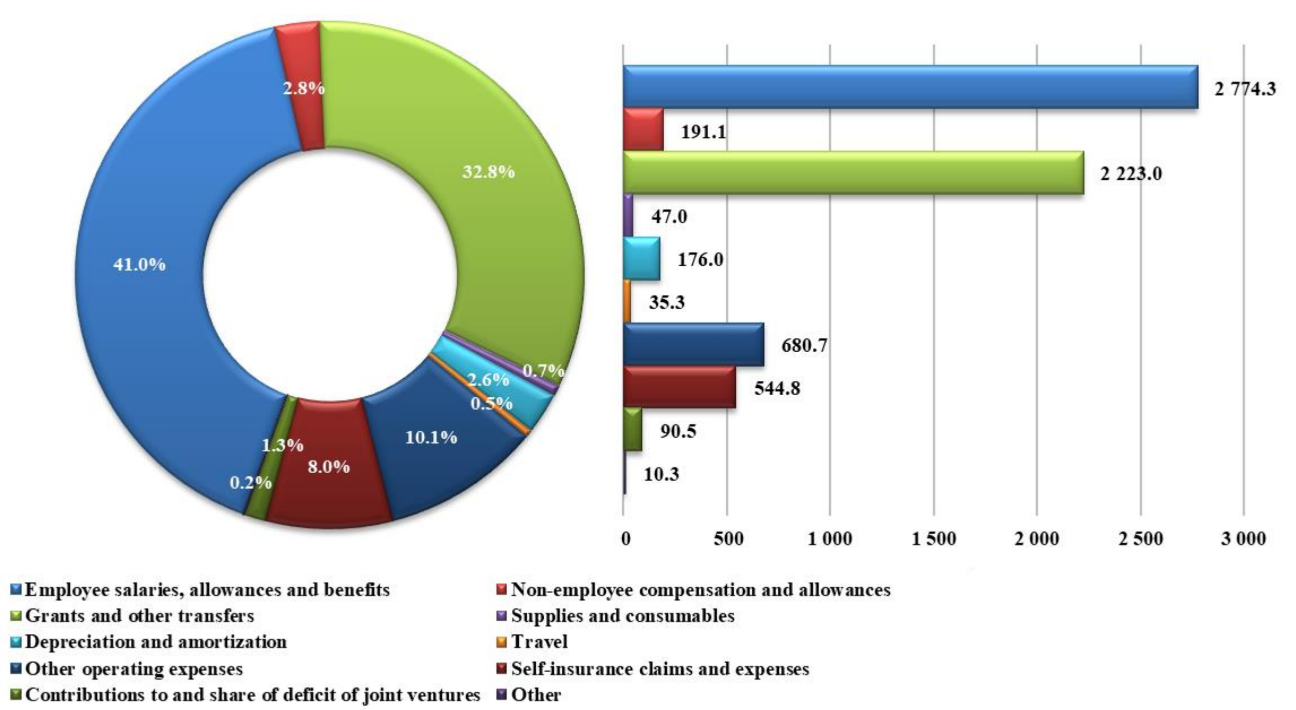
Table IV.8
Changes in expenses by nature
(Millions of United States dollars)

	2020	*2019*	*Change*	*Percentage change*
Employee salaries, allowances and benefits	2 774.3	2 704.8	69.4	2.6
Grants and other transfers	2 223.0	1 976.4	246.6	12.5
Self-insurance claims and expenses	544.8	551.2	(6.4)	(1.2)
Non-employee compensation and allowances	191.1	198.8	(7.7)	(3.9)
Depreciation and amortization	176.0	181.3	(5.3)	(2.9)
Other expenses[a]	863.9	1 033.8	(169.9)	(16.4)
Total expenses	**6 773.1**	**6 646.4**	**126.7**	**1.9**

[a] Operating expenses of $680.7 million, contributions to and share of deficit of joint ventures of $90.5 million and other expenses of $92.7 million (2019: operating expenses of $727.3 million, contributions to and share of deficit of joint ventures of $78.0 million and other expenses of $228.4 million).

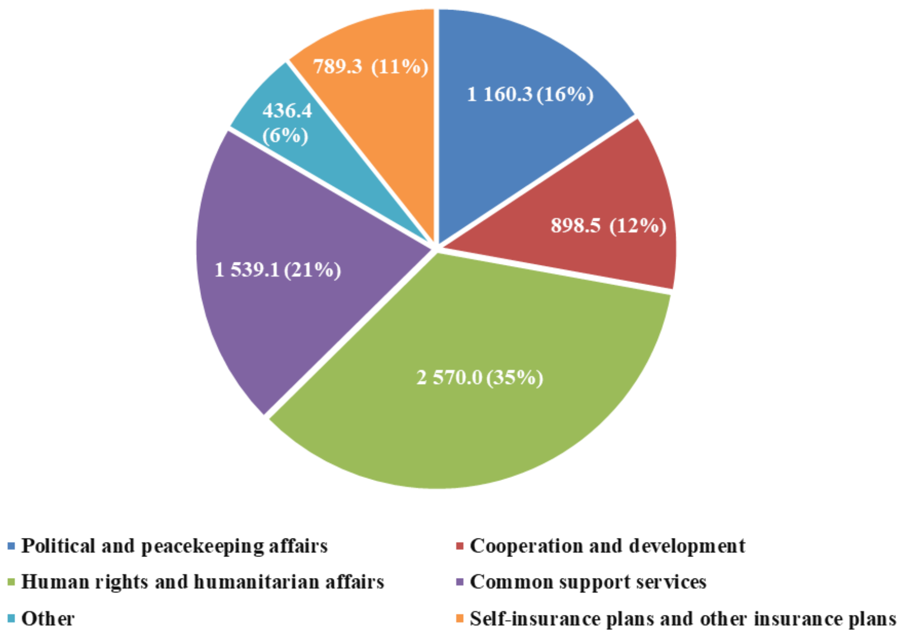
32. Figure IV.XII highlights expenses by nature. The largest classes were employee salaries, allowances and benefits, in the amount of $2,774.3 million (41 per cent), and grants and transfers to end beneficiaries and implementing partners, in the amount of $2,223.0 million (33 per cent). Other operating expenses, in the amount of $680.7 million, was also a significant class (10 per cent) and was composed largely of contracted services, acquisition of goods and rental of office space.

Figure IV.XII
Expenses by nature
(Millions of United States dollars and percentage)



33. Figure IV.XIII highlights expenses by work pillar. Human rights and humanitarian affairs, common support services and political and peacekeeping affairs were the main pillars of expense.

Figure IV.XIII
Expenses by work pillar[a]
(Millions of United States dollars)



[a] Eliminations are not included.

E. Net assets

34. Net assets of $2,171.8 million as at 31 December 2020 consisted of an accumulated surplus of $2,089.4 million and reserves of $82.4 million held by, inter alia, the United Nations Staff Mutual Insurance Society against Sickness and Accidents. The decrease in net assets in 2020 was $256.4 million and was attributable primarily to actuarial losses on employee benefits liabilities ($321.7 million), which were offset by the surplus for the year ($74.6 million). Net asset changes by fund group are presented in table IV.9 below.

Table IV.9
Changes in net assets
(Millions of United States dollars)

	General Fund and related funds	*Trust funds*	*Long-term employee benefits funds*	*Insurance/ workers' compensation funds*	*Other funds*	*Total*
Net assets as at 31 December 2018	**234.6**	**3 792.1**	**(4 579.9)**	**573.1**	**3 194.0**	**3 213.9**
Changes in net assets						
Actuarial gains/(losses) on employee benefits liabilities	(3.4)	–	(1 020.9)	(2.3)	–	(1 026.6)
Share of changes recognized by joint ventures directly in net assets	(19.3)	–	–	–	0.1	(19.2)
Other adjustments to net assets	6.7	–	–	–	3.2	9.9
Surplus/(deficit) for the year	25.4	276.4	(141.3)	37.2	52.5	250.2
Total changes in net assets	**9.4**	**276.4**	**(1 162.2)**	**34.9**	**55.8**	**(785.7)**
Net assets as at 31 December 2019	**244.0**	**4 068.5**	**(5 742.1)**	**608.0**	**3 249.8**	**2 428.2**
Changes in net assets						
Actuarial gains/(losses) on employee benefits liabilities	(3.0)	–	(318.6)	(0.1)	–	(321.7)
Share of changes recognized by joint ventures directly in net assets	(9.5)	–	–	–	0.2	(9.3)
Surplus/(deficit) for the year	15.6	8.0	(154.3)	137.9	67.4	74.6
Total changes in net assets	**3.1**	**8.0**	**(472.9)**	**137.8**	**67.6**	**(256.4)**
Net assets as at 31 December 2020	**247.1**	**4 076.5**	**(6 215.0)**	**745.8**	**3 317.4**	**2 171.8**

F. Budgetary performance of the regular budget

35. The regular budget continues to be prepared on a modified cash basis. The General Assembly, in its resolution 72/266, approved the proposed change from a biennial to an annual budget period on a trial basis for three years, beginning with the programme budget for 2020.

36. Annual budgets would permit the existing planning and budgeting cycle to be shortened by two years. That would allow for more realistic programme and financial information, formulated closer to the point of implementation. Annual budgets would also allow for the alignment of the budget period with the current reporting period of the financial statements. The final decision on annual programme budgets is expected to be made by the General Assembly during the main part of its seventy-seventh session.

37. In 2020, the final amount of the regular budget was $3,073.8 million, which was 0.4 per cent more than the 2019 budget of $3,061.3 million. The budget utilized during 2020 was $3,015.9 million, which was 98.1 per cent of the final budget. The underutilization of the budget was related mainly to the severe liquidity problems that forced the Organization to implement cash conservation measures from the beginning of the year and take more austerity measures, including the suspension of hiring for all vacant regular budget posts, as well as restrictions on non-post expenditure, throughout the year. This was exacerbated by the COVID-19 pandemic, which disrupted travel, events and conferences across the Organization, particularly travel for internal audit and evaluation and the travel of representatives of the Human Rights Council and other bodies.

Chapter V

Financial statements for the year ended 31 December 2020

Operations of the United Nations as reported in volume I

I. Statement of financial position as at 31 December 2020

(Thousands of United States dollars)

	Reference	*31 December 2020*	*31 December 2019*
Assets			
Current assets			
Cash and cash equivalents	Note 7	544 417	1 110 997
Investments	Note 8	2 979 153	2 278 900
Assessed contributions receivable	Note 9	448 183	441 290
Voluntary contributions receivable	Note 10	848 619	718 729
Other receivables	Note 11	159 007	136 224
Inventories	Note 12	29 085	31 366
Other assets	Note 13	371 533	384 238
Total current assets		**5 379 997**	**5 101 744**
Non-current assets			
Investments	Note 8	1 118 048	772 973
Voluntary contributions receivable	Note 10	684 572	740 932
Other receivables	Note 11	–	780
Property, plant and equipment	Note 15	2 936 213	2 952 400
Intangible assets	Note 16	147 360	142 647
Share of joint arrangements accounted for using the equity method	Note 25	3 888	3 445
Total non-current assets		**4 890 081**	**4 613 177**
Total assets		**10 270 078**	**9 714 921**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	Note 17	521 206	488 043
Advance receipts and deferred revenue	Note 18	119 783	94 511
Employee benefits liabilities	Note 19	237 871	223 933
Provisions	Note 20	199 421	125 295
Tax equalization liability	Note 21	200 240	182 595
Liabilities for conditional arrangements	Note 22	105 217	103 453
Other liabilities	Note 23	36 247	23 296
Total current liabilities		**1 419 985**	**1 241 126**

Operations of the United Nations as reported in volume I

I. Statement of financial position as at 31 December 2020 (continued)

(Thousands of United States dollars)

	Reference	*31 December 2020*	*31 December 2019*
Non-current liabilities			
Transfers payable		846	592
Employee benefits liabilities	Note 19	6 350 273	5 815 100
Provisions	Note 20	548	235
Liabilities for conditional arrangements	Note 22	27 855	22 928
Other liabilities	Note 23	191 370	124 604
Share of joint arrangements accounted for using the equity method	Note 25	107 443	82 132
Total non-current liabilities		**6 678 335**	**6 045 591**
Total liabilities		**8 098 320**	**7 286 717**
Net of total assets and total liabilities		**2 171 758**	**2 428 204**
Net assets			
Accumulated surplus	Note 26	2 089 398	2 372 754
Reserves	Note 26	82 360	55 450
Total net assets		**2 171 758**	**2 428 204**

The accompanying notes to the financial statements are an integral part of these financial statements.

Operations of the United Nations as reported in volume I

II. Statement of financial performance for the year ended 31 December 2020

(Thousands of United States dollars)

	Reference	*2020*	*2019*
Revenue			
Assessed contributions	Note 27	2 953 044	3 010 252
Voluntary contributions	Note 27	2 934 201	3 026 770
Contributions for self-insurance funds	Note 29	428 927	396 705
Other revenue	Note 28	321 493	221 486
Other transfers and allocations	Note 27	125 886	126 972
Investment revenue	Note 31	84 081	114 373
Total revenue		**6 847 632**	**6 896 558**
Expenses			
Employee salaries, allowances and benefits	Note 30	2 774 272	2 704 825
Non-employee compensation and allowances		191 136	198 827
Grants and other transfers	Note 30	2 223 045	1 976 437
Supplies and consumables		47 037	50 932
Depreciation and amortization	Notes 15,16	175 995	181 318
Impairment	Notes 15,16	3 074	56
Travel		35 335	173 340
Other operating expenses	Note 30	680 715	727 317
Self-insurance claims and expenses	Note 29	544 782	551 219
Finance costs	Note 23	5 448	1 352
Contributions to and share of deficit of joint arrangements accounted for on the equity method	Note 25	90 489	78 022
Other expenses	Note 30	1 767	2 756
Total expenses		**6 773 095**	**6 646 401**
Surplus for the year		**74 537**	**250 157**

The accompanying notes to the financial statements are an integral part of these financial statements.

Operations of the United Nations as reported in volume I

III. Statement of changes in net assets for the year ended 31 December 2020

(Thousands of United States dollars)

	Reference	*Accumulated surplus*	*Reserves*	*Total net assets*
Net assets as at 1 January 2019		**3 169 225**	**44 670**	**3 213 895**
Changes in net assets				
Actuarial losses on employee benefits liabilities	Note 26	(1 026 610)	–	(1 026 610)
Share of changes recognized by joint arrangements directly in net assets	Note 25	(19 163)	–	(19 163)
Transfers (from)/to reserves		(10 780)	10 780	–
Other adjustments[a]	Note 12	9 925	–	9 925
Surplus for the year		250 157	–	250 157
Total changes in net assets		**(796 471)**	**10 780**	**(785 691)**
Net assets as at 31 December 2019	**Note 26**	**2 372 754**	**55 450**	**2 428 204**
Changes in net assets				
Actuarial losses on employee benefits liabilities	Note 26	(321 694)	–	(321 694)
Share of changes recognized by joint arrangements directly in net assets	Note 25	(9 289)	–	(9 289)
Transfers (from)/to reserves		(26 910)	26 910	–
Surplus for the year		74 537	–	74 537
Total changes in net assets		**(283 356)**	**26 910**	**(256 446)**
Net assets as at 31 December 2020	**Note 26**	**2 089 398**	**82 360**	**2 171 758**

[a] Represents an adjustment to the value of opening balances for inventory.

The accompanying notes to the financial statements are an integral part of these financial statements.

Operations of the United Nations as reported in volume I

IV. Statement of cash flows for the year ended 31 December 2020

(Thousands of United States dollars)

	Reference	*2020*	*2019*
Cash flows from operating activities			
Surplus for the year		**74 537**	**250 157**
Non-cash movements			
Depreciation and amortization	Notes 15, 16	175 995	181 318
Impairment of property, plant and equipment and intangibles	Note 15	3 074	56
Actuarial gain/(loss) on employee benefits liabilities		(321 694)	(1 026 610)
Adjustments to net assets		–	9 925
Share of changes in net assets recognized by joint arrangements	Note 25	(9 289)	(19 163)
Net loss on disposal of property, plant and equipment and inventory		2 098	3 874
Transfers, donations of assets and other additions	Notes 15, 16	(7 833)	(6 918)
Changes in assets			
(Increase)/decrease in assessed contributions receivable	Note 9	(6 893)	(62 888)
(Increase)/decrease in voluntary contributions receivable	Note 10	(73 530)	81 973
(Increase)/decrease in other receivables	Note 11	(22 003)	(13 916)
(Increase)/decrease in inventories	Note 12	2 281	(2 433)
(Increase)/decrease in other assets	Note 13	12 705	38 248
(Increase)/decrease in share of joint arrangements assets accounted for using the equity method	Note 25	(443)	17 298
Changes in liabilities			
Increase/(decrease) in share of joint arrangements liabilities accounted for using the equity method	Note 25	25 311	4 894
Increase/(decrease) in accounts payable and accrued liabilities	Note 17	33 163	104 164
Increase/(decrease) in transfers payable		254	(2 166)
Increase/(decrease) in advance receipts and deferred revenue	Note 18	25 272	(29 866)
Increase/(decrease) in employee benefits liabilities	Note 19	549 111	1 218 285
Increase/(decrease) in provisions	Note 20	74 439	(32 392)
Increase/(decrease) in Tax Equalization Fund liability	Note 21	17 645	31 722
Increase/(decrease) in liabilities for conditional arrangements	Note 22	6 691	–
Increase/(decrease) in other liabilities	Note 23	12 079	(7 140)
Investment revenue presented as investing activities	Note 31	(84 081)	(114 373)
Net cash flows from operating activities		**488 889**	**624 049**

Operations of the United Nations as reported in volume I

IV. Statement of cash flows for the year ended 31 December 2020 (continued)

(Thousands of United States dollars)

	Reference	*2020*	*2019*
Cash flows from investing activities			
Pro rata share of net decrease/(increase) in cash pool	Note 31	(1 045 328)	135 518
Investment revenue presented as investing activities	Note 31	84 081	114 373
Acquisitions of property, plant and equipment	Note 15	(134 583)	(129 442)
Proceeds from disposal of plant and equipment		218	580
Acquisitions of intangibles	Note 16	(27 495)	(31 326)
Net cash flows from/(used in) investing activities		**(1 123 107)**	**89 703**
Cash flows from financing activities			
Proceeds from borrowings	Note 23	67 638	31 003
Net cash flows from financing activities		**67 638**	**31 003**
Net increase/(decrease) in cash and cash equivalents		(566 580)	744 755
Cash and cash equivalents – beginning of year		1 110 997	366 242
Cash and cash equivalents – end of year	**Note 7**	**544 417**	**1 110 997**

The accompanying notes to the financial statements are an integral part of these financial statements.

Operations of the United Nations as reported in volume I

V. Statement of comparison of budget and actual amounts for the year ended 31 December 2020

(Thousands of United States dollars)

	Publicly available budget[a]		*Actual amount (budget basis)*	*Difference – original and final budget (percentage)*	*Difference – final budget and actual (percentage)*
	Original	*Final*			
Income					
Assessed contributions (net of staff assessment)	2 778 241	2 778 241	2 805 462	–	1.0
Staff assessment	273 171	273 171	263 693	–	(3.5)
General income	21 744	21 744	26 620	–	22.4
Services to the public	675	675	(8 116)	–	(1 302.4)
Total income	**3 073 831**	**3 073 831**	**3 087 659**	**–**	**0.4**
Expenditure					
Regular budget by part					
Overall policymaking, direction and coordination	403 729	403 729	393 427	–	(2.6)
Political affairs	842 993	836 673	827 129	(0.7)	(1.1)
International justice and law	86 599	86 599	84 032	–	(3.0)
International cooperation for development	251 357	251 357	247 070	–	(1.7)
Regional cooperation for development	300 392	300 392	295 148	–	(1.7)
Human rights and humanitarian affairs	212 708	212 708	201 032	–	(5.5)
Global communications	94 693	94 693	92 798	–	(2.0)
Common support services	301 781	301 781	299 388	–	(0.8)
Internal oversight	20 510	20 510	18 867	–	(8.0)
Jointly financed administrative activities and special expenses	82 409	87 081	87 081	5.7	0.0
Capital expenditure	71 046	72 694	72 694	2.3	0.0
Security and safety	124 182	124 182	121 248	–	(2.4)
Development Account	14 199	14 199	14 199	–	0.0
Staff assessment	267 233	267 233	261 827	–	(2.0)
Total expenditure	**3 073 831**	**3 073 831**	**3 015 940**	**–**	**(1.9)**
Net total	**–**	**–**	**71 719**	**–**	**–**

[a] Refers to the United Nations regular budget for 2020. See note 6.

The accompanying notes to the financial statements are an integral part of these financial statements.

Operations of the United Nations as reported in volume I
Notes to the financial statements

Note 1
Reporting entity

The United Nations and its activities

1. The United Nations is an international organization founded in 1945 after the Second World War. The Charter of the United Nations, which was signed on 26 June 1945 and became effective on 24 October 1945, sets out the primary objectives of the United Nations as follows:

(a) The maintenance of international peace and security;

(b) The promotion of international economic and social progress and development programmes;

(c) The universal observance of human rights;

(d) The administration of international justice and law.

2. These objectives are implemented through the principal organs of the United Nations, as follows:

(a) The General Assembly focuses on a wide range of political, economic and social issues, as well as financial and administrative aspects of the Organization;

(b) The Security Council is responsible for various aspects of peacekeeping and peacebuilding, including efforts to resolve conflicts, restore democracy, promote disarmament, provide electoral assistance, facilitate post-conflict peacebuilding, engage in humanitarian activities to ensure the survival of groups deprived of basic needs, and oversee the prosecution of persons responsible for serious violations of international humanitarian law;

(c) The Economic and Social Council plays a particular role in economic and social development, including a major oversight role in the efforts of other organizations of the United Nations system to address international economic, social and health problems;

(d) The International Court of Justice has jurisdiction over disputes between Member States brought before it for advisory opinions or binding resolutions.

3. The United Nations has its headquarters in New York. It has major offices in Geneva, Vienna and Nairobi, and peacekeeping and political missions, economic commissions, tribunals, training institutes and other centres around the world.

Operations of the United Nations as reported in volume I

4. The present financial statements relate to the operations of the United Nations as reported in volume I, a separate financial reporting entity of the United Nations for the purposes of International Public Sector Accounting Standards (IPSAS)-compliant reporting. The operations of the United Nations, as reported in volume I, comprise the core operations of the Secretariat and are under the direction of the General Assembly in its role as lead organ for the financial and administrative aspects of the United Nations. The core operations of the Secretariat are funded by the regular budget, which has a unique scale of assessments and budgetary process, by trust funds established by the Assembly or the Secretary-General, which supplement the activities of the regular budget, or by special accounts or funds established to facilitate mandate implementation by the Secretary-General in his role as Chief Administrative Officer of the United Nations.

5. The reporting entity – the operations of the United Nations as reported in volume I – is regarded as an autonomous reporting entity that, owing to the uniqueness of the governance and budgetary process of each of the reporting entities of the United Nations, neither controls nor is controlled by any other United Nations financial reporting entity. Therefore, consolidation is not applicable to the operations of the United Nations and its financial statements include only its activities as reported in volume I.

6. However, given the existence of a joint venture between the United Nations and the World Trade Organization for ITC, and the significant influence of the United Nations over the operations of ITC, the United Nations has accounted for its investment in ITC using the equity method of accounting. The Organization participates in a number of jointly financed administrative activities with other United Nations system organizations. The Organization's share of those activities is also included in the financial statements using the equity method.

7. The United Nations regular budget includes an assessed portion of the budget of other United Nations reporting entities, comprising UNEP, UNODC, UN-Habitat, the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), the Office of the United Nations High Commissioner for Refugees (UNHCR) and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women). Those amounts are accounted for as grants in volume I.

8. The financial statements comprise activities managed through various funds, as follows:

(a) **General Fund and related funds**. The General Fund relates to regular budget activities and related funds consist of the Special Account and the Working Capital Fund;

(b) **Trust funds**. Trust funds are established to record the receipt of voluntary contributions to support various activities, including emergency assistance, political, economic and social development and humanitarian and human rights activities and those that relate to security issues, international justice and law, global communications and support services;

(c) **Capital funds**. Capital funds include capital assets and construction-in-progress funds at various locations worldwide. Major projects under these funds are the refurbishment and renovation of the Palais des Nations under the strategic heritage plan of the United Nations Office at Geneva; the renovation of Africa Hall at the Economic Commission for Africa (ECA) in Addis Ababa and the seismic retrofitting of the secretariat building at the Economic and Social Commission for Asia and the Pacific (ESCAP) in Bangkok;

(d) **Tax Equalization Fund**. The Tax Equalization Fund was established to equalize the net pay of all staff members, whatever their national tax obligations;

(e) **End-of-service and post-retirement benefits**. Such funds were established to account for end-of-service liabilities in respect of benefits payable to staff separating from service and comprise after-service health insurance, repatriation benefits and unused annual leave;

(f) **Other funds**. These comprise self-insurance funds; special accounts for administrative cost recoveries; common support services; conferences and conventions; special multi-year funds accounting for supplementary development activities; and other funds.

Note 2
Basis of preparation and authorization for issue

Basis of preparation

9. In accordance with the Financial Regulations and Rules of the United Nations, these financial statements have been prepared on an accrual basis in accordance with IPSAS. They have been prepared on a going-concern basis and the accounting policies have been applied consistently in their preparation and presentation. In accordance with the requirements of IPSAS, the financial statements, which present fairly the assets, liabilities, revenue and expenses of the Organization, consist of the following:

(a) Statement of financial position (statement I);

(b) Statement of financial performance (statement II);

(c) Statement of changes in net assets (statement III);

(d) Statement of cash flows (using the indirect method) (statement IV);

(e) Statement of comparison of budget and actual amounts (statement V);

(f) Notes to the financial statements comprising a summary of significant accounting policies and other explanatory notes;

(g) Comparative information in respect of all amounts presented in the financial statements indicated in (a) to (d) above and, where relevant, comparative information for narrative and descriptive information presented in the notes to these financial statements.

Going concern

10. The going-concern assertion is based on the approval by the General Assembly of the regular budget appropriations for 2021 in resolution 75/254 A–C, the positive historical trend of collection of assessed and voluntary contributions over the past years and the fact that the Assembly has taken no decision to cease the operations of the United Nations.

Authorization for issue

11. These financial statements are certified by the Controller and approved by the Secretary-General. In accordance with financial regulation 6.2, the Secretary-General transmitted the financial statements as at 31 December 2020 to the Board of Auditors by 31 March 2021. In accordance with financial regulation 7.12, the reports of the Board of Auditors are to be transmitted to the General Assembly through the Advisory Committee on Administrative and Budgetary Questions, together with the audited financial statements.

Measurement basis

12. These financial statements are prepared using the historical-cost convention, except for financial assets recorded at fair value through surplus or deficit.

Functional and presentation currency

13. The functional currency and the presentation currency of the Organization is the United States dollar. The financial statements are expressed in thousands of United States dollars unless otherwise stated.

14. Transactions in currencies other than the functional currency (foreign currencies) are translated into United States dollars at the United Nations operational rate of

exchange at the date of the transaction. The United Nations operational rates of exchange approximate the spot rates prevailing at the dates of the transactions. At year end, monetary assets and liabilities denominated in foreign currencies are translated at the United Nations operational rates of exchange. Non-monetary foreign currency-denominated items that are measured at fair value are translated at the United Nations operational rate of exchange at the date on which the fair value was determined. Non-monetary items measured at historical cost in a foreign currency are not translated at year end.

15. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in the statement of financial performance on a net basis.

Materiality and use of judgment and estimation

16. Materiality is central to the preparation and presentation of the Organization's financial statements and its materiality framework provides a systematic method in guiding accounting decisions relating to presentation, disclosure, aggregation, offsetting and retrospective versus prospective application of changes in accounting policies. In general, an item is considered material if its omission or its aggregation would have an impact on the conclusions or decisions of the users of the financial statements.

17. Preparing financial statements in accordance with IPSAS requires use of estimates, judgments and assumptions in the selection and application of accounting policies and in the reported amounts of certain assets, liabilities, revenues and expenses.

18. Accounting estimates and underlying assumptions are reviewed on an ongoing basis and revisions to estimates are recognized in the year in which the estimates are revised and in any future year affected. Significant estimates and assumptions that may result in material adjustments in future years include: actuarial measurement of employee benefits; selection of useful lives and the depreciation/amortization methods for property, plant and equipment/intangible assets; impairment of assets; classification of financial instruments; valuation of inventory; inflation and discount rates used in the calculation of the present value of provisions; and classification of contingent assets/liabilities.

Future accounting pronouncements

19. The progress and impact of the following significant future IPSAS Board accounting pronouncements on the Organization's financial statements continue to be monitored:

(a) Heritage assets: the objective of the project is to develop accounting requirements for heritage assets;

(b) Non-exchange expenses: the aim of the project is to develop a standard or standards that provide recognition and measurement requirements applicable to providers of non-exchange transactions, except for social benefits. The IPSAS Board is expected to issue the standard by the end of 2021. It is possible that this new standard on transfer expenses would result in a prospective change in accounting policy for the recognition of some categories of non-exchange expenses of the United Nations, including transfers to implementing partners;

(c) Revenue: the scope of the project is to develop new standard-level requirements and guidance on revenue to amend or supersede that currently located in IPSAS 9: Revenue from exchange transactions, IPSAS 11: Construction contracts, and IPSAS 23: Revenue from non-exchange transactions (taxes and transfers). The IPSAS Board is expected to issue the standard by the end of 2021;

(d) Leases: the objective of the project is to develop revised requirements for lease accounting covering both lessees and lessors in order to maintain alignment with the underlying International Financial Reporting Standard. The project will result in a new IPSAS that will replace IPSAS 13: Leases. The development of a new IPSAS is continuing, with the date of its issuance yet to be determined by the IPSAS Board;

(e) Public sector measurement: the objectives of the project include (i) issuing amended IPSAS standards with revised requirements for measurement at initial recognition, subsequent measurement and measurement-related disclosure; (ii) providing more detailed guidance on the implementation of replacement cost and cost of fulfilment and the circumstances under which these measurement bases will be used; and (iii) addressing transaction costs, including the specific issue of the capitalizing or expensing of borrowing costs;

(f) Infrastructure assets: the objective of the project is to research and identify issues preparers have when applying IPSAS 17: Property, plant and equipment to infrastructure assets. Informed by this research, the aim is to provide additional guidance on accounting for infrastructure assets.

Recent and future requirements of the International Public Sector Accounting Standards

20. The IPSAS Board issued the following standards: IPSAS 41: Financial instruments, issued in August 2018 and effective 1 January 2023; and IPSAS 42: Social benefits, issued in January 2019 and effective 1 January 2023. The impact of these standards on the Organization's financial statements and the comparative period therein has been evaluated to be as follows:

Standard	*Anticipated impact in the year of adoption*
IPSAS 41	IPSAS 41: Financial instruments, substantially improves the relevance of information for financial assets and financial liabilities. It will replace IPSAS 29: Financial instruments: recognition and measurement, and improves that Standard's requirements by introducing: (a) Simplified classification and measurement requirements for financial assets; (b) A forward-looking impairment model; (c) A flexible hedge accounting model. The effective date of IPSAS 41: Financial instruments, was deferred to 1 January 2023 due to the COVID-19 pandemic and the challenges it has created. The impact of IPSAS 41 on the financial statements will be assessed prior to that date, and the Organization will be ready for its implementation by the time it becomes effective.
IPSAS 42	IPSAS 42: Social benefits, provides guidance on accounting for social benefits expenditure. It defines social benefits as cash transfers paid to specific individuals and/or households to mitigate the effect of social risk. Specific examples include State retirement benefits, disability benefits, income support and unemployment benefits. The new standard requires an entity to recognize an expense and a liability for the next social benefit payment. The effective date of IPSAS 42: Social benefits, was deferred to 1 January 2023 due to the COVID-19 pandemic and the challenges it has created. Currently, there are no such social benefits applicable to the Organization.

Note 3
Significant accounting policies

Financial assets classification

21. The classification of financial assets depends primarily on the purpose for which the financial assets are acquired. The Organization classifies its financial assets in one of the categories shown below at initial recognition and re-evaluates the classification at each reporting date.

Classification	*Financial assets*
Fair value through surplus or deficit	Investments in cash pools and the United Nations Staff Mutual Insurance Society against Sickness and Accidents
Loans and receivables	Cash and cash equivalents and receivables

22. All financial assets are initially measured at fair value. The Organization initially recognizes financial assets classified as loans and receivables on the date on which they originated. All other financial assets are recognized initially on the trade date, which is the date on which the Organization becomes party to the contractual provisions of the instrument.

23. Financial assets with maturities in excess of 12 months at the reporting date are categorized as non-current assets in the financial statements. Assets denominated in foreign currencies are translated into United States dollars at the United Nations operational rates of exchange prevailing at the reporting date, with net gains or losses recognized in surplus or deficit in the statement of financial performance.

24. Financial assets at fair value through surplus or deficit are those that have been designated in this category at initial recognition, are held for trading or are acquired principally for the purpose of selling in the short term. These assets are measured at fair value at each reporting date, and any gains or losses arising from changes in the fair value are presented in the statement of financial performance in the year in which they arise.

25. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value, plus transaction costs, and are subsequently reported at amortized cost calculated using the effective interest method. Interest revenue is recognized on a time proportion basis using the effective interest rate method on the respective financial asset.

26. Financial assets are assessed at each reporting date to determine whether there is objective evidence of impairment. Evidence of impairment includes default or delinquency of the counterparty or permanent reduction in the value of the asset. Impairment losses are recognized in the statement of financial performance in the year in which they arise.

27. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Organization has transferred substantially all risks and rewards of the financial asset. Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Investment in cash pools

28. The United Nations Treasury invests funds pooled from Secretariat entities and other participating entities. These pooled funds are combined in two internally managed cash pools. Participation in a cash pool implies sharing the risk and returns on investments with the other participants. Given that the funds are commingled and invested on a pool basis, each participant is exposed to the overall risk of the investment portfolio to the extent of the amount of cash invested.

29. The Organization's investments in the cash pools are included as part of cash and cash equivalents, short-term investments and long-term investments in the statement of financial position depending on the maturity period of the investment.

Cash and cash equivalents

30. Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments with a maturity of three months or less from the date of acquisition.

Receivables from non-exchange transactions: contributions receivable

31. Contributions receivable represent uncollected revenue from assessed and voluntary contributions committed to the Organization by Member States, non-member States and other donors on the basis of enforceable agreements. These non-exchange receivables are stated at nominal value, except for voluntary contributions receivable that will mature in more than 12 months, less impairment for estimated irrecoverable amounts, i.e. the allowance for doubtful receivables. If deemed material, these long-term voluntary contribution receivables are reported at a discounted value calculated using the effective interest method. Voluntary contribution receivables, trade receivables and other receivables are subject to general allowance provisions in addition to provisioning based on specific identification and review of accounts receivable. The general allowance provisions are 25 per cent for receivables outstanding longer than 12 months, 60 per cent for receivables outstanding longer than 24 months and 100 per cent for receivables outstanding longer than 36 months. For assessed contributions receivable, the allowance for doubtful receivables is calculated as follows:

(a) Receivables from Member States that are subject to Article 19 of the Charter of the United Nations on voting rights restrictions in the General Assembly because of arrears equalling or exceeding the amount of the contributions due from them for the preceding two full years and that are past due in excess of two years: 100 per cent allowance;

(b) Receivables that are past due in excess of two years for which the General Assembly has granted special treatment as regards payment (unpaid assessed contributions by China that were transferred to a special account pursuant to General Assembly resolution 36/116 A, and unpaid assessed contributions of the former Yugoslavia): 100 per cent allowance;

(c) Receivables that are past due in excess of two years for which Member States have specifically contested the balance: 100 per cent allowance. Any contested amount outstanding for less than two years will be disclosed in the notes to the financial statements;

(d) For receivables with approved payment plans, no allowance for doubtful debt will be established, but disclosures will be made in the notes to the financial statements.

Receivables from exchange transactions: other receivables

32. Other receivables include primarily amounts receivable for goods or services provided to other entities, amounts receivable for leased-out assets and receivables from staff. Receivables from other United Nations reporting entities are also included in this category. Material balances of other receivables are subject to specific review and an allowance for doubtful receivables is assessed on the basis of recoverability and ageing following the general allowance provisions applied to voluntary contributions receivable.

Other assets

33. Other assets include education grant advances and prepayments that are recorded as an asset until goods are delivered or services are rendered by the other party, at which point the expense is recognized.

Inventories

34. Inventory balances are recognized as current assets and include the categories set out below.

Categories	*Subcategories*
Held for sale or external distribution	Books and publications, stamps
Raw materials and work in progress associated with items held for sale or external distribution	Construction materials/supplies, work in progress
Strategic reserves	Fuel reserves, bottled water and rations reserves
Consumables and supplies	Material holdings of consumables and supplies, including spare parts and medicines

35. The cost of inventory in stock is determined using the average price cost basis. The cost of inventories includes the cost of purchase, plus other costs incurred in bringing the items to the destination and condition for use. Standard rates ranging from 3 per cent to 21 per cent of the cost of purchase, depending on the location of each office and mission, are used in place of actual associated costs. Inventory acquired through non-exchange transactions, i.e. donated goods, is measured at fair value at the date of acquisition. Inventories held for sale are valued at the lower of cost and net realizable value. Inventories held for distribution at no or nominal charge or for consumption in the production of goods or services are valued at the lower of cost and current replacement cost.

36. The carrying amount of inventories is expensed when inventories are sold, exchanged, distributed externally or consumed by the Organization. Net realizable value is the net amount that is expected to be realized from the sale of inventories in the ordinary course of operations. Current replacement cost is the estimated cost that would be incurred to acquire the asset.

37. Holdings of consumables and supplies for internal consumption are capitalized in the statement of financial position only when material. Such inventories are valued by the moving average methods based on records available in Umoja. Valuations are subject to impairment review, which takes into consideration the variances between

moving average price valuation and current replacement cost, as well as slow-moving and obsolete items.

38. Inventories are subject to physical verification based on value and risk as assessed by management. Valuations are net of write-downs from cost to current replacement cost/net realizable value, which are recognized in the statement of financial performance.

Heritage assets

39. Heritage assets are not recognized in the financial statements, but significant heritage assets transactions are disclosed in the notes thereto.

Property, plant and equipment

40. Property, plant and equipment are classified into different groups, based on their nature, functions, useful lives and valuation methodologies, such as vehicles; communications and information technology equipment; machinery and equipment; furniture and fixtures; and real estate assets (land, buildings, leasehold improvements, infrastructure and assets under construction). Recognition of property, plant and equipment is as follows:

(a) Property, plant and equipment are capitalized when their cost per unit is greater than or equal to the threshold of $20,000, or $100,000 for leasehold improvements and self-constructed assets. A lower threshold of $5,000 applies to five commodity groups: vehicles; prefabricated buildings; satellite communication systems; generators; and network equipment;

(b) All property, plant and equipment, other than real estate assets, are stated at historical cost, less accumulated depreciation and accumulated impairment losses. Historical cost comprises the purchase price, any costs directly attributable to bringing the asset to its location and condition and the initial estimate of dismantling and site restoration costs. Standard rates ranging from 2 per cent to 22 per cent of the cost of purchase, depending on the location of each office and mission, are used in place of actual associated costs;

(c) Owing to the absence of historical cost information, buildings and infrastructure real estate assets were initially recognized at fair value using a depreciated replacement cost methodology for initial IPSAS implementation. The method involves calculating the cost per unit of measurement, for example cost per square metre, by collecting construction cost data, utilizing in-house cost data (where available) or using external cost estimators for each catalogue of real estate assets and multiplying that unit cost by the external area of the asset to obtain the gross replacement cost. Depreciation allowance deductions from the gross replacement cost to account for physical, functional and economic use of the assets have been made to determine the depreciated replacement cost of the assets. With the exception of real estate assets located in the special political missions, any subsequent real estate additions are recognized at historical cost. Effective January 2018, new constructions in the special political missions were recognized at historical cost;

(d) With regard to property, plant and equipment acquired at nil or nominal cost, including donated assets, the fair value at the date of acquisition is deemed to be the cost to acquire equivalent assets.

41. Property, plant and equipment are depreciated over their estimated useful lives using the straight-line method up to their residual value, except for land and assets under construction, which are not subject to depreciation. Given that not all components of a building have the same useful lives or the same maintenance,

upgrade or replacement schedules, significant components of owned buildings are depreciated using the component approach. Depreciation begins in the month in which the Organization gains control over an asset in accordance with international commercial terms and no depreciation is charged in the month of retirement or disposal. Given the expected pattern of usage of property, plant and equipment, the residual value is nil unless residual value is likely to be significant. The estimated useful lives of property, plant and equipment classes are set out below.

Class	*Subclass*	*Estimated useful life*
Communications and information technology equipment	Information technology equipment	4 years
	Communications and audiovisual equipment	7 years
Vehicles	Light-wheeled vehicles	6 years
	Heavy-wheeled and engineering support vehicles	12 years
	Specialized vehicles, trailers and attachments	6 to 12 years
	Marine vessels	10 years
Machinery and equipment	Light engineering and construction equipment	5 years
	Medical equipment	5 years
	Security and safety equipment	5 years
	Mine detection and clearing equipment	5 years
	Accommodation and refrigeration equipment	6 years
	Water treatment and fuel distribution equipment	7 years
	Transportation equipment	7 years
	Heavy engineering and construction equipment	12 years
	Printing and publishing equipment	20 years
Furniture and fixtures	Library reference material	3 years
	Office equipment	4 years
	Fixtures and fittings	7 years
	Furniture	10 years
Buildings	Temporary and mobile buildings	7 years
	Fixed buildings, depending on the type	25, 40 or 50 years
	Major exterior, roofing, interior and services/utilities components, where component approach is utilized	20 to 50 years
	Finance lease or donated right-to-use buildings	Shorter of term of arrangement or life of building
Infrastructure assets	Telecommunications, energy, protection, transport, waste and water management, recreation, landscaping	Up to 50 years

Class	*Subclass*	*Estimated useful life*
Leasehold improvements	Fixtures, fittings and minor construction work	Shorter of lease term or 5 years

42. In exceptional cases, the recorded useful lives for some assets converted for IPSAS reporting may be different from the useful lives prescribed at the asset subclass level as set out above (although it would remain within the range at the asset class level), because when preparing the 2014 IPSAS opening balance a thorough review of the remaining economic useful lives for these assets was made and the result had been entered in the master record of the asset. Although the total useful life entered in the asset master record looks beyond standard useful life, the remaining useful life when calculated from the date of capitalization remains within the asset class prescribed range. The useful lives applied for the Vienna International Centre buildings are based on the valuation report, which was agreed upon by the Vienna-based organizations with some components' lives extending up to 100 years.

43. Where there is a material cost value of fully depreciated assets that are still in use, adjustments to accumulated depreciation are incorporated into the financial statements to reflect a residual value of 10 per cent of historical cost based on an analysis of the classes and useful lives of the fully depreciated assets.

44. The Organization chose the cost model for measurement of property, plant and equipment after initial recognition instead of the revaluation model. Costs incurred subsequent to initial acquisition are capitalized only when it is probable that future economic benefits or service potential associated with the item will flow to the Organization and the subsequent cost exceeds the threshold for initial recognition. Repairs and maintenance are expensed in the statement of financial performance in the year in which they are incurred.

45. A gain or loss resulting from the disposal or transfer of property, plant or equipment arises when proceeds from disposal or transfer differ from its carrying amount. Those gains or losses are recognized in the statement of financial performance as part of other revenue or other expenses.

46. Impairment assessments are conducted during annual physical verification procedures and when events or changes in circumstance indicate that carrying amounts may not be recoverable. Land, buildings and infrastructure assets with a year-end, net-book-value greater than $500,000 per unit are reviewed for impairment at each reporting date. The equivalent threshold for other property, plant and equipment items (excluding assets under construction and leasehold improvements) is $25,000.

Intangible assets

47. Intangible assets are carried at cost, less accumulated amortization and accumulated impairment loss. For intangible assets acquired at nil or nominal cost, including donated assets, the fair value at the date of acquisition is deemed to be the cost of the asset. The thresholds for recognition are $100,000 per unit for internally generated intangible assets and $20,000 per unit for externally acquired intangible assets.

48. Acquired computer software licences are capitalized on the basis of the costs incurred to acquire and bring into use the specific software. Development costs that are directly associated with the development of software for use by the Organization are capitalized as an intangible asset. Directly associated costs include software development employee costs, consultant costs and other applicable overhead costs.

Intangible assets with finite useful lives are amortized on a straight-line method, starting from the month of acquisition or when they become operational. The useful lives of major classes of intangible assets have been estimated as shown below.

Class	*Range of estimated useful life*
Licences and rights	2–6 years (period of licence/right)
Software acquired externally	3–10 years
Software developed internally	3–10 years
Copyrights	3–10 years
Assets under development	Not amortized

49. Annual impairment reviews of intangible assets are conducted where assets are under development or have an indefinite useful life. Other intangible assets are subject to impairment review only when indicators of impairment are identified.

Financial liabilities: classification

50. Financial liabilities are classified as "other financial liabilities". They include accounts payable, transfers payable, unspent funds held for future refunds and other liabilities such as balances payable to other United Nations system reporting entities. Financial liabilities classified as other financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Financial liabilities with a duration of less than 12 months are recognized at their nominal value. The Organization re-evaluates the classification of financial liabilities at each reporting date and derecognizes financial liabilities when its contractual obligations are discharged, waived, cancelled or expired.

Financial liabilities: accounts payable and accrued liabilities

51. Accounts payable and accrued liabilities arise from the purchase of goods and services that have been received but not paid for at the reporting date. Payables are measured at their nominal value if classified as current liabilities, or at the fair value if classified as non-current liabilities.

Advance receipts and deferred revenue

52. Advance receipts and deferred revenue consist of contributions or payments received in advance and other deferred revenue.

Liabilities for conditional arrangements

53. Liabilities for conditional arrangements are liabilities arising from funding arrangements with stipulations imposed by donors on the use of the contributions that are classified as conditions.

Leases

The Organization as "lessee"

54. Leases of property, plant and equipment where the Organization has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the start of the lease at the lower of fair value or the present value of the minimum lease payments. The rental obligation, net of finance

charges, is reported as a liability in the statement of financial position. Assets acquired under finance leases are depreciated in accordance with property, plant and equipment policies. The interest element of the lease payment is charged to the statement of financial performance as an expense over the lease term on the basis of the effective interest rate method.

55. Leases where all of the risks and rewards of ownership are not substantially transferred to the Organization are classified as operating leases. Payments made under operating leases are charged to the statement of financial performance as an expense on a straight-line basis over the term of the lease.

The Organization as "lessor"

56. The Organization often leases out assets under operating leases. Leased-out assets are reported under property, plant and equipment, and lease revenue is recognized in the statement of financial performance over the term of the lease on a straight-line basis.

Donated right to use

57. Land, buildings, infrastructure assets, machinery and equipment are frequently granted to the Organization, primarily by host Governments at nil or nominal cost, through donated right-to-use arrangements. These arrangements are accounted for as operating leases or finance leases depending on whether an assessment of the agreement indicates that control over the underlying assets is transferred to the Organization.

58. Where a donated right-to-use arrangement is treated as an operating lease, an expense and corresponding revenue equal to the annual rental value of the asset or similar property are recognized in the financial statements. Where a donated right-to-use arrangement is treated as a finance lease (principally with a lease term of over 35 years for premises), the fair market value of the property is capitalized and depreciated over the shorter of the useful life of the property or the term of the arrangement. In addition, a liability for the same amount is recognized, which is progressively recognized as revenue over the lease term. Donated right-to-use land arrangements are accounted for as operating leases where the Organization does not have exclusive control over the land and/or title to the land is transferred under restricted deeds.

59. Where title to land is transferred to the Organization without restrictions, the land is accounted for as donated property, plant and equipment and recognized at fair value at the acquisition date.

60. The threshold for the recognition of revenue and expense is a yearly rental value equivalent of $20,000 per unit for donated right-to-use premises and $5,000 per unit for machinery and equipment.

Employee benefits

61. Employees comprise staff members, as described under Article 97 of the Charter of the United Nations, whose employment and contractual relationship with the Organization are defined by a letter of appointment subject to regulations promulgated by the General Assembly pursuant to Article 101, paragraph 1, of the Charter. Employee benefits are classified into short-term benefits, long-term benefits, post-employment benefits and termination benefits.

Short-term employee benefits

62. Short-term employee benefits are employee benefits (other than termination benefits) that are payable within 12 months after the end of the year in which the employee renders the related services. Short-term employee benefits comprise first-time employee benefits (assignment grants), regular daily/weekly/monthly benefits (wages, salaries and allowances), compensated absences (paid sick leave and maternity/paternity leave) and other short-term benefits (death grant, education grant, reimbursement of taxes and home leave travel) provided to current employees on the basis of services rendered. All such benefits that are accrued but not paid at the reporting date are recognized as current liabilities within the statement of financial position.

Post-employment benefits

63. Post-employment benefits comprise after-service health insurance, end-of-service repatriation benefits and a pension through the United Nations Joint Staff Pension Fund.

Defined-benefit plans

64. The following benefits are accounted for as defined-benefit plans: after-service health insurance, repatriation benefits (post-employment benefits) and accumulated annual leave that is commuted to cash upon separation from the Organization (other long-term benefits). Defined-benefit plans are those where the Organization's obligation is to provide agreed benefits and therefore the Organization bears the actuarial risks. The liability for defined-benefit plans is measured at the present value of the defined-benefit obligation. Changes in the liability for defined-benefit plans, excluding actuarial gains and losses, are recognized in the statement of financial performance in the year in which they occur. The Organization has chosen to recognize changes in the liability for defined-benefit plans from actuarial gains and losses directly through the statement of changes in net assets. As at the end of the reporting year, the Organization held no plan assets as defined by IPSAS 39: Employee benefits.

65. The defined-benefit obligations are calculated by independent actuaries using the projected unit credit method. The present value of the defined-benefit obligation is determined by discounting the estimated future cash outflows using the interest rates of high-quality corporate bonds with maturity dates approximating those of the individual plans.

66. **After-service health insurance**. Worldwide coverage for medical expenses of eligible former staff members and their dependants is provided through after-service health insurance. Upon end of service, staff members and their dependants may elect to participate in a defined-benefit health insurance plan of the United Nations, provided that they have met certain eligibility requirements, including 10 years of participation in a United Nations health plan for those who were recruited after 1 July 2007 and 5 years for those recruited before that date. The after-service health insurance liability represents the present value of the share of the Organization's medical insurance costs for retirees and the post-retirement benefit accrued to date by active staff. A factor in the after-service health insurance valuation is to consider contributions from all plan participants in determining the Organization's residual liability. Contributions from retirees are deducted from the gross liability together with a portion of the contributions from active staff to arrive at the Organization's residual liability in accordance with cost-sharing ratios authorized by the General Assembly.

67. **Repatriation benefits**. Upon end of service, staff who meet certain eligibility requirements, including residency outside their country of nationality at the time of

separation, are entitled to a repatriation grant, which is based upon length of service, and travel and removal expenses. A liability is recognized from when the staff member joins the Organization and is measured as the present value of the estimated liability for settling these entitlements.

68. **Annual leave**. The liabilities for annual leave represent unused accumulated leave days that are projected to be settled via a monetary payment to employees upon their separation from the Organization. The United Nations recognizes as a liability the actuarial value of the total accumulated unused leave days of all staff members, up to a maximum of 60 days (18 days for temporary staff) as at the date of the statement of financial position. The methodology applies a last-in-first-out assumption in the determination of the annual leave liabilities, whereby staff members access current period leave entitlements before they access accumulated annual leave balances relating to prior periods. Effectively, the accumulated annual leave benefit is accessed more than 12 months after the end of the reporting period in which the benefit arose and, overall, there is an increase in the level of accumulated annual leave days, pointing to the commutation of accumulated annual leave to a cash settlement at end of service as the true liability of the Organization. The accumulated annual leave benefit reflecting the outflow of economic resources from the Organization at end of service is therefore classified under the category of other long-term benefits, while noting that the portion of the accumulated annual leave benefit that is expected to be settled via monetary payment within 12 months after the reporting date is classified as a current liability. In line with IPSAS 39: Employee benefits, other long-term benefits must be valued similarly to post-employment benefits; therefore, the United Nations values its accumulated annual leave benefit liability as a defined, post-employment benefit that is actuarially valued.

Pension plan: United Nations Joint Staff Pension Fund

69. The Organization is a member organization participating in the United Nations Joint Staff Pension Fund, which was established by the United Nations General Assembly to provide retirement, death, disability and related benefits to employees. The Pension Fund is a funded, multi-employer defined-benefit plan. As specified in article 3 (b) of the Regulations of the Fund, membership in the Fund shall be open to the specialized agencies and to any other international, intergovernmental organization which participates in the common system of salaries, allowances and other conditions of service of the United Nations and the specialized agencies.

70. The plan exposes participating organizations to actuarial risks associated with the current and former employees of other organizations participating in the Fund, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual organizations participating in the plan. The Fund and the Organization, in line with the other participating organizations in the Fund, are not in a position to identify the Organization's proportionate share of the defined-benefit obligation, the plan assets and the costs associated with the plan with sufficient reliability for accounting purposes. Hence, the Organization has treated this plan as if it were a defined contribution plan in line with the requirements of IPSAS 39: Employee benefits. The Organization's contributions to the Fund during the financial period are recognized as expenses in the statement of financial performance.

Termination benefits

71. Termination benefits are recognized as an expense only when the Organization is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate the employment of a staff member before the normal retirement date or provide termination benefits as a result of an offer made in order

to encourage voluntary redundancy. Termination benefits to be settled within 12 months are reported at the amount expected to be paid. Where termination benefits fall due more than 12 months after the reporting date, they are discounted if the impact of discounting is material.

Other long-term employee benefits

72. Other long-term employee benefit obligations are benefits, or portions of benefits, that are not due to be settled within 12 months after the end of the year in which employees provide the related service. Accumulated annual leave is an example of long-term employee benefits.

73. Appendix D to the Staff Rules of the United Nations governs compensation in the event of death, injury or illness attributable to the performance of official duties on behalf of the United Nations. These liabilities are valued by actuaries.

Provisions

74. Provisions are liabilities recognized for future expenditure of uncertain amount or timing. A provision is recognized if, as a result of a past event, the Organization has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount of the provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date. Where the effect of the time value of money is material, the provision is the present value of the amount required to settle the obligation.

75. Uncommitted balances of the appropriations at the end of the budget period and expired balances of appropriations retained from prior periods are to be reported as provisions for credits to Member States. These provisions will remain until the General Assembly decides the manner of their disposal.

Contingent liabilities

76. Any possible obligations that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Organization are disclosed as contingent liabilities. Contingent liabilities are also disclosed where present obligations that arise from past events cannot be recognized because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligations, or the amount of the obligations cannot be reliably measured.

77. Provisions and contingent liabilities are assessed continually to determine whether an outflow of resources embodying economic benefits or service potential has become more or less probable. If it becomes more probable that such an outflow will be required, a provision is recognized in the financial statements of the year in which the change of probability occurs. Similarly, where it becomes less probable that such an outflow will be required, a contingent liability is disclosed in the notes to the financial statements.

78. An indicative threshold of $10,000 applies in recognizing provisions and/or disclosing contingent liabilities in the notes to the financial statements.

Contingent assets

79. Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more

uncertain future events not wholly within the effective control of the Organization. Contingent assets are disclosed in the notes when it is more likely than not that economic benefits will flow to the Organization.

80. Voluntary pledges and other promised donations that are not supported by binding agreements which include offer and acceptance conditions, or that are supported by agreements that have not yet been formalized by acceptance, are considered contingent assets provided that the receipt is measurable and probable within the subsequent financial period.

Commitments

81. Commitments are future expenses to be incurred by the Organization with respect to open contracts which the Organization has minimal, if any, discretion to avoid in the ordinary course of operations. Commitments include capital commitments (the amount of contracts for capital expenses that are not paid or accrued by the reporting date), contracts for the supply of goods and services that are not delivered as at the end of the reporting period, non-cancellable minimum lease payments and other non-cancellable commitments.

Non-exchange revenue

Assessed contributions

82. Appropriations are financed by contributions from Member States that are assessed according to the scale of assessments determined by the General Assembly. These assessments are subject to adjustments in respect of, among other things, supplementary appropriations for which contributions have not previously been assessed, revenue attributable to Member States, contributions resulting from the assessment of new Member States, any uncommitted balance of the appropriations at the end of the budget period, expired balances of the appropriations retained from prior periods that are due to be surrendered to Member States and credits in the Tax Equalization Fund not required to meet charges for tax reimbursements. Appropriations for the regular budget are approved and assessed for a one-year budget period; the relevant portion of assessed contributions is recognized as revenue at the beginning of each year.

Voluntary contributions

83. Voluntary contributions and other transfers that are supported by legally enforceable agreements are recognized as revenue at the time when the agreement becomes binding, which is the point when the Organization is deemed to acquire control of the asset. However, when cash is received subject to specific conditions, recognition of revenue is deferred until those conditions have been satisfied. Revenue will be recognized up front for all conditional arrangements up to the threshold of $50,000.

84. The full amounts relating to unconditional multi-year voluntary contribution agreements, pledges and other promised donations are recognized as revenue when the arrangement becomes binding, except for the Junior Professional Officers programme and fundraising activities conducted by another party, such as contributions from the United Nations Foundation to the United Nations Fund for International Partnerships (UNFIP). In the case of the Junior Professional Officers programme, revenue is recognized in the period that the Junior Professional Officer provides service, and in the case of United Nations Foundation contributions to UNFIP, the revenue is recognized when a cash disbursement authorization is received. Unused funds returned to the donors are netted against voluntary contributions.

85. Revenue received under inter-organizational arrangements represents allocations of funding from agencies to enable the Organization to administer projects or other programmes on their behalf.

86. In-kind contributions of goods above the recognition threshold of $20,000 (per discrete contribution) are recognized as assets and revenue once it is probable that future economic benefits or service potential will flow to the Organization and the fair value of those assets can be measured reliably. For vehicles, prefabricated buildings, satellite communication systems, generators and network equipment, a lower threshold of $5,000 applies. Contributions in kind are initially measured at their fair value at the date of receipt determined by reference to observable market values or by independent appraisals. The Organization has elected not to recognize in-kind contributions of services, but to disclose in-kind contributions of service above the threshold of $20,000 per discrete contribution in the notes to the financial statements.

Exchange revenue

87. Exchange transactions are those in which the Organization sells goods or services in exchange for compensation. Revenue comprises the fair value of consideration received or receivable for the sale of goods and services. Revenue is recognized when it can be reliably measured, when the inflow of future economic benefits is probable and when specific criteria have been met, as follows:

(a) Revenue from sales of publications, books and stamps and from sales by the United Nations Gift Centre is recognized when the sale occurs and risks and rewards have been transferred;

(b) Revenue from commissions and fees for technical, procurement, training, administrative and other services rendered to Governments, United Nations entities and other partners is recognized when the service is performed;

(c) Exchange revenue also includes revenue from the rental of premises, the sale of used or surplus property, guided tours and net currency exchange gains.

88. An indirect cost recovery called a "programme support cost" is charged to trust funds as a percentage of direct costs including commitments and other "extrabudgetary" activities to ensure that the additional costs of supporting activities financed from extrabudgetary contributions are not borne by assessed funds and/or other core resources of the Secretariat. The programme support cost is eliminated for the purposes of financial statement preparation, as disclosed in note 5, Segment reporting. The funding for the programme support cost charge agreed upon with the donor is included as part of voluntary contributions.

Investment revenue

89. Investment revenue includes the Organization's share of net cash pool revenue and other interest revenue. The net cash pool revenue includes any gains and losses on the sale of investments, which are calculated as the difference between the sale proceeds and book value. Transaction costs that are directly attributable to the investment activities are netted against revenue and the net revenue is distributed proportionately to all cash pool participants on the basis of their average daily balances. The cash pool revenue also includes unrealized market gains and losses on securities, which are distributed proportionately to all participants on the basis of year-end balances.

Expenses

90. Expenses are decreases in economic benefits or service potential during the reporting year in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets and are recognized on an accrual basis when goods are delivered and services are rendered, regardless of the terms of payment.

91. Employee salaries include international, national and general temporary staff salaries, post adjustment and staff assessment. The allowances and benefits include other staff entitlements, such as pension and insurance subsidies and staff assignment, repatriation, hardship and other allowances. Non-employee compensation and allowances consist of living allowances and post-employment benefits for United Nations Volunteers, fees for consultants, contractors and ad hoc experts, allowances for International Court of Justice judges and compensation and allowances for non-military personnel.

92. Grants and other transfers include outright grants and transfers to implementing agencies, partners and other entities, as well as quick-impact projects. For outright grants, an expense is recognized at the point at which the Organization has a binding obligation to pay.

93. Supplies and consumables relate to the cost of inventory used and expenses for supplies and consumables.

94. Other operating expenses include acquisition of goods and intangible assets under capitalization thresholds, maintenance, utilities, contracted services, training, security services, shared services, rent, insurance, allowance for bad debt and foreign exchange losses. Other expenses relate to contributions in kind, hospitality and official functions, donations and transfers of assets.

95. Programmatic activities, distinct from commercial or other arrangements where the United Nations expects to receive equal value for funds transferred, are implemented by the United Nations or executing entities or implementing partners to service a target population that typically includes Governments, non-governmental organizations and United Nations agencies. Transfers to implementing partners are fully expensed when disbursed. Binding agreements to fund executing entities or implementing partners, other than outright grants, not paid out by the end of the reporting period are shown as commitments in the notes to the financial statements.

Joint arrangements

96. A joint arrangement is an arrangement by which two or more parties have joint control through a binding arrangement which gives those parties joint control of the arrangement. This is a contractual arrangement whereby the Organization and one or more parties undertake an economic activity that is subject to joint control and can be classified under IPSAS 37: Joint arrangements, as either of the following:

(a) A joint operation whereby the parties to the arrangement have rights to assets and obligations for liabilities. The Organization will account for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IPSAS standard applicable to the particular assets, liabilities, revenues and expenses;

(b) A joint venture whereby the parties to the arrangement have rights to the net assets and/or obligations for net liabilities. The Organization will account for its interest using the equity method. The equity method initially records the interest at cost and is adjusted thereafter for the post-acquisition changes in the Organization's share of net assets. The Organization's share of the surplus or deficit of the investee is recognized in the statement of financial performance. The interest is recorded as a non-current asset unless there is a net liability position, in which case it is recorded as a non-current liability.

Multi-partner trust funds

97. Multi-partner trust fund activities are pooled resources from multiple financial partners that are allocated to multiple implementing entities to support specific national, regional or global development priorities.

98. They are assessed to determine the existence of control and whether the Organization is considered to be the principal of the programme or activity. Where control exists and the Organization is exposed to the risks and rewards associated with the multi-partner trust fund activities, such programmes or activities are considered to be the Organization's operations and are therefore reported in full in the financial statements.

99. Where joint control exists but the Organization is not considered to be the principal, the activities are considered joint operations and accounted for as described above.

Note 4
Impact of the COVID-19 pandemic

100. The outbreak of COVID-19 in mid-March 2020 became a global challenge and affected the global economy in an unprecedented manner. However, the Organization quickly adjusted to these unprecedented circumstances with a coordinated response across offices worldwide designed to maintain effective implementation of programmatic activities while ensuring the protection of staff and other personnel. In some cases, the Organization had to shift focus from planned activities to concentrate efforts towards COVID-19 specific policies and processes. The following summarizes the impact of the COVID-19 pandemic on the 2020 financial statements of volume I.

101. The effects of the COVID-19 pandemic manifested themselves in a variety of ways in the activities of the Organization during 2020. While the impact on the way the Organization conducted its business was profound, the direct and measurable impact on the financial performance for 2020 and the financial position at the end of the year was limited. Furthermore, there can be no objective, exact or systematic determination of the impact of the COVID-19 pandemic on these financial statements, as accounting and reporting systems are not intended or designed to report costs, revenues and balances based on a specific underlying cause, such as a pandemic. Despite these limitations, certain broad trends were reflected in the financial statements.

102. There was no impairment of investment assets during the period. The United States dollar investment portfolio exposure is to highly rated sovereigns, supranationals, agencies, banks and corporations in line with the principal investment objective of preservation of capital. There was an overall decline in the investment income rate of return as new and maturing funds were invested or reinvested in the lower interest rate environment (1.11 per cent in 2020, compared with 2.33 per cent in 2019). As expected, credit rating agencies put a number of banks on negative outlook watch and downgraded some due to the more difficult operating and economic conditions, the low interest rate environment and concerns regarding deteriorating loan asset quality. The Organization continued to actively monitor all ratings for the investment holdings and investment counterparties.

103. Funding earmarked by donors for COVID-19-related activities from voluntary contributions, including in certain cases reprogramming of existing funds towards COVID-19 relief activities, was $389.2 million. The amount includes $63.2 million of expenses of the COVID-19 response and recovery multi-partner trust fund. The

fund is a United Nations inter-agency finance mechanism launched by the Secretary-General in April 2020 to support low- and middle-income programme countries in overcoming the pandemic. Overall voluntary contributions remained near stable during 2020 despite the pandemic. The economic disruption resulting from the pandemic may adversely affect the future levels of voluntary contributions.

104. Travel expenses across all funding sources decreased by 79.6 per cent, from $173.3 million in 2019 to $35.3 million in 2020 primarily, as a result of travel bans and restrictions, the cancellation or postponement of duty travel and the impact of the pandemic on assignment- and repatriation-related travel patterns.

105. Projects that are under implementation or construction were affected both financially and in terms of the expected completion date by physical access restrictions, especially where the respective country implemented a shutdown of all activities. The impact of the pandemic on these activities cannot be quantified in the scope of financial costs, as these projects are generally multi-year and it is too early to assess the overall impact.

106. The COVID-19-related limitations on physical movements that were applied in many of the locations where the Organization operated resulted in a majority of staff and other personnel working remotely, particularly administrative staff whose tasks did not require them to have direct physical contact with beneficiaries, other colleagues or other counterparts. This sudden change to remote working was facilitated by an accelerated changeover to increased use of mobile office tools, particularly laptops, which occurred in the months following the start of the outbreak. Post-pandemic, this change may result in more personnel transitioning to remote working arrangements.

107. Office space was utilized to a much lower extent in 2020 than in 2019, but in most cases, rental contracts for buildings were maintained despite buildings being only partially occupied, as there was ongoing uncertainty about the duration of the local lockdown restrictions in the countries that the Organization operates in. No decisions concerning the need for and use of office space in the post-pandemic period were made in 2020 and no impairment events as such were identified that relate to potential changes in the nature of work in the post-pandemic period.

108. In 2020, staff members and retirees made fewer health-care insurance claims than was typical in recent years. Although the valuation of after-service health insurance liabilities would normally be affected by a decline in health-care spending, health-care costs are expected to rise sharply as the pandemic is contained in 2021 and beyond; the prevailing assumption is that medical care has been delayed rather than foregone. Thus, the decline in health-care spending in 2020 had no impact on the valuation of the liability. It can be argued that midterm effects of behavioural health exacerbations, like symptoms of depression and anxiety, may emerge and affect health-care costs for the next few years beyond the pandemic. However, such longer-term impacts are difficult, if not impossible, to assess at this stage and, therefore, have not been considered at this point for the IPSAS-compliant valuation of the after-service health insurance liability.

109. Physical access to certain locations to perform physical inventory and asset verification counts was limited in some locations by restrictions imposed by local authorities or for the safety of staff and other counterparts. In such cases, alternative verification methods were applied, and the restrictions did not have an impact on the values presented in the financial statements.

110. The long-term impact of the lessons learned from the COVID-19 pandemic are still being evaluated, and it is too early to assess whether any possible changes may have an impact of the carrying value of the Organization's assets; therefore, no

COVID-19-related asset impairment events as such were recorded during the annual asset impairment review.

Note 5
Segment reporting

111. A segment is a distinguishable activity or group of activities for which financial information is reported separately in order to evaluate an entity's past performance in achieving its objectives and to make decisions about the future allocation of resources. Inter-segment transactions are priced at cost-recovery under normal operating policies and are eliminated for the purposes of consolidated financial statements.

112. In order to provide details on how the Organization's activities are managed and financed, segment reporting information by fund group for the statement of financial position and the statement of financial performance is presented through the segments below.

Segment	*Activities in segment*
Regular budget and related funds	Activities relating to regular budget activities, the Working Capital Fund, the Special Account and the revenue producing funds.
Trust funds	Activities relating to trust funds, including emergency assistance, political, economic and social development and humanitarian and human rights activities and those that relate to security issues, international justice and law, global communications and support services.
Capital assets and construction-in-progress	Capital assets and construction-in-progress funds at various locations worldwide. Major projects under these funds are the refurbishment and renovation of the Palais des Nations under the strategic heritage plan of the United Nations Office at Geneva; renovation of Africa Hall at ECA in Addis Ababa and seismic retrofitting of the secretariat building at ESCAP in Bangkok.
Common support services	Provision of finance, human resources, information and communications technology and support services to support United Nations operations, projects and fund activities.
Long-term employee benefits	Activities relating to end-of-service and post-employment benefits comprising after-service health insurance coverage, repatriation benefits and commutation of unused annual leave days.
Insurance/workers' compensation	Accounts for activities with regard to the various health, dental and life insurance plans and compensation for general liability of the United Nations.
Other	All other funds, including the United Nations Development Account, the Tax Equalization Fund and conventions.
Eliminations	Inter-fund allocations between various segments that are eliminated upon consolidation of the funds of the Organization, i.e. the financial reporting entity. Among eliminated values are programme support costs allocated to recoup administrative costs relating to administering extrabudgetary activities. In addition, allocations from regular budget activities to subactivities in other funds are eliminated as expenses of the regular budget against revenues of other funds.

113. Segment reporting information by fund group is supplemented by segment reporting on the performance by pillar, which is presented on the basis of the pillars below.

Segment	*Activities in segment*
Political and peacekeeping affairs	Maintain international peace and security by providing assistance to resolve potentially violent disputes or conflicts peacefully, support efforts in areas of disarmament and non-proliferation, promote the peaceful uses of outer space and support the maintenance of peace and security through the deployment of peacekeeping operations.
International justice and law	Advise the principal and subsidiary organs of the United Nations and promote among Member States a better understanding of and respect for the principles and norms of international law.
Cooperation and development	Promote and support international and regional cooperation and development in the pursuit of sustained economic growth, the eradication of poverty and hunger, the development of trade, gender equality and empowerment of women, and sustainable human settlements in an urbanizing world.
Human rights and humanitarian affairs	Promote and protect the effective enjoyment by all of all human rights by making development equitable, sustainable and responsive to the needs of people and ensure the timely, coherent and coordinated response of the international community to disasters and emergencies and ensure the provision of international protection to refugees.
Global communications	Provide global communications about the ideals and work of the United Nations, interact and partner with diverse audiences and build support for peace, development and human rights for all.
Security and safety	Provide leadership, operational support and oversight of the United Nations security management system.
Crime prevention	Work with Member States to enhance their efforts to combat the intertwined problems of transnational crime, corruption and terrorism by helping to create and strengthen legislative, judicial and health systems to safeguard some of the most vulnerable persons in society.
Common support services	Consists of General Assembly and Economic and Social Council affairs and conference management to ensure effective and efficient decision-making processes of intergovernmental bodies and United Nations conferences. Also, includes internal oversight functions encompassing the responsibilities of monitoring, internal audit, joint inspection and evaluation and investigations, as well as finance, human resources, information and communications technology and support services to support United Nations operations, projects and fund activities.
Other	Consists of other activities not specifically mapped to other pillar segments, such as library endowments, international partnerships, environmental affairs, special projects, etc.

Segment	*Activities in segment*
Self-insurance plans and other insurance plans	Accounts for activities concerning the various health, dental and life insurance plans, as well as compensation for general liability of the United Nations. Health and dental self-insurance were established as part of the social security scheme for United Nations staff and retirees and for the coverage of general third-party liabilities.
Eliminations	Comprises inter-fund allocations between various segments that are eliminated upon consolidation of funds of the Organization, i.e. the financial reporting entity. Among eliminated values are programme support costs allocated to recoup administrative costs relating to administering extrabudgetary activities. In addition, allocations from regular budget activities to subactivities in other funds are eliminated as expenses of the regular budget against revenues of other funds.

All funds

Statement of financial position by fund group as at 31 December 2020

(Thousands of United States dollars)

	Regular budget and related funds	*Trust funds*	*Capital assets and construction-in-progress*	*Common support services*	*Long-term employee benefits*	*Insurance/ workers' compensation*	*Other*	*Eliminations*	*Total*
Assets									
Current assets									
Cash and cash equivalents	23 877	269 684	5 871	59 146	25 562	131 284	28 993	–	544 417
Investments	143 477	1 652 851	36 956	362 843	156 817	448 348	177 861	–	2 979 153
Assessed contributions receivable	448 173	–	10	–	–	–	–	–	448 183
Voluntary contributions receivable	275	845 217	94 044	764	–	–	17 602	(109 283)[a]	848 619
Other receivables	8 544	37 494	–	82 085	–	38 991	7	(8 114)[b]	159 007
Inventories	25 529	112	5	3 439	–	–	–	–	29 085
Other assets	40 114	302 748	742	6 183	8	20 458	1 280	–	371 533
Total current assets	**689 989**	**3 108 106**	**137 628**	**514 460**	**182 387**	**639 081**	**225 743**	**(117 397)**	**5 379 997**
Non-current assets									
Investments	44 873	544 067	11 856	119 437	51 619	287 650	58 546	–	1 118 048
Voluntary contributions receivable	–	684 572	–	–	–	–	–	–	684 572
Other receivables	–	–	–	–	–	–	–	–	–
Property, plant and equipment	273 010	56 248	2 593 844	13 111	–	–	–	–	2 936 213
Intangible assets	6 892	11 962	125 741	2 215	–	550	–	–	147 360
Share of joint ventures accounted for using the equity method	2 039	–	1 849	–	–	–	–	–	3 888
Total non-current assets	**326 814**	**1 296 849**	**2 733 290**	**134 763**	**51 619**	**288 200**	**58 546**	–	**4 890 081**
Total assets	**1 016 803**	**4 404 955**	**2 870 918**	**649 223**	**234 006**	**927 281**	**284 289**	**(117 397)**	**10 270 078**
Liabilities									
Current liabilities									
Accounts payable and accrued liabilities	398 874	135 146	16 151	27 282	38	47 308	5 804	(109 397)[c]	521 206
Advance receipts and deferred revenue	73 024	37 457	32	5 074	–	2	4 194	–	119 783
Employee benefits liabilities	57 522	18 326	429	2 468	138 173	20 266	687	–	237 871
Provisions	99 372	211	289	128	–	99 421	–	–	199 421

	Regular budget and related funds	*Trust funds*	*Capital assets and construction-in-progress*	*Common support services*	*Long-term employee benefits*	*Insurance/ workers' compensation*	*Other*	*Eliminations*	*Total*
Tax equalization liability	–	–	–	–	–	–	200 240	–	200 240
Liabilities for conditional arrangements	–	105 217	–	–	–	–	–	–	105 217
Other liabilities	8 042	3 090	6 151	12 477	–	–	14 487	(8 000)[d]	36 247
Total current liabilities	**636 834**	**299 447**	**23 052**	**47 429**	**138 211**	**166 997**	**225 412**	**(117 397)**	**1 419 985**
Non-current liabilities									
Transfers payable	–	846	–	–	–	–	–	–	846
Employee benefits liabilities	25 059	–	–	–	6 310 746	14 468	–	–	6 350 273
Provisions	215	32	301	–	–	–	–	–	548
Share of joint ventures accounted for using the equity method	107 443	–	–	–	–	–	–	–	107 443
Liabilities for conditional arrangements	–	27 855	–	–	–	–	–	–	27 855
Other liabilities	190	302	190 817	53	–	–	8	–	191 370
Total non-current liabilities	**132 907**	**29 035**	**191 118**	**53**	**6 310 746**	**14 468**	**8**	–	**6 678 335**
Total liabilities	**769 741**	**328 482**	**214 170**	**47 482**	**6 448 957**	**181 465**	**225 420**	**(117 397)**	**8 098 320**
Net of total assets and total liabilities	**247 062**	**4 076 473**	**2 656 840**	**601 741**	**(6 214 951)**	**745 816**	**58 869**	–	**2 171 758**
Net assets									
Accumulated surplus/(deficit)	247 062	4 076 473	2 656 840	601 741	(6 214 951)	663 456	58 869	–	2 089 398
Reserves	–	–	–	–	–	82 360	–	–	82 360
Total net assets	**247 062**	**4 076 473**	**2 656 840**	**601 741**	**(6 214 951)**	**745 816**	**58 869**	–	**2 171 758**

[a] Inter-segment payables of $109.008 million between the regular budget and related funds segment and voluntary contributions receivable of the capital assets and construction-in-progress, common support services and other segments; inter-segment voluntary contributions receivable of $0.275 million between the regular budget and related funds segment and payables of the trust funds, common support services, long-term employee benefits and insurance/workers' compensation segments.

[b] Cross-borrowings of $8.000 million between the regular budget and related funds and common support services segments; and inter-segment payables of $0.114 million of the regular budget and related funds segment against the receivables of the trust funds segment.

[c] Inter-segment payables of $109.008 million between the regular budget and related funds segment and voluntary contributions receivable of the capital assets and construction-in-progress, common support services and other segments; inter-segment payables of $0.114 million between the regular budget and related funds segment and other receivables of the trust funds segment; inter-segment voluntary contributions receivables of $0.275 million between the regular budget and related funds segment and payables of the trust funds, common support services, long-term employee benefits and insurance/workers' compensation segments.

[d] Cross-borrowings of $8.000 million between regular budget and common support services segments.

All funds

Statement of financial position by fund group as at 31 December 2019

(Thousands of United States dollars)

	Regular budget and related funds	*Trust funds*	*Capital assets and construction-in-progress*	*Common support services*	*Long-term employee benefits*	*Insurance/ workers' compensation*	*Other*	*Eliminations*	*Total*
Assets									
Current assets									
Cash and cash equivalents	9 812	658 023	24 552	110 894	47 616	191 405	68 695	–	1 110 997
Investments	22 015	1373 942	51 875	231 400	99 332	357 031	143 305	–	2 278 900
Assessed contributions receivable	441 280	–	10	–	–	–	–	–	441 290
Voluntary contributions receivable	–	713 181	45 335	16	–	1	5 531	(45 335)[a]	718 729
Other receivables	8 468	34 995	–	63 892	–	37 379	2	(8 512)[b]	136 224
Inventories	28 255	108	–	3 003	–	–	–	–	31 366
Other assets	50 376	314 485	412	6 739	6	10 745	1 475	–	384 238
Total current assets	**560 206**	**3 094 734**	**122 184**	**415 944**	**146 954**	**596 561**	**219 008**	**(53 847)**	**5 101 744**
Non-current assets									
Investments	4 575	427 964	15 954	72 078	30 941	176 823	44 638	–	772 973
Voluntary contributions receivable	–	740 932	–	–	–	–	–	–	740 932
Other receivables	780	–	–	–	–	–	–	–	780
Property, plant and equipment	270 082	56 111	2617 036	9 171	–	–	–	–	2 952 400
Intangible assets	6 803	12 855	119 992	2 526	–	471	–	–	142 647
Share of joint ventures accounted for using the equity method	1 585	–	1 860	–	–	–	–	–	3 445
Total non-current assets	**283 825**	**1 237 862**	**2 754 842**	**83 775**	**30 941**	**177 294**	**44 638**	**–**	**4 613 177**
Total assets	**844 031**	**4 332 596**	**2 877 026**	**499 719**	**177 895**	**773 855**	**263 646**	**(53 847)**	**9 714 921**
Liabilities									
Current liabilities									
Accounts payable and accrued liabilities	370 523	75 708	21 667	26 167	–	35 715	3 598	(45 335)[a]	488 043
Advance receipts and deferred revenue	42 776	45 742	32	2 065	–	2	3 894	–	94 511
Employee benefits liabilities	47 557	14 557	543	3 550	140 767	16 752	207	–	223 933
Provisions	25 944	199	121	–	–	99 031	–	–	125 295

	Regular budget and related funds	*Trust funds*	*Capital assets and construction-in-progress*	*Common support services*	*Long-term employee benefits*	*Insurance/ workers' compensation*	*Other*	*Eliminations*	*Total*
Tax equalization liability	–	–	–	–	–	–	182 595	–	182 595
Liabilities for conditional arrangements	–	103 453	–	–	–	–	–	–	103 453
Other liabilities	8 134	547	5 899	9 428	–	–	7 800	(8 512)[b]	23 296
Total current liabilities	**494 934**	**240 206**	**28 262**	**41 210**	**140 767**	**151 500**	**198 094**	**(53 847)**	**1 241 126**
Non-current liabilities									
Transfers payable	–	592	–	–	–	–	–	–	592
Employee benefits liabilities	21 546	–	–	–	5 779 215	14 339	–	–	5 815 100
Provisions	215	20	–	–	–	–	–	–	235
Liabilities for conditional arrangements	–	22 928	–	–	–	–	–	–	22 928
Other liabilities	1 216	327	123 061	–	–	–	–	–	124 604
Share of joint ventures accounted for using the equity method	82 132	–	–	–	–	–	–	–	82 132
Total non-current liabilities	**105 109**	**23 867**	**123 061**	**–**	**5 779 215**	**14 339**	**–**	**–**	**6 045 591**
Total liabilities	**600 043**	**264 073**	**151 323**	**41 210**	**5 919 982**	**165 839**	**198 094**	**(53 847)**	**7 286 717**
Net of total assets and total liabilities	**243 988**	**4 068 523**	**2 725 703**	**458 509**	**(5 742 087)**	**608 016**	**65 552**	**–**	**2 428 204**
Net assets									
Accumulated surplus/(deficit)	243 988	4 068 523	2 725 703	458 509	(5 742 087)	552 566	65 552	–	2 372 754
Reserves	–	–	–	–	–	55 450	–	–	55 450
Total net assets	**243 988**	**4 068 523**	**2 725 703**	**458 509**	**(5 742 087)**	**608 016**	**65 552**	**–**	**2 428 204**

[a] Inter-segment receivables and payables of $45.335 million between the regular budget and related funds and capital assets and construction-in-progress segments.

[b] Cross-borrowings of $8.000 million between the regular budget and related funds and common support services segments and $0.512 million between the trust funds and common support services segments.

Statement of financial performance by fund group for the period ended 31 December 2020

(Thousands of United States dollars)

	Regular budget and related funds	*Trust funds*	*Capital assets and construction-in-progress*	*Common support services*	*Long-term employee benefits*	*Insurance/ workers' compensation*	*Other*	*Eliminations*	*Total*
Revenue									
Assessed contributions	2 953 044	–	–	–	–	–	–	–	2 953 044
Voluntary contributions	46 713	2 867 285	16 326	760	–	–	3 117	–	2 934 201
Contributions for self-insurance funds	–	–	–	–	–	672 793	–	(243 866)[a]	428 927
Other revenue	28 321	5 267	13 812	463 433	53 925	26 672	756	(270 693)[b]	321 493
Other transfers and allocations	–	134 874	81 585	1 316	–	–	14 199	(106 088)[c]	125 886
Investment revenue	8 752	46 058	1 002	7 551	3 537	16 002	1 179	–	84 081
Total revenue	**3 036 830**	**3 053 484**	**112 725**	**473 060**	**57 462**	**715 467**	**19 251**	**(620 647)**	**6 847 632**
Expenses									
Employee salaries, allowances and benefits	2 032 866	663 534	3 214	146 763	211 904	23 245	2 556	(309 810)	2 774 272
Non-employee compensation/allowances	90 008	89 157	13	8 077	–	–	7 407	(3 526)	191 136
Grants and other transfers	266 808	2 038 672	–	21 696	–	–	3 563	(107 694)	2 223 045
Supplies and consumables	30 782	13 157	94	3 258	–	3	6	(263)	47 037
Depreciation and amortization	30 303	8 761	135 093	1 763	–	75	–	–	175 995
Impairment	2 965	–	109	–	–	–	–	–	3 074
Travel	13 637	19 808	–	936	–	–	1 548	(594)	35 335
Other operating expenses	461 191	212 179	37 697	146 985	(119)	10 952	10 575	(198 745)	680 715
Self-insurance claims and expenses	1 543	–	–	–	–	543 254	–	(15)	544 782
Finance costs	–	–	5 448	–	–	–	–	–	5 448
Contributions to and share of deficit of joint ventures on an equity basis	90 285	–	204	–	–	–	–	–	90 489
Other expenses	871	266	–	351	–	–	279	–	1 767
Total expenses	**3 021 259**	**3 045 534**	**181 872**	**329 829**	**211 785**	**577 529**	**25 934**	**(620 647)**	**6 773 095**
Surplus/(deficit) for the year	**15 571**	**7 950**	**(69 147)**	**143 231**	**(154 323)**	**137 938**	**(6 683)**	**–**	**74 537**
Capital expenditure	**38 800**	**6 905**	**90 868**	**5 516**	–	–	–	–	**142 089**

(Footnotes on following page)

(Footnotes to the table entitled "Statement of financial performance by fund group for the period ended 31 December 2020")

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[a] Contributions for health insurance of $243.866 million from insurance/workers' compensation segment against employee salaries of $243.365 million and non-employee compensation of $0.501 million.

[b] Internal cost recovery of $273.673 million from the common support services segment and $0.112 million from the regular budget and related funds segment; internal transfer of property, plant and equipment of $16.700 million ($13.813 million from the capital assets and construction-in-progress segment, $2.224 million from the regular budget and related funds segment, $0.553 million from the common support services segment and $0.110 million from the trust funds segment); funding of long-term employee benefits (after-service health insurance and repatriation grant) of $44.438 million from the long-term employee benefits segment; and travel fee allocation of $0.376 million from the other segment, offset by foreign exchange gain of $64.606 million. Corresponding expenses were employee salaries, allowances and benefits, non-employee compensation and allowances, grants and other transfers, supplies and consumables, travel expenses, self-insurance claims and expenses and other operating expenses.

[c] Internal cross-funding of $106.088 million ($25.163 million from the trust funds segment, $0.601 million from the common support services segment, $66.125 million from the capital assets and construction-in-progress segment and $14.199 million from the other segment).

Statement of financial performance by fund group for the period ended 31 December 2019

(Thousands of United States dollars)

	Regular budget and related funds	*Trust funds*	*Capital assets and construction-in-progress*	*Common support services*	*Long-term employee benefits*	*Insurance/ workers' compensation*	*Other*	*Eliminations*	*Total*
Revenue									
Assessed contributions	3 010 252	–	–	–	–	–	–	–	3 010 252
Voluntary contributions	49 732	2 949 126	17 581	3 991	–	–	6 340	–	3 026 770
Contributions for self-insurance funds	–	–	–	–	24	601 032	–	(204 351)[a]	396 705
Other revenue	43 873	5 374	21 299	364 186	46 046	4 315	5 983	(269 590)[b]	221 486
Other transfers and allocations	–	112 543	116 892	3 310	–	–	14 199	(119 972)[c]	126 972
Investment revenue	10 686	62 210	2 356	9 084	3 935	24 295	1 807	–	114 373
Total revenue	**3 114 543**	**3 129 253**	**158 128**	**380 571**	**50 005**	**629 642**	**28 329**	**(593 913)**	**6 896 558**
Expenses									
Employee salaries, allowances and benefits	2 017 210	556 476	4 288	154 950	191 393	20 995	2 000	(242 487)	2 704 825
Non-employee compensation/allowances	97 782	91 633	53	6 959	–	–	5 741	(3 341)	198 827
Grants and other transfers	291 833	1 791 866	–	11 253	–	–	3 697	(122 212)	1 976 437
Supplies and consumables	31 761	14 383	478	4 465	–	12	6	(173)	50 932
Depreciation and amortization	37 764	8 483	132 665	2 378	–	28	–	–	181 318
Impairment	52	–	4	–	–	–	–	–	56
Travel	65 835	98 247	91	5 346	–	5	6 660	(2 844)	173 340
Other operating expenses	463 289	291 141	17 521	146 133	(54)	24 371	7 747	(222 831)	727 317
Self-insurance claims and expenses	1 404	–	–	–	–	549 840	–	(25)	551 219
Finance costs	–	–	1 352	–	–	–	–	–	1 352
Contributions to and share of deficit of joint ventures on an equity basis	81 130	–	(310)	–	–	(2 798)	–	–	78 022
Other expenses	1 050	631	–	1 063	–	–	12	–	2 756
Total expenses	**3 089 110**	**2 852 860**	**156 142**	**332 547**	**191 339**	**592 453**	**25 863**	**(593 913)**	**6 646 401**
Surplus/(deficit) for the year	**25 433**	**276 393**	**1 986**	**48 024**	**(141 334)**	**37 189**	**2 466**	**–**	**250 157**
Capital expenditure	**33 128**	**21 473**	**76 911**	**2 927**	**–**	**–**	**–**	**–**	**134 439**

(Footnotes on following page)

(Footnotes to the table entitled “Statement of financial performance by fund group for the period ended 31 December 2019”)

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[a] Contributions for health insurance of $204.351 million from the insurance/workers’ compensation segment against employee salaries of $203.998 million and non-employee compensation of $0.353 million.

[b] Internal cost recovery of $206.059 million from the common support services segment; internal transfer of property, plant and equipment of $26.075 million ($21.266 million from the capital assets and construction-in-progress segment, $3.348 million from the trust funds segment and $1.461 million from the cooperation and development segment); funding of after-service health insurance and repatriation grant of $35.555 million from the long-term employee benefits segment; and travel fee allocation of $1.901 million from the other segment. Corresponding expenses were employee salaries, allowances and benefits, non-employee compensation and allowances, grants and other transfers, supplies and consumables, travel expenses and other operating expenses.

[c] Internal cross-funding of $119.972 million ($26.264 million from the trust funds segment, $0.853 million from the common support services segment, $78.656 million from the capital assets and construction-in-progress segment and $14.199 million from the other segment).

Statement of financial performance by pillar for the period ended 31 December 2020

(Thousands of United States dollars)

	Political and peacekeeping affairs	*International justice and law*	*Cooperation and development*	*Human rights and humanitarian affairs*	*Global communications*	*Security and safety*	*Crime prevention*	*Common support services*	*Other*	*Self-insurance plans and other insurance plans*	*Eliminations*	*Total*
Revenue												
Assessed contributions	889 758	86 210	689 607	212 058	100 804	129 150	33 758	811 699	–	–	–	2 953 044
Voluntary contributions	386 655	9 000	208 299	2 124 316	6 031	–	25 340	152 945	21 615	–	–	2 934 201
Contributions for self-insurance funds	–	–	–	–	–	–	–	–	–	672 793	(243 866)[a]	428 927
Other revenue	11 815	2 660	16 378	64 357	222	14	–	416 108	35	80 597	(270 693)[b]	321 493
Other transfers and allocations	904	494	33 284	25 039	184	–	2	162 116	9 951	–	(106 088)[c]	125 886
Investment revenue	7 120	582	14 284	28 275	225	–	1 294	11 740	1 022	19 539	–	84 081
Total revenue	**1 296 252**	**98 946**	**961 852**	**2 454 045**	**107 466**	**129 164**	**60 394**	**1 554 608**	**32 623**	**772 929**	**(620 647)**	**6 847 632**
Expenses												
Employee salaries, allowances and benefits	595 156	62 283	637 420	516 784	94 655	97 610	18 798	815 206	11 021	235 149	(309 810)	2 774 272
Non-employee compensation/allowances	63 214	7 732	51 200	24 732	1 040	75	1 846	43 512	1 311	–	(3 526)	191 136
Grants and other transfers	184 883	8 967	91 693	1 883 177	–	4 116	38 173	105 464	14 266	–	(107 694)	2 223 045
Supplies and consumables	27 483	350	4 540	3 830	85	800	22	10 140	47	3	(263)	47 037
Depreciation and amortization	25 032	596	1 969	4 874	76	276	1 150	141 259	688	75	–	175 995
Impairment	–	–	–	–	–	–	–	3 074	–	–	–	3 074
Travel	7 318	223	5 186	14 132	61	537	581	7 687	204	–	(594)	35 335
Other operating expenses	256 649	13 396	74 213	122 445	11 437	3 581	6 379	372 537	7 989	10 833	(198 744)	680 715
Self-insurance claims and expenses	–	–	1 528	–	–	10	–	6	–	543 254	(16)	544 782
Finance costs	–	–	–	–	–	–	–	5 448	–	–	–	5 448
Contributions to and share of deficit of joint ventures on an equity basis	113	–	30 221	–	–	26 023	–	34 132	–	–	–	90 489

	Political and peacekeeping affairs	*International justice and law*	*Cooperation and development*	*Human rights and humanitarian affairs*	*Global communications*	*Security and safety*	*Crime prevention*	*Common support services*	*Other*	*Self-insurance plans and other insurance plans*	*Eliminations*	*Total*
Other expenses	489	2	538	58	2	–	–	641	37	–	–	1 767
Total expenses	**1 160 337**	**93 549**	**898 508**	**2 570 032**	**107 356**	**133 028**	**66 949**	**1 539 106**	**35 563**	**789 314**	**(620 647)**	**6 773 095**
Surplus/(deficit) for the year	**135 915**	**5 397**	**63 344**	**(115 987)**	**110**	**(3 864)**	**(6 555)**	**15 502**	**(2 940)**	**(16 385)**	**–**	**74 537**
Capital expenditure	**18 508**	**4 571**	**2 772**	**2 590**	**–**	**–**	**34**	**113 579**	**35**	**–**	**–**	**142 089**

[a] Contributions for health insurance of $243.866 million from the self-insurance plans and other insurance plans segment against employee salaries of $243.365 million and non-employee compensation of $0.501 million.

[b] Internal cost recovery of $273.785 million from the common support services segment; internal transfer of property, plant and equipment of $16.700 million ($16.027 million from the common support services segment, $0.568 million from the cooperation and development segment and $0.105 million from the human rights and humanitarian affairs segment); funding of long-term employee benefits (after-service health insurance and repatriation grant) of $44.438 million from the self-insurance plans and other insurance plans segment; and travel fee allocation of $0.376 million from the common support services segment, offset by foreign exchange gain of $64.606 million. Corresponding expenses were employee salaries, allowances and benefits, non-employee compensation and allowances, grants and other transfers, supplies and consumables, travel expenses and other operating expenses.

[c] Internal cross-funding of $106.088 million ($0.481 million from the political and peacekeeping affairs segment, $22.282 million from the cooperation and development segment, $1.320 million from the human rights and humanitarian affairs segment, $0.037 million from the global communications segment, $81.380 million from the common support services segment and $0.588 million from the other segment).

Statement of financial performance by pillar for the period ended 31 December 2019 (restated)[a]

(Thousands of United States dollars)

	Political and peacekeeping affairs	*International justice and law*	*Cooperation and development*	*Human rights and humanitarian affairs*	*Global communications*	*Security and safety*	*Crime prevention*	*Common support services*	*Other*	*Self-insurance plans and other insurance plans*	*Eliminations*	*Total*
Revenue												
Assessed contributions	905 788	64 230	662 041	218 199	100 936	139 770	30 501	888 787	–	–	–	3 010 252
Voluntary contributions	265 919	20 336	215 285	2 308 365	4 869	–	6 633	147 072	58 291	–	–	3 026 770
Contributions for self-insurance funds	–	–	–	–	–	–	–	–	–	601 056	(204 351)[b]	396 705
Other revenue	12 039	707	8 431	32 526	1	1 380	–	385 580	51	50 361	(269 590)[c]	221 486
Other transfers and allocations	(1 010)	436	30 249	17 567	236	–	2	195 596	3 868	–	(119 972)[d]	126 972
Investment revenue	12 260	657	15 814	35 564	322	–	2 340	17 624	1 562	28 230	–	114 373
Total revenue	**1 194 996**	**86 366**	**931 820**	**2 612 221**	**106 364**	**141 150**	**39 476**	**1 634 659**	**63 772**	**679 647**	**(593 913)**	**6 896 558**
Expenses												
Employee salaries, allowances and benefits	520 715	47 845	601 312	464 467	94 324	102 086	12 464	879 451	12 260	212 388	(242 487)	2 704 825
Non-employee compensation/ allowances	73 446	7 832	50 279	22 640	652	181	1 841	42 606	2 691	–	(3 341)	198 827
Grants and other transfers	184 559	9 519	105 732	1 625 809	–	8 870	37 884	108 861	17 415	–	(122 212)	1 976 437
Supplies and consumables	33 761	79	1 941	3 545	209	503	23	10 952	80	12	(173)	50 932
Depreciation and amortization	26 923	620	1 917	5 563	165	363	1 150	144 343	246	28	–	181 318
Impairment		–	–	–	–	52	–	4	–	–	–	56
Travel	34 337	3 950	54 329	52 680	871	2 040	4 018	21 359	2 595	5	(2 844)	173 340
Other operating expenses	272 430	10 109	78 732	161 142	10 732	2 923	6 559	358 696	24 509	24 316	(222 831)	727 317
Self-insurance claims and expenses	–	–	1 403	–	–	–	–	–	–	549 841	(25)	551 219
Finance costs	–	–	–	–	–	–	–	1 352	–	–	–	1 352
Contributions to and share of deficit of joint ventures on an equity basis	87	–	21 231	–	–	26 330	–	33 172	–	(2 798)	–	78 022

	Political and peacekeeping affairs	*International justice and law*	*Cooperation and development*	*Human rights and humanitarian affairs*	*Global communications*	*Security and safety*	*Crime prevention*	*Common support services*	*Other*	*Self-insurance plans and other insurance plans*	*Eliminations*	*Total*
Other expenses	381	24	376	69	20	–	–	1 771	115	–	–	2 756
Total expenses	**1 146 639**	**79 978**	**917 252**	**2 335 915**	**106 973**	**143 348**	**63 939**	**1 602 567**	**59 911**	**783 792**	**(593 913)**	**6 646 401**
Surplus/(deficit) for the year	**48 357**	**6 388**	**14 568**	**276 306**	**(609)**	**(2 198)**	**(24 463)**	**32 092**	**3 861**	**(104 145)**	**–**	**250 157**
Capital expenditure	**29 829**	**46**	**892**	**6 071**	**40**	**566**	**6**	**92 913**	**4 076**	**–**	**–**	**134 439**

[a] In order to realign funds with the offices that operate those funds, revenue and expenses of $40.217 million and $35.519 million, respectively, have been reclassified from the common support services segment to the political and peacekeeping affairs segment (revenue: $6.744 million and expenses: $0.180 million);the international justice and law segment (revenue: $15.257 million and expenses: $9.349 million); the cooperation and development segment (revenue: $4.671 million); and the human rights and humanitarian affairs segment (revenue: $13.401 million and expenses: $26.171 million). In addition, expenses amounting to $0.177 million and $0.004 million have been reclassified from the cooperation and development and the other segments, respectively, to the political and peacekeeping affairs segment. Similarly, capital expenditure in the amount of $0.043 million has been reclassified from the common support services segment to the human rights and humanitarian affairs segment.

[b] Contributions for health insurance of $204.351 million from the self-insurance plans and other insurance plans segment against employee salaries of $203.998 million and non-employee compensation of $0.353 million.

[c] Internal cost recovery of $206.059 million ($166.499 million from the common support services segment, $27.886 million from the human rights and humanitarian affairs segment, $6.535 million from the political and peacekeeping affairs segment, $4.682 million from the cooperation and development segment and $0.457 million from the international justice and law segment); internal transfer of property, plant and equipment of $26.075 million ($21.303 million from the common support services segment, $3.348 million from the human rights and humanitarian affairs segment, $1.376 million from the security and safety segment and $0.048 million from the cooperation and development segment); funding of long-term employee benefits (after-service health insurance and repatriation grant) of $35.555 million from the self-insurance plans and other insurance plans segment; and travel fee allocation of $1.901 million from the common support services segment. Corresponding expenses were employee salaries, allowances and benefits, non-employee compensation and allowances, grants and other transfers, supplies and consumables, travel expenses and other operating expenses.

[d] Internal cross-funding of $119.972 million ($0.487 million from the political and peacekeeping affairs segment, $23.263 million from the cooperation and development segment, $2.166 million from the human rights and humanitarian affairs segment, $0.191 million from the global communications segment, $93.081 million from the common support services segment and $0.784 million from the other segment).

Note 6
Comparison to budget

114. The statement of comparison of budget and actual amounts (statement V) presents the difference between budget amounts, which are prepared on a modified cash basis, and actual income and expenditure on a comparable basis.

115. For IPSAS reporting purposes, approved budgets are the appropriations and income estimates authorized by resolutions of the General Assembly.

116. The original budget for 2020 is the budget approved by the General Assembly for 2020 in resolution 74/264 A–C. The final budget reflects transfers between sections of the budget by the Secretary-General as per resolution 74/264 A, paragraph 2, subject to the concurrence of the Advisory Committee on Administrative and Budgetary Questions. Actual income and expenditure amounts include commitments and actuals incurred in the period on the budget basis.

117. Explanations for material differences between the original and final budget amounts, as well as material differences between the final budget amounts and actual income and expenditure on a modified cash basis, which are deemed to be those greater than 5 per cent, are considered below.

Budget part	*Material differences greater than 5 per cent*
Income:	
General income	**Actual income 22.4 per cent more than final budget** The variance is attributable mainly to higher-than-anticipated income from bank interest and refunds of expenditure from prior periods.
Services to the public	**Actual income 1,302.4 per cent less than final budget** The variance is attributable mainly to reduced income from guided tours resulting from the closure of United Nations premises during the pandemic.
Expenditure:	
Human rights and humanitarian affairs	**Actual expenditure 5.5 per cent less than final budget** The variance is attributable primarily to the underexpenditure of $8.9 million for the travel of representatives, as the sessions of the Human Rights Council and other bodies were largely held virtually due to the COVID-19 pandemic. The other main underspending of $1.9 million was due to higher-than-budgeted vacancy rates.
Internal oversight	**Actual expenditure 8.0 per cent less than final budget** The variance is attributable primarily to the cancellation or postponement of audits and evaluation assignments requiring in-person or direct observation due to the COVID-19 pandemic.
Jointly financed administrative activities and special expenses	**Final budget 5.7 per cent more than original budget** The variance is attributable mainly to higher actual medical utilization, which reflects a higher cost of services and an increase in the number of participants.

Reconciliation between actual amounts on a comparable basis and the statement of cash flows

118. The reconciliation between the actual amounts on a comparable basis in the statement of comparison of budget and actual amounts and the actual amounts in the statement of cash flows is reflected below.

Reconciliation of actual amounts on a comparable basis to statement of cash flows

(Thousands of United States dollars)

	Operating	*Investing*	*Financing*	*Total*
Actual amounts on a comparable basis (statement V)	**(3 015 940)**	–	–	**(3 015 940)**
Basis differences	424 949	(161 860)	–	263 089
Entity differences	(3 767 752)	–	67 638	(3 700 114)
Presentation differences	6 847 632	(961 247)	–	5 886 385
Actual amounts in statement of cash flows (statement IV)	**488 889**	**(1 123 107)**	**67 638**	**(566 580)**

119. Basis differences capture the differences resulting from preparing the budget on a modified cash basis. To reconcile the budgetary results to the statement of cash flows, the modified-cash elements such as unliquidated commitments against the budget which do not represent a cash flow must be eliminated. Similarly, IPSAS-specific differences, such as payments against prior-year commitments and investing cash flows relating to acquisition of property, plant and equipment or intangibles are included as basis differences to reconcile to the statement of cash flows.

120. Presentation differences are differences in the format and classification schemes in the statement of cash flows and the statement of comparison of budget and actual amounts, which include the latter not presenting revenue and the net changes in cash pool balances. Other presentation differences are that the amounts included in the statement of comparison of budget and actual amounts are not segregated into operating, investing and financing activities.

121. Entity differences arise when the actual amounts on the budget basis omit programmes or fund groups that are part of the Organization, as reported in the statement of cash flows, or vice versa. Those differences represent cash flows to or from fund groups other than the regular budget that are reported in the financial statements. The financial statements include results for all the Organization’s fund groups.

122. Timing differences occur when the budget period differs from the reporting period reflected in the financial statements. There are no timing differences as the budget reflects the 2020 annual budget.

Note 7
Cash and cash equivalents

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Main pool (notes 31 and 32)[a]	484 029	1 080 506
Euro pool (notes 31 and 32)	11 043	5 580
United Nations Staff Mutual Insurance Society against Sickness and Accidents investments (note 31)	39 637	22 148
Other cash and cash equivalents	9 708	2 763
Total	**544 417**	**1 110 997**

[a] Includes non-convertible Syrian pounds equivalent to -$1.330 million (2019: $0.023 million).

123. Cash and cash equivalents include trust fund moneys totalling $269.7 million (2019: $658.0 million) held for the specific purposes of the respective trust funds. Similarly, $131.3 million (2019: $190.7 million) in insurance funds and $25.6 million in long-term employee benefits funds (2019: $47.6 million) are restricted to the specific purposes.

Note 8
Investments

31 December 2020

(Thousands of United States dollars)

	Trust fund investments	*Insurance/ workers' compensation funds*	*Long-term employee benefits*	*Other investments*	*Total 31 December 2020*
Current					
Main pool (notes 31 and 32)	1 652 851	447 524	156 817	713 043	2 970 235
Euro pool	–	5	–	–	5
United Nations Staff Mutual Insurance Society against Sickness and Accidents investments (note 31)	–	819	–	–	819
Derivative instruments: currency forwards	–	–	–	8 094	8 094
Subtotal	**1 652 851**	**448 348**	**156 817**	**721 137**	**2 979 153**
Non-current					
Main pool (notes 31 and 32)	544 067	147 311	51 619	234 712	977 709
Euro pool	–	1 764	–	–	1 764
United Nations Staff Mutual Insurance Society against Sickness and Accidents investments (note 31)	–	138 575	–	–	138 575
Subtotal	**544 067**	**287 650**	**51 619**	**234 712**	**1 118 048**
Total	**2 196 918**	**735 998**	**208 436**	**955 849**	**4 097 201**

31 December 2019

(Thousands of United States dollars)

	Trust fund investments	*Insurance/ workers' compensation funds*	*Long-term employee benefits*	*Other investments*	*Total 31 December 2019*
Current					
Main pool (notes 31 and 32)	1 373 942	340 266	99 332	440 608	2 254 148
United Nations Staff Mutual Insurance Society against Sickness and Accidents investments (note 31)	–	16 765	–	–	16 765
Derivative instruments: currency forwards	–	–	–	7 987	7 987
Subtotal	**1 373 942**	**357 031**	**99 332**	**448 595**	**2 278 900**
Non-current					
Main pool (notes 31 and 32)	427 965	105 988	30 941	137 244	702 138
United Nations Staff Mutual Insurance Society against Sickness and Accidents investments (note 31)	–	70 835	–	–	70 835
Subtotal	**427 965**	**176 823**	**30 941**	**137 244**	**772 973**
Total	**1 801 907**	**533 854**	**130 273**	**585 839**	**3 051 873**

124. The principal of two trust funds (United Nations Library endowment fund and Sasakawa-UNDRO disaster prevention award endowment fund), amounting to $3.2 million (2019: $3.4 million), remains restricted and is unavailable for use in the operations of those trust funds. The investment revenue from the funds is used for the operations of the funds. The principal portion of the investment is kept separate until further advised by the donor.

Note 9
Assessed contributions: receivables from non-exchange transactions

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Member States	831 165[a]	793 090
Non-member States	447	335
Allowance for doubtful assessed contributions receivable	(383 429)	(352 135)
Total assessed contributions receivable	**448 183**	**441 290**

[a] This amount includes outstanding regular budget assessments due from current Member States of $807.596 million as at 31 December 2020.

Note 10
Voluntary contributions: receivables from non-exchange transactions

(Thousands of United States dollars)

	Current	*Non-current*	*Total 31 December 2020*
Voluntary contributions	865 889	684 572	1 550 461
Allowance for doubtful voluntary contributions receivable	(17 270)	–	(17 270)
Total voluntary contributions receivable	**848 619**	**684 572**	**1 533 191**

(Thousands of United States dollars)

	Current	*Non-current*	*Total 31 December 2019*
Voluntary contributions	737 087	740 932	1 478 019
Allowance for doubtful voluntary contributions receivable	(18 358)	–	(18 358)
Total voluntary contributions receivable	**718 729**	**740 932**	**1 459 661**

125. The non-current voluntary contributions receivable of $684.5 million (2019: $740.9 million) represents the discounted value of future year receivables. The current voluntary contributions receivable includes $49.3 million (2019: $58.5 million) of consolidated voluntary contributions receivable of the United Nations Development Programme (UNDP) multi-partner trust fund. The non-current voluntary contributions receivable also includes $82.4 million (2019: $60.0 million) of consolidated voluntary contributions receivable of the UNDP multi-partner trust fund.

Note 11
Other accounts receivable: receivables from exchange transactions and loans

(Thousands of United States dollars)

	Current	*Non-current*	*Total 31 December 2020*
Loans receivable – loans provided by the Central Emergency Response Fund (note 33)	30 000	–	30 000
Receivables due from peacekeeping operations (note 33)	47 376	–	47 376
Receivables due from jointly financed administrative activities fund	37 000	–	37 000
Receivables from other United Nations entities	59 397	–	59 397
Other accounts receivable	44 904	–	44 904
Subtotal	**218 677**	**–**	**218 677**
Allowance for doubtful receivables due from peacekeeping operations (note 31)	(47 376)	–	(47 376)
Allowance for doubtful receivables due from other United Nations entities	(5 858)	–	(5 858)
Allowance for other doubtful receivables	(6 436)	–	(6 436)
Total other receivables	**159 007**	–	**159 007**

(Thousands of United States dollars)

	Current	*Non-Current*	*Total 31 December 2019*
Loans receivable – loans provided by the Central Emergency Response Fund (note 33)	30 000	–	30 000
Receivables due from peacekeeping operations (note 33)	47 376	–	47 376
Receivables due from jointly financed administrative activities fund	20 000	–	20 000
Receivables from other United Nations entities	58 640	–	58 640
Other accounts receivable	33 273	780	34 053
Subtotal	**189 289**	**780**	**190 069**
Allowance for doubtful receivables due from peacekeeping operations (note 31)	(47 376)	–	(47 376)
Allowance for doubtful receivables due from other United Nations entities	(4 471)	–	(4 471)
Allowance for other doubtful receivables	(1 218)	–	(1 218)
Total other receivables	**136 224**	**780**	**137 004**

Loans provided by the Central Emergency Response Fund

126. During 2020, the Central Emergency Response Fund granted loans of $30.0 million to UNRWA and $10.0 million to Food and Agriculture Organization of the United Nations (FAO). The loan to FAO was fully repaid in 2020. The $30.0 million loan to UNRWA is outstanding as at 31 December 2020.

Note 12
Inventories

127. Inventory balances held as at 31 December 2020 decreased by 7 per cent compared with the balances held at the end of the previous year. The levels of purchases and consumption decreased by 28 per cent and 40 per cent, respectively, due to the relocation of United Nations Integrated Office in Haiti (BINUH) and the liquidation of the United Nations Integrated Peacebuilding Office in Guinea-Bissau (UNIOGBIS).

(Thousands of United States dollars)

	Held for sale	*Raw materials*	*Strategic reserves*	*Consumables and supplies*	*Total*
Opening inventory as at 1 January 2019	**1 962**	**424**	**635**	**28 438**	**31 459**
Adjustment[a]	18	327	–	9 580	9 925
Purchase	1 613	353	749	35 450	38 165
Consumption	(1 270)	(855)	(552)	(43 319)	(45 996)
Impairment and write-offs	–	–	(80)	(2 107)	(2 187)
Total inventory as at 31 December 2019	**2 323**	**249**	**752**	**28 042**	**31 366**
Purchase	1 334	430	334	25 370	27 468
Consumption	(1 048)	(401)	(419)	(25 472)	(27 340)
Impairment and write-offs	–	–	(4)	(2 405)	(2 409)
Total inventory as at 31 December 2020	**2 609**	**278**	**663**	**25 535**	**29 085**

[a] Represents the adjustment to the value of the opening balance of inventory.

Note 13
Other assets

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Advances to United Nations Development Programme and other United Nations agencies[a]	35 093	72 302
Advances to vendors	1 578	741
Advances to staff	27 622	33 343
Advances to military and other personnel	3 065	5 565
Deferred charges	36 343	26 937
United Nations Development Programme multi-partner trust fund advances[b]	250 400	230 126
Other	17 432	15 224
Total other assets	**371 533**	**384 238**

[a] Includes amount advanced to the United Nations Development Programme for the resident coordinator system.
[b] See note 24 for the multi-partner trust funds administered by UNDP.

Note 14
Heritage assets

128. Certain assets are categorized as heritage assets because of their cultural, educational or historical significance. The Organization's heritage assets were acquired over many years by various means, including donation and bequest. During 2020, a memorial to commemorate the fallen colleagues of the Haiti earthquake, called "A Breath," was transferred from Haiti and installed on display at United Nations Headquarters. In addition, a sculpture of the famed Angor Wat Temple was received and displayed at Headquarters.

129. Heritage assets are not held to generate any future economic benefits or service potential; accordingly, the Organization elected not to recognize them in the statement of financial position. Significant heritage assets owned by the Organization comprise works of art, statues, monuments, historical buildings and books and maps.

Note 15
Property, plant and equipment

130. The net book value of property, plant and equipment as at 31 December 2020 was $2,936.2 million (2019: $2,952.4 million). The total cost of acquisitions and transfers during 2020 was $146.7 million (2019: $134.3 million).

131. During the year, the Organization disposed of assets in the amount of $2.3 million at net book value (2019: $4.5 million). Equipment was written down by $1.2 million (2019: $3.7 million), mainly due to malfunctions and other actions ($0.8 million), to wear and tear ($0.3 million) and to accidents and losses ($0.1 million). Buildings and infrastructure were written down by $1.2 million (2019: $0.7 million), mainly due to the liquidation of UNIOGBIS and the relocation of the offices of BINUH.

132. During the year, the Economic and Social Commission for Western Asia located in Beirut was significantly affected by the explosion that occurred in the port of Beirut. An impairment adjustment was recorded for the assets that were affected by the explosion ($3.1 million) and it is expected that the full impact will be ascertained

in the subsequent financial year, as the review has been hampered by the COVID-19 pandemic.

133. An impairment review was conducted and no other significant impairment was identified.

Assets under construction

134. During the year, additions of $100.3 million (2019: $78.4 million) were capitalized to assets under construction, relating primarily to the refurbishment and renovation of the Palais des Nations under the strategic heritage plan of the United Nations Office at Geneva ($75.0 million), construction and configuration of flexible workspace at United Nations Headquarters in New York ($5.9 million), construction of the COVID medical facility at the Nairobi Hospital ($4.2 million), construction of buildings and infrastructure assets in the special political missions ($3.4 million), leasehold improvements of the ESCAP building in Bangkok ($2.5 million) and renovation of Africa Hall at ECA ($1.8 million).

135. The strategic heritage plan of the United Nations Office at Geneva has a total projected cost of SwF 836.5 million (equivalent to $947.3 million). Construction work is expected to continue until 2024 and the project is co-financed by an interest-free refundable loan from the Government of Switzerland for the maximum amount of SwF 400 million (see note 23, para. 184). The Africa Hall project was established with a maximum cost of $56.9 million. The project is expected to be completed during 2023 due to major delays in the construction process.

136. Assets under construction amounting to $11.9 million (2019: $16.0 million) were completed and became operational, including the construction of the COVID medical facility at the Nairobi Hospital ($4.1 million), completion of a temporary conference building associated with the strategic heritage plan ($3.3 million), renovation of other buildings at the United Nations Office at Geneva ($2.2 million) and the construction of a permanent building at the United Nations Military Observer Group in India and Pakistan ($1.4 million).

137. Assets under construction at year end in the amount of $314.6 million (2019: $226.3 million) primarily comprise of the refurbishment and renovation of the Palais des Nations ($247.4 million), flexible workspace construction at Headquarters in New York ($25.5 million), the renovation of Africa Hall at ECA ($12.2 million), leasehold improvements for ESCAP ($8.4 million) and construction of buildings and infrastructure assets in special political missions ($7.9 million).

Finance lease assets

138. As at 31 December 2020, the cost of assets under finance leases amounted to $144.5 million ($58.9 million net book value), comprising donated right-to-use assets of $138.8 million at replacement cost ($58.9 million net book value) and a commercial lease costing $5.6 million (nil net book value). The donated-right-to-use mainly represents the cost of the Vienna International Centre ($137.2 million at cost, $58.4 million at book value). The commercial lease represents network equipment.

139. The Vienna International Centre leases were established in 1979 for 99 years for four United Nations system entities (the United Nations Office at Vienna, the International Atomic Energy Agency, the United Nations Industrial Development Organization and the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization). As at 1 January 2015, the cost and net book value of the Centre were valued at €489.2 million ($596.6 million) and €288.0 million ($351.2 million), respectively. An annual review of the buildings management services ratio indicated a change in the ratio from 22.76 per cent in 2019 to 23.00 per

cent in 2020. However, owing to immaterial impact, this change (representing 0.2 per cent of total Vienna International Centre assets and 0.01 per cent of total property, plant and equipment value) has not been considered in calculating the Vienna International Centre share for United Nations financial reporting. Accordingly, no change has been made to the costs of $135.8 million and the net book value of $79.9 million that were recognized as at 1 January 2015.

140. In 2020, the share of leasehold improvements made to the Vienna International Centre buildings in the amount of $1.7 million (2019: $0.3 million) was capitalized.

141. The land of the Centre is treated as an operating lease. The Organization’s share of the fair rental value of the land is recognized as a contribution in kind.

Property, plant and equipment: 2020

(Thousands of United States dollars)

	Land	*Buildings*	*Infrastructure*	*Vehicles*	*Communications and information technology equipment*	*Machinery and equipment*	*Furniture and fixtures*	*Assets under construction*	*Leasehold improvements*	*Total*
Cost as at 31 December 2019	**835 698**	**3 799 653**	**321 900**	**179 245**	**172 218**	**55 742**	**4 818**	**226 280**	**9 476**	**5 605 030**
Additions		16 181	2 213	11 325	7 640	2 699	186	100 277	1 568	142 089
Disposals		(2 061)	(1 752)	(7 716)	(6 433)	(2 997)	(46)	–	–	(21 005)
Completed assets under construction		11 220	11	–	–	–	–	(11 914)	683	–
Transfers		241	–	1 221	2 174	797	190	–	–	4 623
Cost as at 31 December 2020	**835 698**	**3 825 234**	**322 372**	**184 075**	**175 599**	**56 241**	**5 148**	**314 643**	**11 727**	**5 730 737**
Accumulated depreciation as at 31 December 2019	**–**	**2 170 859**	**190 038**	**115 622**	**132 489**	**38 809**	**3 253**	**–**	**1 560**	**2 652 630**
Depreciation	–	113 999	15 120	12 766	7 677	1 976	293	–	1 204	153 035
Disposals	–	(1 666)	(844)	(7 423)	(6 257)	(2 453)	(46)	–	–	(18 689)
Transfers	–	241	–	1 263	2 264	516	190	–	–	4 474
Impairment losses	–	5	104	–	–	–	–	–	2 965	3 074
Accumulated depreciation as at 31 December 2020	**–**	**2 283 438**	**204 418**	**122 228**	**136 173**	**38 848**	**3 690**	**–**	**5 729**	**2 794 524**
Net carrying amount										
31 December 2019	**835 698**	**1 628 794**	**131 862**	**63 623**	**39 729**	**16 933**	**1 565**	**226 280**	**7 915**	**2 952 400**
31 December 2020	**835 698**	**1 541 796**	**117 954**	**61 847**	**39 426**	**17 393**	**1 458**	**314 643**	**5 998**	**2 936 213**

Property, plant and equipment: 2019

(Thousands of United States dollars)

	Land	*Buildings*	*Infrastructure*	*Vehicles*	*Communications and information technology equipment*	*Machinery and equipment*	*Furniture and fixtures*	*Assets under construction*	*Leasehold improvements*	*Total*
Cost as at 31 December 2018	**835 698**	**3 766 665**	**319 258**	**173 682**	**170 849**	**55 118**	**4 392**	**163 907**	**9 364**	**5 498 933**
Additions	–	20 588	1 497	21 767	8 922	3 022	161	78 371	112	134 440
Disposals	–	(1 088)	–	(16 075)	(8 650)	(2 404)	–	–	–	(28 217)
Completed assets under construction	–	13 488	1 145	–	1 100	–	265	(15 998)	–	–
Transfers	–	–	–	(129)	(3)	6	–	–	–	(126)
Cost as at 31 December 2019	**835 698**	**3 799 653**	**321 900**	**179 245**	**172 218**	**55 742**	**4 818**	**226 280**	**9 476**	**5 605 030**
Accumulated depreciation as at 31 December 2018	–	**2 057 716**	**174 265**	**114 027**	**128 230**	**38 079**	**2 951**	**–**	**999**	**2 516 267**
Depreciation	–	113 494	15 773	14 202	12 730	2 980	302	–	561	160 042
Disposals	–	(355)	–	(12 692)	(8 465)	(2 251)	–	–	–	(23 763)
Transfers	–	–	–	33	(6)	1	–	–	–	28
Impairment losses	–	4	–	52	–	–	–	–	–	56
Accumulated depreciation as at 31 December 2019	**–**	**2 170 859**	**190 038**	**115 622**	**132 489**	**38 809**	**3 253**	**–**	**1 560**	**2 652 630**
Net carrying amount										
31 December 2018	835 698	1 708 949	144 993	59 655	42 619	17 039	1 441	163 907	8 365	2 982 666
31 December 2019	**835 698**	**1 628 794**	**131 862**	**63 623**	**39 729**	**16 933**	**1 565**	**226 280**	**7 915**	**2 952 400**

Note 16
Intangible assets

142. All intangible assets acquired before 1 January 2014 were subject to IPSAS transitional provisions and were not recognized, with the exception of Umoja, which is the enterprise resource planning system of the Organization. All subsequent acquisitions have been recognized in accordance with the established recognition criteria.

143. The net book value of intangible assets as at 31 December 2020 was $147.4 million (2019: $142.6 million). The total costs of acquisitions and amortization during 2020 were $27.7 million and $23.0 million, respectively.

144. The total carrying value of the Umoja project as at year end was $125.7 million (2019: $103.6 million). Umoja-related development costs are capitalized as assets under development until the relevant phase becomes operational, at which time the completed asset under development is transferred to intangible operational assets.

145. During the year, additions of $27.5 million (2019: $33.2 million) were capitalized to assets under development, relating primarily to Umoja software of $24.5 million, and a total of $40.8 million assets under development were completed and became operational.

146. Assets under development at year end amounting to $2.9 million (2019: $17.9 million) relate primarily to the development of meeting and delegate management software ($1.9 million) and improvements to the grants management system ($0.6 million). No assets under development remain outstanding on the Umoja project as at 31 December 2020.

Intangible assets: 2020

(Thousands of United States dollars)

					Assets under development		
	Umoja	*Other software developed internally*	*Software acquired externally*	*Licences and rights*	*Umoja*	*Other*	*Total*
Cost as at 31 December 2019	**234 466**	**19 875**	**16 186**	**154**	**16 344**	**1 593**	**288 618**
Additions	–	–	178	–	24 461	3 034	**27 673**
Disposals	–	–	–	–	–	–	–
Completed assets under development	–	–	–	–	–	–	–
Transfers	40 805	1 763	–	–	(40 805)	(1 763)	–
Cost as at 31 December 2020	**275 271**	**21 638**	**16 364**	**154**	**–**	**2 864**	**316 291**
Accumulated amortization as at 31 December 2019	**130 818**	**11 231**	**3 796**	**126**	**–**	**–**	**145 971**
Amortization	18 713	2 438	1792	17	–	–	22 960
Disposals	–	–	–	–	–	–	–
Transfers	–	–	–	–	–	–	–
Accumulated amortization as at 31 December 2020	**149 531**	**13 669**	**5 588**	**143**	**–**	**–**	**168 931**
Net carrying amount							
31 December 2019	103 648	8 644	12 390	28	16 344	1 593	**142 647**
31 December 2020	**125 740**	**7 969**	**10 776**	**11**	**–**	**2 864**	**147 360**

Intangible assets: 2019

(Thousands of United States dollars)

	Umoja	Other software developed internally	Software acquired externally	Licences and rights	Assets under development		Total
					Umoja	*Other*	
Cost as at 31 December 2018	**209 342**	**18 228**	**16 082**	**154**	**9 458**	**2 004**	**255 268**
Additions	–	–	116	–	32 010	1 236	33 362
Disposals	–	–	(66)	–	–	–	(66)
Completed assets under development	25 124	1 647	–	–	(25 124)[a]	(1 647)	–
Transfers	–	–	54	–	–	–	54
Cost as at 31 December 2019	**234 466**	**19 875**	**16 186**	**154**	**16 344**	**1 593**	**288 618**
Accumulated amortization as at 31 December 2018	**114 675**	**7 954**	**2 017**	**99**	**–**	**–**	**124 745**
Amortization	16 143	3 277	1 829	27	–	–	21 276
Disposals	–	–	(66)	–	–	–	(66)
Transfers	–	–	16	–	–	–	16
Accumulated amortization as at 31 December 2019	**130 818**	**11 231**	**3 796**	**126**	**–**	**–**	**145 971**
Net carrying amount							
31 December 2018	94 667	10 274	14 065	55	9 458	2 004	130 523
31 December 2019	**103 648**	**8 644**	**12 390**	**28**	**16 344**	**1 593**	**142 647**

[a] Includes $1.920 million of Umoja integration enhancements, which were completed in prior years.

Note 17
Accounts payable and accrued liabilities

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Payable to vendors	49 748	52 474
Transfers payable	81 760	21 638
Payable to other United Nations entities	44 265	72 277
Accruals for goods and services	124 695	135 373
Accounts payable – other	69 387	55 894
Subtotal	**369 855**	**337 656**
Payable to Member States	1 351	387
Working Capital Fund payable to Member States[a]	150 000	150 000
Subtotal	**151 351**	**150 387**
Total accounts payable and accrued liabilities	**521 206**	**488 043**

[a] The Working Capital Fund represents advances from Member States to finance budgeted or extraordinary expenses and for other purposes as authorized by the General Assembly.

Note 18
Advance receipts and deferred revenue

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Deferred revenue	119 665	94 439
Advance receipts from Member States	118	72
Total advance receipts and deferred revenue	**119 783**	**94 511**

Note 19
Employee benefits liabilities

(Thousands of United States dollars)

	Current	*Non-current*	*Total 31 December 2020*
After-service health insurance	84 503	4 821 210	4 905 713
Annual leave	13 052	144 621	157 673
Repatriation benefits	21 759	236 642	258 401
Total attributable to regular budget	*119 314*	*5 202 473*	*5 321 787*
After-service health insurance	9 034	976 451	985 485
Annual leave	3 501	57 511	61 012
Repatriation benefits	4 660	74 303	78 963
Total attributable to extrabudgetary resources	*17 195*	*1 108 265*	*1 125 460*
Defined end-of-service/post-employment benefits liabilities	**136 509**	**6 310 738**	**6 447 247**

	Current	Non-current	Total 31 December 2020
Appendix D/workers' compensation	1 985	39 198	41 183
Pension contributions liabilities	3 664	–	3 664
Insurance liabilities	19 410	–	19 410
Accrued salaries and allowances	76 303	337	76 640
Total employee benefits liabilities	**237 871**	**6 350 273**	**6 588 144**

(Thousands of United States dollars)

	Current	Non-current	Total 31 December 2019
After-service health insurance	78 227	4 431 554	4 509 781
Annual leave	15 939	139 893	155 832
Repatriation benefits	25 932	216 682	242 614
Total attributable to regular budget	*120 098*	*4 788 129*	*4 908 227*
After-service health insurance	8 232	872 470	880 702
Annual leave	3 883	52 909	56 792
Repatriation benefits	5 135	65 699	70 834
Total attributable to extrabudgetary resources	*17 250*	*991 078*	*1 008 328*
Defined end-of-service/post-employment benefits liabilities	**137 348**	**5 779 207**	**5 916 555**
Appendix D/workers' compensation	1 877	35 862	37 739
Pension contributions liabilities	599	–	599
Insurance liabilities	16 052	–	16 052
Accrued salaries and allowances	68 057	31	68 088
Total employee benefits liabilities	**223 933**	**5 815 100**	**6 039 033**

147. The liabilities arising from end-of-service/post-employment benefits and the workers' compensation programme under Appendix D to the Staff Rules of the United Nations are determined by independent actuaries in accordance with IPSAS 39: Employee benefits. Full actuarial valuation is usually undertaken every two years. In years between full valuations, independent actuaries perform a roll-forward exercise using participation data from the prior year with a partial update of actuarial assumptions. The most recent full actuarial valuation was conducted as at 31 December 2019, while actuarially valued balances as of 31 December 2020 represent results of the roll-forward exercise.

148. The Organization currently uses the initial entry date of active staff members in the United Nations Joint Staff Pension Fund to determine qualifying service periods for the valuation of after-service health insurance liabilities. The Organization is reconfirming the initial entry date and gathering the actual periods of staff participation in the United Nations health plans, with the goal of using that updated census data for the next full actuarial valuation to be undertaken as at 31 December 2021.

Defined end-of-service/post-employment benefits liabilities

Actuarial valuation: assumptions

149. The principal actuarial assumptions used to determine the employee benefits obligations at 31 December 2020 and 31 December 2019 are shown below. Discount rates and health-care cost trend rates were updated for 2020 the roll-forward exercise while other assumptions were retained from the full valuation performed as at 31 December 2019.

Actuarial assumptions

(Percentage)

Assumptions	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Discount rates 31 December 2019	2.43	3.04	2.50
Discount rates 31 December 2020	2.07	2.15	2.25

150. The yield curves used in the calculation of the discount rates in respect of the United States dollars, the eurozone euro and the Swiss franc are those developed by Aon Hewitt in line with the decision of the Task Force on Accounting Standards to harmonize actuarial assumptions across the United Nations system.

151. The salary increase rate and the demographic assumptions used for the 2019 full valuation were retained for the 2020 roll-forward exercise and are the same as those used for the latest United Nations Joint Staff Pension Fund valuation. The salary increase assumptions for the Professional staff category were 9.27 per cent for the age of 19 years, grading down to 3.97 per cent for the age of 70 years. The salaries of the General Service staff category were assumed to increase by 6.84 per cent for the age of 19 years, grading down to 3.47 per cent at the age of 70 years.

152. The health-care cost trend rates are based on Aon Hewitt long-term assumptions for different currencies as shown below. The rates were updated for the 2020 roll-forward valuation.

	2020			*2019*		
Cost trend assumptions	*Initial*	*Final*	*Grade down*	*Initial*	*Final*	*Grade down*
United States non-Medicare	5.31%	3.65%	14 years	5.44%	3.85%	13 years
United States Medicare	5.15%	3.65%	14 years	5.26%	3.85%	13 years
United States dental	4.59%	5.65%	14 years	4.66%	3.85%	13 years
Non-United States (Switzerland)	3.64%	2.75%	8 years	3.76%	2.85%	8 years
Non-United States (eurozone)	3.73%	3.25%	6 years	3.83%	3.65%	3 years

153. The per capita claim costs for the after-service health insurance plans are updated to reflect recent claims and enrolment experience.

154. With regard to the valuation of repatriation benefits inflation in travel costs was assumed to be 2.20 per cent for both the 2019 and 2020 valuations, on the basis of the projected United States inflation rate over the next 20 years.

155. Annual leave balances were assumed to increase at the following annual rates during the staff member’s projected years of service: 0–3 years, 10.9 per cent;

4−8 years, 1 per cent; and more than nine years, 0.5 per cent, up to the maximum of 60 days. The attribution method is used for annual leave actuarial valuation.

156. For defined-benefit plans, assumptions regarding future mortality are based on published statistics and mortality tables. Salary increases, retirement, withdrawal and mortality assumptions are consistent with those used by the United Nations Joint Staff Pension Fund in making its actuarial valuation.

Actuarial valuation: movement in post-employment benefits liabilities accounted for as defined benefit plans

(Thousands of United States dollars)

	2020	*2019*
Net defined-benefits liability as at 1 January	**5 916 555**	**4 705 464**
Current service cost	208 938	152 334
Interest cost	144 101	183 167
Total costs recognized in the statement of financial performance	**353 039**	**335 501**
Benefits paid	(140 888)	(145 287)
Actuarial (gains)/losses recognized directly in the statement of changes in net assets[a]	318 541	1 020 877
Due to changes in financial assumptions	*318 541*	*1 177 736*
Due to changes in demographic assumptions	–	*(71)*
Due to experience adjustment	–	*(156 788)*
Net defined-benefits liability as at 31 December	**6 447 247**	**5 916 555**

[a] The net cumulative amount of actuarial losses recognized in the statement of changes in net assets is $1,579.311 million (actuarial loss 2019: $1,260.77 million).

157. The financial losses in 2020 are due to a decrease of the discount rate used for the roll-forward, partially offset by decrease in health-care trend rates in the case of the after-service health insurance portion of the actuarily valued liability.

Actuarial valuation: discount rate sensitivity analysis

158. The changes in discount rates are driven by the discount curve, which is calculated on the basis of corporate bonds. The bonds markets varied over the reporting period, and volatility has an impact on the discount rate assumption. Should the assumption vary by 0.5 per cent, its impact on the obligations would be as shown below.

Discount rate sensitivity analysis

(Thousands of United States dollars)

31 December 2020	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Increase of discount rate by 0.5 per cent	(632 691)	(12 507)	(9 108)
As a percentage of year-end liability	(11)	(4)	(4)
Decrease of discount rate by 0.5 per cent	743 428	13 407	9 835
As a percentage of year-end liability	13	4	4

31 December 2019	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Increase of discount rate by 0.5 per cent	(578 439)	(11 604)	(8 835)
As a percentage of year-end liability	(11)	(4)	(4)
Decrease of discount rate by 0.5 per cent	679 613	12 438	9 538
As a percentage of year-end liability	13	4	4

Actuarial valuation: medical costs sensitivity analysis

159. The principal assumption in the valuation of the after-service health insurance is the rate at which medical costs are expected to increase in the future. The sensitivity analysis looks at the change in liability resulting from changes in the medical cost rates while holding other assumptions, such as the discount rate, constant. Should the medical cost trend assumption vary by 0.5 per cent, this would have an impact on the measurement of the defined-benefit obligations, as shown below.

Medical costs sensitivity analysis

(Thousands of United States dollars and percentage)

2020	*Increase*		*Decrease*	
Effect on the defined-benefit obligation	12.05%	709 608	(10.40%)	(612 405)
Effect on the aggregate of the current service cost and interest cost	0.87%	51 392	(0.73%)	(43 237)
Total effect		**761 000**		**(655 642)**

2019	*Increase*		*Decrease*	
Effect on the defined-benefit obligation	12.03%	648 691	(10.39%)	(559 884)
Effect on the aggregate of the current service cost and interest cost	0.87%	46 886	(0.73%)	(39 449)
Total effect		**695 577**		**(599 333)**

Historical information: total liability for after-service health insurance, repatriation benefits and annual leave as at 31 December

(Millions of United States dollars)

	2020	*2019*	*2018*	*2017*	*2016*
Present value of the defined-benefit obligations	6 447	5 917	4 705	5 043	4 337

Funding of defined benefit liabilities: extrabudgetary resources

160. With effect from 1 January 2017, the Organization began to accrue 3 per cent on gross salary plus post adjustment for staff funded from extrabudgetary resources in respect of staff retiring from positions funded from extrabudgetary resources. The rate was subsequently increased to 6 per cent on 1 January 2019.

161. The Organization accrues 8 per cent on gross salary less staff assessment for staff funded from extrabudgetary resources as a reserve to cover the Organization's repatriation grant obligation.

162. The following table summarizes the funding position of actuarially valued liabilities pertaining to extrabudgetary resources as at 31 December 2020.

(Thousands of United States dollars)

Attributable to extrabudgetary resources	*Liability*	*Funded*	*Unfunded*	*Percentage of liability funded*
After-service health insurance	985 485	96 086	889 399	9.8
Repatriation benefits	78 963	136 127	–	172.4
Annual leave	61 012	–	61 012	–
Total	**1 125 460**	**232 213**	**950 411**	**20.6**

163. Defined benefit liabilities pertaining to the regular budget have not been funded. The pertinent budget is provided based on claims experience in previous years.

Other employee benefit liabilities

Appendix D/workers' compensation costs actuarial valuation: assumptions

164. The workers' compensation liability is actuarially valued. The liabilities are determined from the projected benefits, which are increased for cost-of-living allowance, decreased for mortality and then discounted to the present value. Obligations as at 31 December 2020, estimated at $41.2 million (2019: $37.7 million), are based on an actuarial valuation as at the same date.

165. The cost-of-living adjustment for 2020 as determined by Aon Hewitt is 2 per cent and is calculated using market-based inflation. In 2019, 2.2 per cent was used for the cost-of-living adjustment, which was in line with the rate used for the valuation of the United Nations Joint Staff Pension Fund as at 31 December 2019. Like defined-benefit liabilities, the Aon Hewitt yield curves were used in determining the 31 December 2020 obligation. Appendix D/workers' compensation uses mortality assumptions based on World Health Organization statistical tables.

Appendix D/workers' compensation costs actuarial valuation: sensitivity analysis

166. The sensitivity analysis looks at the change in liability resulting from changes in the cost-of-living adjustment as well as changes in assumed discount rates. A change in the cost-of-living adjustment and a change in the assumed discount rates of 1 per cent would have an impact on the measurement of the Appendix D obligation as shown below.

Appendix D costs: effect of 1 per cent movement in cost-of-living adjustment sensitivity to end-of-year liability

(Thousands of United States dollars and percentage)

	31 December 2020	*31 December 2019*
Increase of cost-of-living adjustment by 1 per cent	5 648	5 042
As a percentage of year-end liability	13.71	13.36
Decrease of cost-of-living adjustment by 1 per cent	(4 592)	(4 290)
As a percentage of year-end liability	(11.15)	(11.37)

Appendix D costs: effect of 1 per cent movement in assumed discount rates sensitivity to end-of-year liability

(Thousands of United States dollars and percentage)

	31 December 2020	*31 December 2019*
Increase of discount rate by 1 per cent	(4 932)	(4 069)
As a percentage of year-end liability	(11.98)	(10.78)
Decrease of discount rate by 1 per cent	6 184	5 702
As a percentage of year-end liability	15.02	15.11

Appendix D/workers' compensation costs actuarial valuation: funding

167. The liabilities pertaining to the regular budget ($26.1 million) have not been funded. The pertinent budget is provided based on claims experience in previous years.

168. The liabilities pertaining to extrabudgetary resources ($15.1 million) are funded from a charge of 1 per cent of the net base remuneration, including post adjustment, for eligible personnel. The net surplus of the fund is $96.9 million as at 31 December 2020.

Accrued salaries and allowances

169. Accrued salaries and allowances comprise $15.9 million (2019: $17.9 million) in accrued salaries, home leave benefits of $51.7 million (2019: $40.8 million) and $8.5 million (2019: $8.6 million) relating to other payables and accruals for resettlement allowances, family visits and other allowances.

United Nations Joint Staff Pension Fund

170. The Regulations of the United Nations Joint Staff Pension Fund state that the Pension Board shall have an actuarial valuation made of the Fund at least once every three years by the consulting actuary. The practice of the Pension Board has been to carry out an actuarial valuation every two years using the open group aggregate method. The primary purpose of the actuarial valuation is to determine whether the current and estimated future assets of the Fund will be sufficient to meet its liabilities.

171. The Organization's financial obligation to the Pension Fund consists of its mandated contribution, at the rate established by the General Assembly (currently 7.90 per cent for participants and 15.80 per cent for member organizations), together with a share of any actuarial deficiency payments under article 26 of the Regulations of the Fund. Such deficiency payments are payable only if and when the Assembly invokes the provision of article 26, following a determination that there is a requirement for deficiency payments based on an assessment of the actuarial sufficiency of the Fund as at the valuation date. Each member organization shall contribute to the deficiency an amount proportionate to the total contributions that each paid during the three years preceding the valuation date.

172. The latest actuarial valuation for the Fund was completed as at 31 December 2019, and a roll-forward of the participation data as at 31 December 2019 to 31 December 2020 will be used by the Fund for its 2020 financial statements.

173. The actuarial valuation as at 31 December 2019 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 144.2 per cent (139.2 per cent in the 2017 valuation). The funded ratio was 107.1 per cent (102.7 per cent in the 2017 valuation) when the current system of pension adjustments was taken into account.

174. After assessing the actuarial sufficiency of the Fund, the consulting actuary concluded that there was no requirement, as at 31 December 2019, for deficiency payments under article 26 of the Regulations of the Fund, as the actuarial value of assets exceeded the actuarial value of all accrued liabilities under the plan. In addition, the market value of assets also exceeded the actuarial value of all accrued liabilities as at the valuation date. At the time of reporting, the General Assembly had not invoked the provision of article 26.

175. Should article 26 be invoked because of an actuarial deficiency, either during the ongoing operation or owing to the termination of the Fund pension plan, deficiency payments required from each member organization would be based upon the proportion of that member organization's contributions to the total contributions paid to the Fund during the three years preceding the valuation date. Total contributions paid to the Fund during the preceding three years (2017, 2018 and 2019) amounted to $7,546.9 million, of which 17.5 per cent was contributed by the Organization.

176. During 2020, the Organization's contributions, including the staff portion, paid to the Pension Fund amounted to $502.8 million (2019: $463.4 million). The Organization expects to contribute approximately the same amount in 2021.

177. Membership in the Fund may be terminated by decision of the General Assembly, upon the affirmative recommendation of the Pension Board. A proportionate share of the total assets of the Fund at the date of termination shall be paid to the former member organization for the exclusive benefit of its staff who were participants in the Fund at that date, pursuant to an arrangement mutually agreed between the organization and the Fund. The amount is determined by the Pension Board on the basis of an actuarial valuation of the assets and liabilities of the Fund on the date of termination; no part of the assets which are in excess of the liabilities are included in the amount.

178. The Board of Auditors carries out an annual audit of the Pension Fund and reports to the Pension Board and to the General Assembly on the audit every year. The Fund publishes quarterly reports on its investments, which can be viewed on the Fund's website (www.unjspf.org).

Note 20
Provisions

(Thousands of United States dollars)

	Credits to Member States	*Litigation and claims*	*Restoration*	*Insurance claims (incurred but not reported)*	*Total*
Provisions as at 31 December 2019	**25 192**	**736**	**571**	**99 031**	**125 530**
Additional provisions made	98 494	1 105	333	99 421	199 353
Amounts reversed	–	(540)	(10)	–	(550)
Amounts used	(25 192)	(141)	–	(99 031)	(124 364)
Provisions as at 31 December 2020	**98 494**	**1 160**	**894**	**99 421**	**199 969**
Current	98 494	1 160	346	99 421	199 421
Non-current	–	–	548	–	548
Total	**98 494**	**1 160**	**894**	**99 421**	**199 969**

(Thousands of United States dollars)

	Credits to Member States	*Litigation and claims*	*Restoration*	*Insurance claims (incurred but not reported)*	*Total*
Provisions as at 31 December 2018	**53 763**	**1 595**	**457**	**102 107**	**157 922**
Additional provisions made	–	580	159	99 031	99 770
Amounts reversed	–	(1 095)	(45)	–	(1 140)
Amounts used	(28 571)	(344)	–	(102 107)	(131 022)
Provisions as at 31 December 2019	**25 192**	**736**	**571**	**99 031**	**125 530**
Current	25 192	736	336	99 031	125 295
Non-current	–	–	235	–	235
Total	**25 192**	**736**	**571**	**99 031**	**125 530**

179. Provisions for credits to Member States are composed of an increase in assessed contribution income other than staff assessment for the 2018-2019 biennium and the year 2020 of $8.4 million, unencumbered balances of appropriations established in 2020 of $57.9 million and cancellation of biennium 2018-2019 commitments of $32.2 million. Provisions for $1.1 million (2019: $0.7 million) were set up for various ongoing legal claims for which it was assessed that the probability of a pay-out was greater than 50 per cent. Provisions for insurance claims (incurred but not reported) represent estimated costs that may be required to settle medical and dental claims that have been incurred during the year for which claims were not yet filed.

Note 21
Tax Equalization Fund liability

180. The Tax Equalization Fund was established under the provisions of General Assembly resolution 973 (X) to equalize the net pay of all staff members whatever their national tax obligations. The Fund operationally reports as income staff assessment with respect to staff members financed under the regular budget, assessed peacekeeping operations and the International Residual Mechanism for Criminal Tribunals.

181. The Fund includes as expenditure credits against the assessed contributions for the regular budget, peacekeeping and the International Residual Mechanism to Member States that do not levy taxes on the United Nations income of their nationals. Member States that do levy income taxes on their nationals working for the Organization do not receive this credit in full. Instead, their share is utilized in the first instance to reimburse staff members financed by the regular budget, peacekeeping and the Residual Mechanism for taxes paid on their United Nations income. Such reimbursements for taxes paid are reported as expenditure by the Tax Equalization Fund. Staff members financed by extrabudgetary funds who are required to pay income tax are reimbursed directly from the resources of those funds. Since the Organization acts as an agent in this arrangement, net of the related revenue and expenses is reported as a payable in these financial statements.

Operational revenue and expenses of the Tax Equalization Fund[a]

(Thousands of United States dollars)

	United States of America	*Other Member States*	*31 December 2020*	*31 December 2019*
Staff assessment receipts from:				
United Nations regular budget	58 013	205 680	263 693	267 524
Peacekeeping operations	48 888	126 397	175 285	180 518
Residual Mechanism	2 216	6 668	8 884	8 482
Interest revenue split	266	826	1 092	1 618
Total staff assessment revenue	**109 383**	**339 571**	**448 954**	**458 142**
Staff costs and other	70 075	–	70 075	81 186
Contractual services	188	–	188	169
Credits given to other Member States for:				
United Nations regular budget	–	217 833	217 833	215 552
Peacekeeping operations	–	126 590	126 590	127 028
Residual Mechanism	–	6 297	6 297	7 912
Total expenses	**70 263**	**350 720**	**420 983**	**431 847**
Net excess of revenue over	**39 120**	**(11 149)**	**27 971**	**26 295**

[a] This summary information presented in a table format shows the revenues and expenses of the Tax Equalization Fund, which have been eliminated in the financial statements of volume I. An amount of $27.971 million, representing excess of revenues over expenses has been added to cumulative surplus balances during 2020 and transferred to the tax equalization liability financial statement line.

182. The cumulative surplus accumulated in the Tax Equalization Fund as at 31 December 2020 was $150.99 million (2019: $123.02 million), consisting of amounts payable to the United States of America at year-end of $109.32 million (2019: $70.20 million) and to other Member States of $41.68 million (2019: $52.82 million). The overall amount payable of the Fund is $200.24 million (2019: $182.60 million), which includes an estimated tax liability of $49.25 million relating to the 2020 and prior tax years (2019: $59.57 million), of which approximately $29.76 million was disbursed in January 2021 and approximately $19.49 million was expected to be settled in April 2021.

Note 22
Liabilities for conditional arrangements

(Thousands of United States dollars)

	31 December 2020	*31 December 2019*
Current		
Liabilities – cash received	58 555	36 722
Liabilities – cash not received	46 662	66 731
Subtotal	**105 217**	**103 453**
Non-current		
Liabilities (cash not received)	27 855	22 928
Total conditional liabilities	**133 072**	**126 381**

183. Liabilities for conditional arrangements consist of cash received from donors, identified as conditional and not yet utilized, in the amount of $58.5 million (2019: $36.7 million). Liabilities for the cash not received have a contra amount reported within voluntary contributions receivable (see note 10).

Note 23
Other liabilities

(Thousands of United States dollars)

	Current	*Non-current*	*Total 31 December 2020*
Liabilities under donated right-to-use arrangements	3 358	56 661	60 019
Straight-lining of operating lease	14 509	–	14 509
Borrowings	2 834	129 893	132 727
Other liabilities	15 546	4 816	20 362
Total other liabilities	**36 247**	**191 370**	**227 617**

(Thousands of United States dollars)

	Current	*Non-current*	*Total 31 December 2019*
Liabilities under donated right-to-use arrangements	3 377	59 478	62 855
Straight-lining of operating lease	7 869	–	7 869
Borrowings	2 566	62 523	65 089
Other liabilities	9 484	2 603	12 087
Total other liabilities	**23 296**	**124 604**	**147 900**

Borrowings

184. The General Assembly, in its resolution 70/248 A, approved the financing of the strategic heritage plan project in part through an interest-free loan from the host country. A loan contract was signed in April 2017 between the Organization and the Fondation des immeubles pour les organisations internationales (FIPOI) (a public entity under the Government of Switzerland), for the maximum loan amount of SwF 400 million. The Organization withdraws funds available under the loan in several tranches each year. The loan is measured at amortized cost using the interest rate of a 30-year Swiss federal government bond. As at 31 December 2020, the nominal loan amount withdrawn was $129.7 million (equivalent to SwF 114.5 million). Its corresponding fair value at amortized cost is $132.7 million.

185. The loan is received at below the normal market rates, and therefore treated as a concessionary loan. Owing to the negative interest rate of a 30-year Swiss federal bond as at 31 December 2020, the statement of financial performance includes notional finance costs of $5.4 million (2019: $1.35 million). The notional finance costs are not paid in cash.

Note 24
Controlled multi-partner trust funds

186. Multi-partner trust funds are pooled resources from multiple financial partners that are allocated to multiple implementing entities to support specific national, regional or global development priorities. They are administered by the UNDP Multi-Partner Trust Fund Office.

Multi-partner trust funds where the Organization has control and is the principal

187. Common humanitarian funds have been established as partnerships between the United Nations agencies for humanitarian activities in a number of countries. The Office for the Coordination of Humanitarian Affairs serves as the technical unit for the funds and is responsible for managing the allocation process. The Organization therefore controls the funds and is the principal in those multi-partner trust funds.

188. The Peacebuilding Fund has financed approximately 500 projects in 40 countries by delivering fast and flexible funding for peacebuilding initiatives in post-conflict countries. Given that the Fund is controlled and managed by the Peacebuilding Support Office, the Organization is the principal in the programme.

189. Following the adoption of General Assembly resolution 71/1, entitled "New York Declaration for Refugees and Migrants", the Organization launched in 2017 the United Nations multi-partner trust fund to support the global compact for safe, orderly and regular migration. The Advisory Committee of the fund is chaired by the Special Representative of the Secretary-General for International Migration.

190. The United Nations Haiti cholera response multi-partner trust fund was launched in 2016. The fund provides a rapid, flexible and accountable platform to support a coordinated response from the United Nations system and partners. The Special Envoy of the Secretary-General for Haiti and the Director of the Sustainable Development Unit of the Executive Office of the Secretary-General act as the Co-Chairs of the Advisory Committee of the fund. Accordingly, the Organization is considered as the principal in the fund.

191. In 2020, the COVID-19 response and recovery multi-partner trust fund was established to support countries in overcoming the health and development crisis caused by the pandemic. The fund operates under the overall leadership of the Secretary-General through his designate, who serves as the chair of the advisory committee. The Organization controls the funds and is considered as the principal in the fund.

192. The multi-partner trust funds where the Organization has control and is the principal are therefore consolidated in full in the Organization's financial statements. A summary of revenue, expenses and net assets of the controlled multi-partner trust funds is shown below.

(Thousands of United States dollars)

	Year ended 31 December 2020					
	Common humanitarian funds	*Peacebuilding funds*	*Multi-partner trust fund on migration*	*Haiti cholera response fund*	*COVID-19 response and recovery multi-partner trust fund*	*Total*
Revenue	319 477	234 526	(36)	490	76 288	630 745
Expenses	(351 191)	(164 150)	3	(4 104)	(63 650)	(583 092)
Net surplus/(deficit)	**(31 714)**	**70 376**	**(33)**	**(3 614)**	**12 638**	**47 653**
Net assets as at 31 December 2019	224 688	96 502	454	10 414	–	332 058

	Year ended 31 December 2020					
	Common humanitarian funds	*Peacebuilding funds*	*Multi-partner trust fund on migration*	*Haiti cholera response fund*	*COVID-19 response and recovery multi-partner trust fund*	*Total*
Net assets as at 31 December 2020	**192 974**	**166 878**	**421**	**6 800**	**12 638**	**379 711**

(Thousands of United States dollars)

	Year ended 31 December 2019				
	Common humanitarian funds	*Peacebuilding funds*	*Multi-partner trust fund on migration*	*Haiti cholera response fund*	*Total*
Revenue	432 462	114 330	–	10 058	556 850
Expenses	(419 946)	(159 276)	78	(5 648)	(584 792)
Net surplus/(deficit)	**12 516**	**(44 946)**	**78**	**4 410**	**(27 942)**
Net assets as at 31 December 2018	212 172	141 448	376	6 004	360 000
Net assets as at 31 December 2019	**224 688**	**96 502**	**454**	**10 414**	**332 058**

Note 25
Interests in joint arrangements

Interests in joint arrangements accounted for using the equity method

Joint arrangements accounted for using the equity method, as at 31 December 2020

(Thousands of United States dollars)

		Statement of changes in net assets			
	Net assets/(liability) as at 1 January 2020	*Actuarial gains/(losses) relating to actuarial valuation of employee benefits liabilities*	*Other changes*	*Statement of financial performance: surplus/(deficit) for the year*	*Net assets/(liability) as at 31 December 2020*
Interest in joint arrangements: non-current assets					
United Nations System Staff College	1 585	(145)	–	599	2 039
Vienna International Centre Major Repair and Replacement Fund	1 860	–	193	(204)	1 849
Total non-current assets	**3 445**	**(145)**	**193**	**395**	**3 888**
Interest in joint arrangements: non-current liabilities					
International Trade Centre (ITC)	(19 397)	(2 143)	(51)	(5 389)	(26 980)
United Nations Office at Vienna	(29 886)	(2 534)	–	(308)	(32 728)
Other joint ventures	(32 849)	(4 609)	–	(10 277)	(47 735)
Total non-current liabilities	**(82 132)**	**(9 286)**	**(51)**	**(15 974)**	**(107 443)**
Net interest in joint arrangements	**(78 687)**	**(9 431)**	**142**	**(15 579)**	**(103 555)**
Net contribution to joint arrangements[a]				(74 910)	
Statement II: contributions to and share of deficit of joint arrangements accounted for using the equity method				**(90 489)**	

[a] Represents the 2020 regular budget contribution to the funds accounted for under the joint venture equity method, broken

down into $55.715 million to joint financing arrangements, $18.408 million to ITC, $0.150 million to the United Nations System Staff College and $0.637 million to the Vienna International Centre Major Repair and Replacement Fund.

Joint arrangements accounted for using the equity method, as at 31 December 2019

(Thousands of United States dollars)

	Net assets/ (liability) as at 1 January 2019	*Statement of changes in net assets*: *Actuarial gains/(losses) relating to actuarial valuation of employee benefits liabilities*	*Statement of changes in net assets*: *Other changes*	*Statement of financial performance: surplus/(deficit) for the year*	*Net assets/ (liability) as at 31 December 2019*
Interest in joint arrangements: non-current assets					
International Trade Centre (ITC)	16 428	(38 978)	2	3 151	(19 397)
Less: reclassification of the net liability balance for ITC as at 31 December 2019	–	–	–	–	19 397
United Nations System Staff College	2 840	(1 939)	(21)	705	1 585
Vienna International Centre Major Repair and Replacement Fund	1 475	–	75	310	1 860
Total non-current assets	**20 743**	**(40 917)**	**56**	**4 166**	**3 445**
Interest in joint arrangements: non-current liabilities					
Add: reclassification of the net liability balance for ITC as at 31 December 2019	–	–	–	–	(19 397)
United Nations Office at Vienna	(48 289)	19 510	–	(1 107)	(29 886)
Other joint ventures	(28 949)	2 188	–	(6 088)	(32 849)
Total non-current liabilities	**(77 238)**	**21 698**	–	**(7 195)**	**(82 132)**
Net interest in joint arrangements	**(56 495)**	**(19 219)**	**56**	**(3 029)**	**(78 687)**
Net contribution to joint arrangements[a]				74 993	
Statement II: contributions to and share of deficit of joint arrangements accounted for using the equity method				**78 022**	

[a] Represents the 2019 regular budget contribution to the funds accounted for under the joint venture equity method, broken down into $58.919 million to joint financing arrangements, $18.333 million to ITC, $0.150 million to the United Nations System Staff College and $0.651 million to the Vienna International Centre Major Repair and Replacement Fund.

Joint arrangements accounted for using the equity method: non-current assets

193. ITC is a joint venture between the Organization and the World Trade Organization. Accordingly, the Organization’s 50.0 per cent interest, based on its regular budget contribution of $18.4 million in 2020 (2019: $18.3 million), is accounted for using the equity method. A summary of the financial performance and net assets position of ITC is provided below.

194. The United Nations System Staff College was created by the General Assembly to improve the effectiveness of the United Nations system. It runs courses and delivers learning initiatives to United Nations personnel. The College operates on a biennial budget approved by its Board. A core portion of the budget is met by the members of the United Nations System Chief Executives Board for Coordination (CEB) in accordance with the cost-sharing formula decided upon by CEB. For the 2020 core contribution, the Organization’s share is 29.61 per cent (2019: 29.61 per cent). A summary of the financial performance and net assets position of the College is shown below.

195. The Major Repair and Replacement Fund is a jointly financed administrative activity whose contributors are the organizations based at the Vienna International Centre. Its objective is to make major capital improvements to the Centre. The Organization contributed $0.6 million to the Fund in 2020 (2019: $0.5 million), which represents 11.50 per cent of the total revenue received by the Fund in 2020 (2019: 11.38 per cent). A summary of the financial performance and net assets position of the Fund are presented below.

196. Annual contributions made by the Organization to the Major Repair and Replacement Fund may be used to acquire or upgrade physical assets required for major capital improvements to the Vienna International Centre. The Organization had not entered into any other capital commitments in relation to its interests in joint ventures as at 31 December 2020.

Joint arrangements accounted for using the equity method: non-current liabilities

197. The jointly financed administrative activities are established under binding agreements as follows:

(a) **United Nations Office at Vienna**: jointly financed administrative activities of the United Nations in Vienna consist of three activities, each of which has a cost-sharing agreement:

(i) Safety and security;

(ii) Access control programme of the Vienna International Centre shooting range;

(iii) Conference and administrative services;

(b) **Safety and security**: the Department of Safety and Security is a single security management framework responsible for providing leadership, operational support and oversight of the security management system, ensuring the maximum security for staff and eligible dependants and enabling the safest and most efficient conduct of the programmes and activities of the United Nations system;

(c) **International Civil Service Commission (ICSC)**: ICSC is an independent expert body established by the General Assembly with a mandate to regulate and coordinate the conditions of service of staff in the United Nations common system while promoting and maintaining high standards in the international civil service;

(d) **Joint Inspection Unit**: the Joint Inspection Unit is an independent external oversight body of the United Nations system established by the General Assembly to conduct evaluations, inspections and investigations system-wide;

(e) **CEB secretariat**: CEB is the longest-standing and highest-level coordination forum of the United Nations system. It was established as a standing committee of the Economic and Social Council and is chaired by the Secretary-General. While not a policymaking body, CEB supports and reinforces the coordinating role of intergovernmental bodies of the United Nations system on social, economic and related matters.

198. These jointly financed administrative activities have the same reporting period as the Organization and are accounted for using the equity method. The Organization's interest in these activities is its share of their net liabilities, which is based on the funding apportionment percentage. These cost-sharing ratios reflect key factors, such as the number of employees and the total space occupied and are included in the statement of financial performance and statement of financial position tables below.

Joint arrangements accounted for using the equity method: financial statements

Joint arrangements accounted for using the equity method: statement of financial position as at 31 December 2020

(Thousands of United States dollars)

	International Trade Centre	*United Nations System Staff College*	*Vienna International Centre Major Repair and Replacement Fund*	*United Nations Office at Vienna*	*Other*	*Total*
Current assets	249 416	21 975	18 827	10 235	41 871	342 324
Non-current assets	162 611	5 587	–	543	8 584	177 325
Total assets	**412 027**	**27 562**	**18 827**	**10 778**	**50 455**	**519 649**
Current liabilities	(77 652)	(4 014)	(2 753)	(10 898)	(32 798)	(128 115)
Non-current liabilities	(388 337)	(16 662)	–	(53 655)	(177 162)	(635 816)
Total liabilities	**(465 989)**	**(20 676)**	**(2 753)**	**(64 553)**	**(209 960)**	**(763 931)**
Net of total assets and total liabilities	**(53 962)**	**6 886**	**16 074**	**(53 775)**	**(159 505)**	**(244 282)**
Net assets: accumulated surplus/(deficit)	**(53 962)**	**6 886**	**16 074**	**(53 775)**	**(159 505)**	**(244 282)**

Joint arrangements accounted for using the equity method: statement of financial performance as at 31 December 2020

(Thousands of United States dollars)

	International Trade Centre	*United Nations System Staff College*	*Vienna International Centre Major Repair and Replacement Fund*	*United Nations Office at Vienna*	*Other*	*Total*
Revenue	120 517	13 633	5 665	44 623	145 233	329 671
Expenses	(131 295)	(11 611)	(7 436)	(45 632)	(151 455)	(347 429)
Surplus/(deficit) for the year	**(10 778)**	**2 022**	**(1 771)**	**(1 009)**	**(6 222)**	**(17 758)**
Net assets/(liabilities) at beginning of year	**(38 796)**	**5 354**	**16 349**	**(48 603)**	**(137 879)**	**(203 575)**
Surplus/(deficit) for the year	(10 778)	2 022	(1 771)	(1 009)	(6 222)	(17 758)
Actuarial gains/(losses) on employee benefits liabilities	(4 286)	(490)	–	(4 163)	(15 403)	(24 342)
Other changes in net assets	(102)	–	1 496	–	–	1 394
Net assets/(liabilities) at year end	**(53 962)**	**6 886**	**16 074**	**(53 775)**	**(159 504)**	**244 281**
Organization's interest in the joint arrangements (percentage)	**50.00**	**29.61**	**11.50**	**60.86**	**29.93**	
Share of surplus/(deficit) for the year	(5 389)	599	(204)	(308)[a]	(10 277)[b]	(15 579)
Share of actuarial gains/(losses) recognized directly in net assets	(2 143)	(145)	–	(2 534)	(4 609)	(9 431)
Share of other changes in net assets	(51)	–	193	–	–	142
Share of net assets/(liabilities) at year end	**(26 980)**	**2 039**	**1 849**	**(32 728)**	**(47 735)**	**(103 555)**

[a] Adjusted to reflect a change in the interest of the Organization from 61.49 per cent in 2019 to 60.86 per cent in 2020.
[b] Adjusted to reflect a change in the interest of the Organization from 23.82 per cent in 2019 to 29.93 per cent in 2020.

Joint arrangements accounted for using the equity method: statement of financial position as at 31 December 2019

(Thousands of United States dollars)

	International Trade Centre	*United Nations System Staff College*	*Vienna International Centre Major Repair and Replacement Fund*	*United Nations Office at Vienna*	*Other*	*Total*
Current assets	214 950	22 453	17 045	6 809	27 910	289 167
Non-current assets	147 415	1 016	–	583	9 636	158 650
Total assets	**362 365**	**23 469**	**17 045**	**7 392**	**37 546**	**447 817**
Current liabilities	(72 174)	(2 937)	(696)	(8 008)	(22 948)	(106 763)
Non-current liabilities	(328 987)	(15 178)	–	(47 987)	(152 477)	(544 629)
Total liabilities	**(401 161)**	**(18 115)**	**(696)**	**(55 995)**	**(175 425)**	**(651 392)**
Net of total assets and total liabilities	**(38 796)**	**5 354**	**16 349**	**(48 603)**	**(137 879)**	**(203 575)**
Net assets: accumulated surplus/(deficit)	**(38 796)**	**5 354**	**16 349**	**(48 603)**	**(137 879)**	**(203 575)**

Joint arrangements accounted for using the equity method: statement of financial performance as at 31 December 2019

(Thousands of United States dollars)

	International Trade Centre	*United Nations System Staff College*	*Vienna International Centre Major Repair and Replacement Fund*	*United Nations Office at Vienna*	*Other*	*Total*
Revenue	125 253	13 859	5 342	47 510	136 746	328 710
Expenses	(118 952)	(11 478)	(2 615)	(49 187)	(152 825)	(335 057)
Surplus/(deficit) for the year	**6 301**	**2 381**	**2 727**	**(1 677)**	**(16 079)**	**(6 347)**
Net assets/(liabilities) at beginning of year	**32 856**	**9 591**	**13 030**	**(78 655)**	**(130 987)**	**(154 165)**
Surplus/(deficit) for the year	6 301	2 381	2 727	(1 677)	(16 079)	(6 347)
Actuarial gains/(losses) on employee benefits liabilities	(77 956)	(6 549)	–	31 729	9 187	(43 589)
Other changes in net assets	3	(69)	592	–	–	526
Net assets/(liabilities) at year end	**(38 796)**	**5 354**	**16 349**	**(48 603)**	**(137 879)**	**(203 575)**
Organization's interest in the joint arrangements (percentage)	**50.00**	**29.61**	**11.38**	**61.49**	**23.82**	
Share of surplus/(deficit) for the year	3 151	705	310	(1 107)[a]	(6 088)[b]	(3 029)
Share of actuarial gains/(losses) recognized directly in net assets	(38 978)	(1 939)	–	19 510	2 188	(19 219)
Share of other changes in net assets	2	(21)	75	–	–	56
Share of net assets/(liabilities) at year end	**(19 397)**	**1 585**	**1 860**	**(29 886)**	**(32 849)**	**(78 687)**

[a] Adjusted to reflect a change in the interest of the Organization from 61.39 per cent in 2018 to 61.49 per cent in 2019.
[b] Adjusted to reflect a change in the interest of the Organization from 22.10 per cent in 2018 to 23.82 per cent in 2019.

Note 26
Net assets

Net assets as at 31 December

(Thousands of United States dollars)

	General Fund and related funds	*Trust funds*	*Long-term employee benefits funds*	*Insurance/ workers' compensation funds*	*Other funds*	*Total*
Net assets as at 31 December 2018	**234 587**	**3 792 130**	**(4 579 876)**	**573 079**	**3 193 975**	**3 213 895**
Changes in net assets						
Actuarial gains/(losses) on employee benefits liabilities (note 19)	(3 481)	–	(1 020 877)	(2 252)	–	(1 026 610)
Share of changes recognized by joint ventures directly in net assets (note 25)	(19 238)	–	–	–	75	(19 163)
Other adjustments to net assets	6 687	–	–	–	3 238	9 925
Surplus/(deficit) for the year	25 433	276 393	(141 334)	37 189	52 476	250 157
Total changes in net assets	**9 401**	**276 393**	**(1 162 211)**	**34 937**	**55 789**	**(785 691)**
Net assets as at 31 December 2019	**243 988**	**4 068 523**	**(5 742 087)**	**608 016**	**3 249 764**	**2 428 204**
Changes in net assets						
Actuarial gains/(losses) on employee benefits liabilities (note 19)	(3 015)	–	(318 541)	(138)	–	(321 694)
Share of changes recognized by joint ventures directly in net assets (note 25)	(9 482)	–	–	–	193	(9 289)
Surplus/(deficit) for the year	15 571	7 950	(154 323)	137 938	67 401	74 537
Total changes in net assets	**3 074**	**7 950**	**(472 864)**	**137 800**	**67 594**	**(256 446)**
Net assets as at 31 December 2020	**247 062**	**4 076 473**	**(6 214 951)**	**745 816**	**3 317 358**	**2 171 758**

Net assets as at 31 December 2020

(Thousands of United States dollars)

	Accumulated surplus/deficit	*Reserves*	*Total net assets*
General Fund and related funds	247 062	–	247 062
Trust funds	4 076 473	–	4 076 473
Long-term employee benefits funds	(6 214 951)	–	(6 214 951)
Insurance/workers' compensation funds	663 456	82 360	745 816
Other funds	3 317 358	–	3 317 358
Total net assets	**2 089 398**	**82 360**	**2 171 758**

Net assets as at 31 December 2019

(Thousands of United States dollars)

	Accumulated surplus/deficit	*Reserves*	*Total net assets*
General Fund and related funds	243 988	–	243 988
Trust funds	4 068 523	–	4 068 523
Long-term employee benefits funds	(5 742 087)	–	(5 742 087)
Insurance/workers' compensation funds	552 566	55 450	608 016
Other funds	3 249 764	–	3 249 764
Total net assets	**2 372 754**	**55 450**	**2 428 204**

Accumulated surplus

199. The accumulated surplus includes the accumulated surplus of the General Fund and related funds, trust funds, after-service employee benefits funds, self-insurance plan funds and other funds. Self-insurance plans are recorded fully in the financial statements since the Organization acts as the principal.

Reserves

200. Reserves comprise a premium stabilization reserve amounting to $1.4 million (2019: $1.4 million) with regard to the United Nations Group Staff Life Insurance Reserve Fund, and $81.0 million (2019: $54.1 million) held for the United Nations Staff Mutual Insurance Society against Sickness and Accidents, which is required under its statute to maintain a reserve balance.

United Nations Special Account

201. Under the provisions of General Assembly resolutions 2053 A (XX) of 15 December 1965 and 3049 A (XXVII) of 19 December 1972, the Special Account has received voluntary contributions from Member States and private donors in order to overcome the financial difficulties of the United Nations and to resolve the Organization's short-term deficit. The year-end balance was $207.4 million (2019: $205.6 million), of which $48.7 million (2019: $48.7 million) relates to the Fund principal from contributions and $158.7 million (2019: $156.9 million) to accumulated surplus. The Special Account is reported under the General Fund and related funds.

Note 27
Revenue from non-exchange transactions

Assessed contributions

202. Assessed contributions of $2,953.0 million (2019: $3,010.3 million) have been recorded in accordance with the Financial Regulations and Rules of the United Nations, the relevant resolutions of the General Assembly and the policies of the United Nations, on the basis of the regular budget scale of assessment. A reconciliation of assessed contributions to gross amounts assessed to Member States is presented below.

Assessed contributions

(Thousands of United States dollars)

	2020	*2019*
Gross amount assessed to Member States[a]	3 084 608	3 064 576
Additional assessment[b]	(58 390)	(141 410)
Additional appropriation approved for the year[c]	–	58 390
Increase in income other than staff assessment reported in statement V for the 2018–2019 biennium and the year 2020[d]	(8 371)	–
Cancellation of biennium 2018–2019 commitments	(32 231)	–
Unencumbered balances of 2020 appropriations	(57 890)	–
Utilization of cancelled biennium 2016–2017 commitments[e]	25 192	–
Utilization of provisions set up in 2017 for unencumbered balances of 2016–2017 appropriations[f]	–	28 571
Non-member States assessments	126	125
Amount reported in statement II: assessed contributions	**2 953 044**	**3 010 252**

[a] In accordance with General Assembly resolution 74/264 C and ST/ADM/SER.B/1008 for 2020 and Assembly resolution 73/280 C and ST/ADM/SER.B/992 for 2019.
[b] 2020 adjustment pertains to the year 2019 and 2019 adjustment pertains to the year 2018.
[c] In accordance with General Assembly resolutions 73/279 B and 73/306 for 2019.
[d] $12.287 million increase in income other than staff assessment for biennium 2018–2019 and $3.915 million decrease in income other than staff assessment for 2020.
[e] Set up as provisions in 2018 and utilized in 2020 in accordance with General Assembly resolution 74/264 C.
[f] Utilized in 2019 in accordance with General Assembly resolution 73/280 C.

Voluntary contributions

(Thousands of United States dollars)

	2020	*2019*
Voluntary monetary contributions	2 874 180	2 944 877
Voluntary in-kind contributions	71 965	93 679
Total voluntary contributions	2 946 145	3 038 556
Refunds	(11 944)	(11 786)
Net voluntary contributions	**2 934 201**	**3 026 770**

203. All voluntary contributions under binding agreements signed during 2020 are recognized as revenue in 2020, including the future portion of multi-year agreements.

Voluntary monetary contributions include $3.1 million (2019: $6.3 million) relating to assessments for conferences of States parties to treaties and conventions, which are levied on the basis of agreements among the States parties to the respective treaty or convention, and $622.3 million (2019: $546.6 million) in consolidated voluntary contributions to the UNDP multi-partner trust fund.

204. During 2020, the total amount of voluntary contributions in kind recognized for right-to-use arrangements was $70.1 million (2019: $71.8 million) and of voluntary contributions in kind recognized for donated assets was $1.9 million (2019: $21.9 million).

205. The special purpose trust fund for the reinvigorated Resident Coordinator system manages all financial transactions of the resident coordinator system, further to the mandates provided in General Assembly resolution 72/279 on the repositioning of the United Nations development system. The purpose of the trust fund is to account for all financial transactions of the resident coordinator system, including revenue from all sources and all posts and non-post costs. Contributions to the trust fund are made in accordance with paragraph 10 of General Assembly resolution 72/279 through voluntary, predictable, multi-year contributions, and amounted to $71.1 million in 2020 (2019: $82.0 million); a 1 per cent levy on tightly earmarked third party non-core contributions to United Nations development-related activities, amounting to $51.0 million in 2020 (2019: $29.8 million); and a cost-sharing arrangement among United Nations development system entities, amounting to $77.5 million in 2020 (2019: $72.5 million) and reported as other transfers and allocations.

206. Voluntary contributions revenue recognized in 2020 is intended for the following years as shown below.

(Thousands of United States dollars)

	Voluntary contribution
2020	2 243 677
2021	370 963
2022	179 321
2023	116 915
2024	21 048
Beyond 2024	14 221
Total voluntary contributions	**2 946 145**

Other transfers and allocations

(Thousands of United States dollars)

	2020	*2019*
Inter-organizational arrangements	111 945	89 963
Other transfers and allocations	13 941	37 009
Total other transfers and allocations	**125 886**	**126 972**

Services in kind

207. In-kind contributions of technical assistance, experts, security and other services received during the year are not recognized as revenue and therefore are not included in the in-kind contributions revenue reflected above. In-kind technical assistance/expert services and other in-kind services received by the Organization during the year amounted to $9.3 million (2019: $7.42 million).

Note 28
Other revenue

(Thousands of United States dollars)

	2020	*2019*
Revenue from services rendered	193 474	151 414
Rental income	30 839	32 864
Revenue-producing activities and other miscellaneous revenue	97 180	37 208
Total other revenue	**321 493**	**221 486**

208. Revenue from services rendered comprises revenue generated from software support and maintenance, training and consultancy services provided to external parties. Revenue-producing activities includes revenue from sales of publications, books and stamps. Miscellaneous revenue derives mainly from net exchange gains, sale of equipment and inventories and donation of fixed assets.

Note 29
Health and dental self-insurance plans

209. Health and dental insurance plans were established as part of the social security scheme for United Nations staff and retirees. Most of the plans are self-insured and most are managed in two locations:

(a) Headquarters in New York manages the United States-based health and dental plans, the worldwide plan for internationally recruited field staff and retirees and the medical insurance plan for locally recruited field staff and retirees at designated duty stations, as well as staff and retirees of certain United Nations entities and agencies;

(b) The United Nations Office at Geneva manages the United Nations Staff Mutual Insurance Society against Sickness and Accidents for United Nations staff and retirees in Geneva, as well as staff and retirees of other organizations mostly based in Geneva.

210. There are also fully insured health insurance plans. At Headquarters, there is the health insurance plan of New York, which has been closed to new subscribers. In Vienna, staff and retirees are eligible to enrol in the Austrian national health insurance programme and the plans administered by the United Nations Industrial Development Organization (full medical insurance plan and supplementary medical insurance plan). In those instances, premiums collected from staff, retirees and the Organization are recorded as liabilities and paid to the respective insurance providers.

211. In the case of self-insurance plans, the Organization and the participating subscribers assume the financial risk of providing health insurance to members. These health insurance plans include:

(a) United States-based medical plans, comprising Empire Blue Cross and Aetna, and the Cigna dental plan;

(b) Worldwide plan for internationally recruited field staff and retirees, administered by Cigna International;

(c) Medical insurance plan for locally recruited staff and retirees at designated duty stations;

(d) United Nations Staff Mutual Insurance Society against Sickness and Accidents for United Nations staff and retirees in Geneva, as well as staff and retirees of other Geneva-based organizations.

212. The plans are administered by third-party administrators on behalf of the Organization or, as in the case of the United Nations Staff Mutual Insurance Society against Sickness and Accidents, are self-administered.

213. The Organization is responsible for administering or appointing the administrators of the plans and acts as the principal for the self-insurance arrangements. External entities and agencies that participate in the Organization's health and dental insurance plans contribute only premiums and have no control over the plans. Such entities include: United Nations Children's Fund, UNDP, United Nations Office for Project Services, UNEP, International Residual Mechanism for Criminal Tribunals, secretariat of the United Nations Framework Convention on Climate Change, United Nations Joint Staff Pension Fund, ITC, UNODC, UNRWA, International Centre for Genetic Engineering and Biotechnology, United Nations Population Fund, International Telecommunication Union, UN-Women, World Meteorological Organization, United Nations Capital Development Fund, United Nations University and UNHCR.

214. The statement of financial performance and statement of financial position for the self-insurance funds are shown below.

Self-insurance funds: statement of financial position as at 31 December 2020

(Thousands of United States dollars)

	Blue Cross, Aetna and Cigna health plans	*Medical insurance plan for field local staff*	*United Nations Staff Mutual Insurance Society against Sickness and Accidents*	*Total*
Assets				
Cash and cash equivalents	40 717	3 366	65 704	109 787
Investments	332 004	27 450	201 255	560 709
Other receivables	32 246	–	3 364	35 610
Other assets	17 362	1 633	612	19 607
Total assets	**422 329**	**32 449**	**270 935**	**725 713**
Liabilities				
Accounts payable and accrued liabilities	34 054	3 500	4	37 558
Employee benefits liabilities	13 727	10	5 700	19 437
Advance receipts and deferred revenue	2	–	–	2
Provisions	47 728	5 803	45 890	99 421
Total liabilities	**95 511**	**9 313**	**51 594**	**156 418**
Net of total assets and total liabilities	**326 818**	**23 136**	**219 341**	**569 295**

	Blue Cross, Aetna and Cigna health plans	*Medical insurance plan for field local staff*	*United Nations Staff Mutual Insurance Society against Sickness and Accidents*	*Total*
Net assets				
Accumulated surplus	326 818	23 136	138 381	488 335
Reserves	–	–	80 960	80 960
Total net assets	**326 818**	**23 136**	**219 341**	**569 295**

Self-insurance funds: statement of financial performance for the year ended 31 December 2020

(Thousands of United States dollars)

	Blue Cross, Aetna and Cigna health plans	*Medical insurance plan for field local staff*	*United Nations Staff Mutual Insurance Society against Sickness and Accidents*	*Total*
Revenue				
Investment revenue	5 686	532	6 653	12 871
Contributions for self-insurance funds	482 923	31 907	166 873	681 703
Total revenue	**488 609**	**32 439**	**173 526**	**694 574**
Expenses				
Self-insurance claims and expenses	379 199	33 688	129 496	542 383
Employee salaries, allowances and benefits	11 129	400	5 384	16 913
Supplies and consumables	–	–	3	3
Depreciation and amortization	–	–	74	74
Other operating expenses	24 815	1 979	(16 273)[a]	10 521
Total expenses	**415 143**	**36 067**	**118 684**	**569 894**
Surplus/(deficit) for the year	**73 466**	**(3 628)**	**54 842**	**124 680**

[a] Includes foreign exchange gain of $16.589 million. Refer to note 5: Segment reporting, Statement of Financial performance footnote “b”.

Self-insurance funds: statement of financial position as at 31 December 2019

(Thousands of United States dollars)

	Blue Cross, Aetna and Cigna health plans	*Medical insurance plan for field local staff*	*United Nations Staff Mutual Insurance Society against Sickness and Accidents*	*Total*
Assets				
Cash and cash equivalents	81 553	9 633	51 188	142 374
Investments	223 120	26 190	150 400	399 710
Other receivables	32 554	–	2 901	35 455
Other assets	8 118	1 170	527	9 815
Total assets	**345 345**	**36 993**	**205 016**	**587 354**

	Blue Cross, Aetna and Cigna health plans	*Medical insurance plan for field local staff*	*United Nations Staff Mutual Insurance Society against Sickness and Accidents*	*Total*
Liabilities				
Accounts payable and accrued liabilities	24 406	3 214	68	27 688
Employee benefits liabilities	11 558	12	4 449	16 019
Advance receipts	2	–	–	2
Provisions	56 027	7 004	36 000	99 031
Total liabilities	**91 993**	**10 230**	**40 517**	**142 740**
Net of total assets and total liabilities	**253 352**	**26 763**	**164 499**	**444 614**
Net assets				
Accumulated surplus	253 352	26 763	110 449	390 564
Reserves	–	–	54 050	54 050
Total net assets	**253 352**	**26 763**	**164 499**	**444 614**

Self-insurance funds: statement of financial performance for the year ended 31 December 2019

(Thousands of United States dollars)

	Blue Cross, Aetna and Cigna health plans	*Medical insurance plan for field local staff*	*United Nations Staff Mutual Insurance Society against Sickness and Accidents*	*Total*
Revenue				
Investment revenue	7 824	972	11 176	19 972
Contributions for self-insurance funds	437 464	31 658	120 908	590 030
Total revenue	**445 288**	**32 630**	**132 084**	**610 002**
Expenses				
Self-insurance claims and expenses	408 060	35 321	105 632	549 013
Employee salaries, allowances and benefits	10 276	448	4 565	15 289
Supplies and consumables	–	–	12	12
Depreciation and amortization	–	–	28	28
Travel	–	–	5	5
Other operating expenses	20 734	2 028	(706)	22 056
Total expenses	**439 070**	**37 797**	**109 536**	**586 403**
Surplus/(deficit) for the year	**6 218**	**(5 167)**	**22 548**	**23 599**

Note 30
Expenses

Employee salaries, allowances and benefits

215. Employee salaries include international, national and general temporary staff salaries, post adjustment and staff assessment. The allowances and benefits include

other staff entitlements, including pension and insurance subsidies and staff assignment, repatriation, hardship and other allowances.

(Thousands of United States dollars)

	2020	*2019*
Salary and wages	2 259 483	2 193 180
Pension and insurance benefits	490 809	477 269
Other benefits	23 980	34 376
Total employee salaries, allowances and benefits	**2 774 272**	**2 704 825**

Grants and other transfers

216. Grants and other transfers include outright grants and transfers to implementing agencies, partners and other entities, as well as quick-impact projects. The grant and other transfers expenses incurred by the major funds utilizing the various grant-out mechanisms are listed below.

(Thousands of United States dollars)

	2020	*2019*
Trust fund for strengthening the Office of the Emergency Relief Coordinator[a]	859 488	893 735
Central Emergency Response Fund	813 961	527 299
United Nations General Fund[b]	166 784	181 781
Trust fund for the Peacebuilding Support Office[a]	157 575	155 002
COVID-19 response and recovery multi-partner trust fund[a]	62 537	–
Voluntary trust fund for assistance in mine action	54 470	104 953
Cost recovery fund for volume I	17 824	4 385
Trust fund in support of peace and security in Mali	8 477	8 571
Total major funds that incurred expenses of grants and other transfers	**2 141 116**	**1 875 726**
Other funds	81 929	100 711
Total grants and other transfers[a]	**2 223 045**	**1 976 437**

[a] Includes grants and transfers to implementing partners through the multi-partner trust funds of $288.397 million (2019: $472.293 million).

[b] Includes grants provided to related party entities (note 33).

217. Expenses of outright grants are recognized when the Organization has a binding obligation to pay, primarily upon signing of the agreement by both parties. Transfers to executing agencies or implementing partners are presented as an expense when funds are disbursed by the Organization to the third parties in accordance with the current IPSAS policy, while the Organization monitors operationally the programme and financial activities of its partners to ensure that funds are used efficiently, effectively and in accordance with donors' intentions. As at 31 December 2020, the net transfers held by the implementing partners for project implementation were $1,287.76 million (2019: $1,068.12 million). The Organization recognizes that there are differences in the accounting treatment of transfers to executing agencies and

implementing partners across the United Nations system, reflecting differences in the business models of United Nations system entities.

Other operating expenses

218. Other operating expenses include maintenance, utilities, contracted services, training, security services, shared services, rent, insurance and allowances for doubtful receivables.

(Thousands of United States dollars)

	2020	*2019*
Rent – offices and premises[a]	168 359	178 655
Facilities, maintenance and repair, and utilities	98 427	97 826
Communication and information technology	87 007	91 785
Security, consulting, audit and legal services	74 496	66 057
Air and ground transport	58 372	60 539
Acquisitions of goods and intangible assets	40 440	44 649
Bad debt/doubtful debt expenses	36 938	41 791
Net foreign exchange losses[b]	–	5 390
Other[c]	116 676	140 625
Total other operating expenses	**680 715**	**727 317**

[a] Includes contributions in kind for donated right-to-use arrangements.
[b] Net foreign exchange gains of $64.606 million are included in other revenue of statement II and disclosed in note 28.
[c] Includes contracted services, acquisition of goods relating to items not meeting the capitalization thresholds, maintenance expenses and other expenses.

Other expenses

219. Other expenses relate to ex gratia and compensation claims and other miscellaneous expenses.

(Thousands of United States dollars)

	2020	*2019*
Ex gratia and compensation claims	1 090	770
Other/miscellaneous expenses	677	1 986
Total other expenses	**1 767**	**2 756**

Note 31
Financial instruments and financial risk management

Summary of financial instruments

(Thousands of United States dollars)

	Reference	*31 December 2020*	*31 December 2019*
Financial assets			
Fair value through the surplus or deficit			
Short-term investments: main pool[a]	Notes 8 and 32	2 970 235	2 254 148
Short-term investments: euro pool[a]	Notes 8 and 32	5	–
Short-term investments: United Nations Staff Mutual Insurance Society against Sickness and Accidents[a]	Note 8	819	16 765
Derivative instruments: currency forward contracts	Note 8	8 094	7 987
Total short-term investments		**2 979 153**	**2 278 900**
Long-term investments: main pool	Notes 8 and 32	977 709	702 138
Long-term investments: euro pool	Notes 8 and 32	1 764	–
Long-term investments: United Nations Staff Mutual Insurance Society against Sickness and Accidents	Note 8	138 575	70 835
Total long-term investments		**1 118 048**	**772 973**
Total fair value through the surplus or deficit investments		**4 097 201**	**3 051 873**
Cash and cash equivalents			
Cash and cash equivalents: main pool	Notes 7 and 32	484 029	1 080 506
Cash and cash equivalents: euro pool	Notes 7 and 32	11 043	5 580
Cash and cash equivalents: United Nations Staff Mutual Insurance Society against Sickness and Accidents	Note 7	39 637	22 148
Cash and cash equivalents – other	Note 7	9 708	2 763
Total cash and cash equivalents		**544 417**	**1 110 997**
Receivables from exchange and non-exchange transactions and loans			
Assessed contributions	Note 9	448 183	441 290
Voluntary contributions	Note 10	1 533 191	1 459 661
Other receivables	Note 11	159 007	137 004
Other assets (excluding advances and deferred charges)	Note 13	252	275
Total of cash and cash equivalents, receivables from exchange and non-exchange transactions and loans		**2 685 050**	**3 149 227**
Total carrying amount of financial assets		**6 782 251**	**6 201 100**
Of which relates to financial assets held in main pool	Note 32	4 431 973	4 036 792
Of which relates to financial assets held in euro pool	Note 32	11 048	5 580
Of which relates to financial assets held in the United Nations Staff Mutual Insurance Society against Sickness and Accidents	Note 32	179 031	109 748

	Reference	*31 December 2020*	*31 December 2019*
Financial liabilities at amortized cost			
Accounts payable and accrued liabilities	Note 17	521 206	488 043
Transfers payable		846	592
Tax Equalization Fund liability	Note 21	200 240	182 595
Other liabilities	Note 23	167 598	85 045
Total carrying amount of financial liabilities		**889 890**	**756 275**
Summary of net revenue from financial assets			
Net cash pool revenue		72 287	98 157
Net United Nations Staff Mutual Insurance Society against Sickness and Accidents gain/(loss)		5 420	8 625
Other investment revenue		6 374	7 591
Total net revenue from financial assets		**84 081**	**114 373**

[a] Short-term investments include accrued investment revenue of $7.655 million (2019: $16.368 million) for the main pool, $0.005 million (2019: nil) for the euro pool and $0.221 million (2019: $0.160 million) for the United Nations Staff Mutual Insurance Society against Sickness and Accidents.

Financial risk management

Overview

220. The Organization has exposure to the following financial risks:

(a) Credit risk;

(b) Liquidity risk;

(c) Market risk.

221. The present note and note 32 (Financial instruments: cash pools) present information on the Organization’s exposure to those risks, the objectives, policies and processes for measuring and managing risk, and the management of capital.

Risk management framework

222. The Organization’s risk management practices are in accordance with its Financial Regulations and Rules and Investment Management Guidelines. The Organization defines the capital that it manages as the aggregate of its net assets, which comprises accumulated fund balances and reserves. Its objectives are to safeguard its ability to continue as a going concern and to fund its asset base. The Organization manages its capital in the light of global economic conditions, the risk characteristics of the underlying assets and its current and future working capital requirements.

Financial risk management: credit risk

223. Credit risk is the risk of financial loss resulting from a counterparty to a financial instrument failing to meet its contractual obligations. Credit risk arises from cash and cash equivalents, investments, deposits and forward currency contracts with financial institutions, as well as credit exposure to outstanding receivables. The carrying value of financial assets is the maximum exposure to credit risk.

224. The investment management function is centralized at the United Nations Treasury. Other areas are not permitted, in normal circumstances, to engage in

investing. An area may receive exceptional approval when conditions warrant investing locally under specified parameters that comply with the Investment Management Guidelines.

Credit risk: contributions receivable and other receivables

225. A large portion of the contributions receivable is due from sovereign Governments and supranational agencies, including other United Nations entities that do not have significant credit risk. The maximum exposure to credit risk of financial assets equals their carrying amount. As at the reporting date, the Organization held no collateral as security for receivables.

Credit risk: allowance for doubtful receivables

226. The Organization evaluates the allowance for doubtful receivables at each reporting date. An allowance is established when there is objective evidence that the Organization will not collect the full amount due. Management-approved write-offs under the Financial Regulations and Rules or reversals of previously impaired receivables are recognized directly in the statement of financial performance. The movement in the allowances account during the year is shown below.

Movement in the allowance for doubtful receivables

(Thousands of United States dollars)

	Allowance for doubtful receivables			
	Assessed contributions	*Voluntary contributions*	*Other receivables*	*Total*
As at 31 December 2018	**315 318**	**19 177**	**53 552**	**388 047**
Bad debt/doubtful debt expenses	36 817	5 148	(174)	41 791
Amounts written off	–	(5 967)	(313)	(6 280)
As at 31 December 2019	**352 135**	**18 358**	**53 065**	**423 558**
Bad debt/doubtful debt expenses	31 294	(1 088)	6 732	36 938
Amounts written off	–	–	(127)	(127)
As at 31 December 2020	**383 429**	**17 270**	**59 670**	**460 369**

Amounts written off

(Thousands of United States dollars)

Fund/activity	*2020*	*2019*
United Nations General Fund and related funds	93	195
Trust funds	4	5 967
Other funds	30	118
Total	**127**	**6 280**

227. The ageing and associated allowance of assessed contributions receivable is as shown below.

Ageing of assessed contributions receivable

(Thousands of United States dollars)

	31 December 2020		31 December 2019	
	Gross receivable	*Allowance*	*Gross receivable*	*Allowance*
Less than one year	440 890	31 321	468 252	36 773
One to two years	75 264	36 773	69 265	59 578
More than two years	315 458	315 335	255 908	255 784
Total	**831 612**	**383 429**	**793 425**	**352 135**

228. The ageing and associated allowance of receivables other than assessed contributions is as shown below.

Ageing of voluntary contribution and other receivables

(Thousands of United States dollars)

	31 December 2020		31 December 2019	
	Gross receivable	*Allowance*	*Gross receivable*	*Allowance*
Neither past due nor impaired	1 394 414	–	1 262 222	–
Less than one year	277 952	–	327 498	–
One to two years	24 840	6 189	6 633	1 655
Two to three years	2 859	1 694	4 944	2 980
More than three years	69 073	69 057	66 791	66 788
Total	**1 769 138**	**76 940**	**1 668 088**	**71 423**

Credit risk: cash and cash equivalents

229. At year end, the Organization had cash and cash equivalents of $544.4 million (2019: $1,110.3 million), which is the maximum credit exposure on those assets.

Credit risk: currency forward contracts

230. The counterparty risk of forward contracts is limited to the profit or loss on the contract, not the notional amount. The outstanding forward contracts were performed with three banks. As at year end, the counterparties had a Fitch viability rating of "a+" and "a".

Credit risk: investments of the United Nations Staff Mutual Insurance Society against Sickness and Accidents

231. The United Nations Treasury makes investments on behalf of the United Nations Staff Mutual Insurance Society against Sickness and Accidents. A significant proportion of those investments is in fixed-income securities comprising supranational securities, government agency securities, government securities and corporate bonds. A portion of the Society investment portfolio is also invested in iShares SMI (Switzerland), an exchange-traded fund, with the aim of achieving a return on investment that reflects the return of its benchmark index, the Swiss Market Index. At year end, the Organization owned 498,100 shares of iShares SMI (Switzerland).

232. The credit ratings used are those determined by major credit-rating agencies: S&P Global Ratings, Moody's and Fitch are used to rate bonds, certificates of deposit

and discounted instruments, and the Fitch viability rating is used to rate bank term deposits. At year end, the United Nations Staff Mutual Insurance Society against Sickness and Accidents credit ratings, determined by major credit-rating agencies, were as shown below.

United Nations Staff Mutual Insurance Society against Sickness and Accidents investments credit ratings
(Percentage)

	Ratings as at 31 December 2020				*Ratings as at 31 December 2019*			
Bonds (long-term ratings)								
	AAA	*AA+/AA/AA-*	*A+/A*	*Not rated/WD*	*AAA*	*AA+/AA+u/AA-*	*A+/A*	*Not rated*
S&P Global Ratings	3.2	36.6	13.4	46.8	2.4	72.8	23.7	1.1
Fitch	3.4	37.8	8.2	50.6		64.3	13.2	22.5
	Aaa	*Aa1/Aa2/Aa3*	*A1*	*Not rated*	*Aaa*	*Aa1/Aa2/Aa3*	*A1*	*Not rated*
Moody's	3.1	46.8	4.7	45.4	1.2	85.7	13.1	

Financial risk management: liquidity risk

233. Liquidity risk is the risk that the Organization might not have adequate funds to meet its obligations as they fall due. The Organization's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Organization's reputation.

234. The Financial Regulations and Rules of the United Nations require that expenses be incurred after the receipt of funds from donors, thereby considerably reducing the liquidity risk with regard to contributions, which are a largely stable annual cash flow. Exceptions to incurring expenses before the receipt of funds are permitted only if specified risk management criteria are adhered to with regard to amounts receivable.

235. The Organization performs cash flow forecasting and monitors rolling forecasts of liquidity requirements to ensure that there is sufficient cash to meet operational needs. Investments are made with due consideration to the cash requirements for operating purposes based on cash flow forecasting. The Organization maintains a large portion of its investments in cash equivalents and short-term investments sufficient to cover its commitments as and when they fall due.

236. The periodic cash shortage in the regular budget persisted in 2020 and the regular budget fund had to borrow from the Working Capital Fund and the Special Account during the year. The liquidity reserves (Working Capital Fund: $149.6 million, and Special Account: $206.0 million) were exhausted in September and October 2020, respectively. The liquidity situation worsened at the beginning of December 2020, forcing a borrowing of $100.0 million from closed peacekeeping missions. The regular budget repaid $150.0 million to the Special Account and the borrowing from closed peacekeeping missions at the end of December 2020. As at 31 December 2020, the borrowings from the Working Capital Fund and the Special Account were $149.6 million and $56.0 million, respectively (2019: $150.0 million and $202.8 million).

237. In 2020, the Secretary-General, in his report on improving the financial situation of the United Nations (A/75/387), reported on the continuously deteriorating state of the liquidity in peacekeeping and regular budgets. While the liquidity problem is driven by the delay in the payment of assessed contributions by the Member States, the ability to respond adequately to liquidity challenges is hampered by restrictions in the regulatory framework. The Secretary-General presented a set of proposals for

removing those restrictions and building more resilience in cash management, of which only two, relating to peacekeeping operations, were endorsed by the General Assembly: removal of the restriction on cross-borrowing of cash for active missions and assessment for the full budget period, including the non-mandated period. The proposals to improve the regular budget cash situation were not approved by the General Assembly.

Liquidity risk: investments of the United Nations Staff Mutual Insurance Society against Sickness and Accidents

238. The United Nations Staff Mutual Insurance Society against Sickness and Accidents is exposed to low liquidity risk because there are only limited requirements to withdraw funds at short notice and it maintains sufficient cash and marketable securities, such as the exchange-traded fund, to meet commitments as and when they fall due. As at the reporting date, the Society had invested primarily in securities with short to medium-term maturity, with the maximum being less than 20 years (2019: less than 16 years). The Society's liquidity risk is therefore considered to be low.

Liquidity risk: financial liabilities

239. The exposure to liquidity risk is based on the notion that the entity may encounter difficulty in meeting its obligations associated with financial liabilities. This is highly unlikely owing to the cash and cash equivalents, receivables and investments available to the entity and internal policies and procedures put in place to ensure that there are appropriate resources to meet its financial obligations. As at the reporting date, the Organization had pledged no (2019: none) collateral for any liabilities or contingent liabilities, and during the year no accounts payable or other liabilities were forgiven by third parties. Maturities for financial liabilities based on the earliest date at which the Organization can be required to settle each financial liability are as shown below.

Maturities for financial liabilities as at 31 December 2020

(Undiscounted thousands of United States dollars)

	< 3 months	*3 to 12 months*	*> 1 year*	*Total*
Accounts payable and accrued liabilities	521 206	–	–	521 206
Transfers payable	–	–	846	846
Tax Equalization Fund liability	200 240	–	–	200 240
Other liabilities	32 889	–	134 709	167 598
Total	**754 335**	**–**	**135 555**	**889 890**

Maturities for financial liabilities as at 31 December 2019

(Undiscounted thousands of United States dollars)

	< 3 months	*3 to 12 months*	*> 1 year*	*Total*
Accounts payable and accrued liabilities	488 043	–	–	488 043
Transfers payable	–	–	592	592
Tax Equalization Fund liability	182 595	–	–	182 595
Other liabilities	19 919	–	65 126	85 045
Total	**690 557**	**–**	**65 718**	**756 275**

Financial risk management: market risk

240. Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and prices of investment securities, will affect the Organization's revenue or the value of its financial assets and liabilities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the Organization's fiscal position.

Market risk: interest rate risk

241. Interest rate risk is the risk of variability in financial instruments' fair values or future cash flows due to a change in interest rates. In general, as an interest rate rises, the price of a fixed-rate security falls, and vice versa. Interest rate risk is commonly measured by the fixed-rate security's duration, with duration being a number expressed in years. The longer the duration, the greater the interest rate risk. The main exposure to interest rate risks relates to the cash pools and is considered in note 32 (Financial instruments: cash pools). The average duration of the investments of the United Nations Staff Mutual Insurance Society against Sickness and Accidents was 3.45 years (2019: 2.30 years), which, within the investment objectives of the Society, is considered to be an indicator of low interest rate risk.

Market risk: currency risk

242. Currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate owing to changes in foreign exchange rates. The Organization has transactions, assets and liabilities in currencies other than in its functional currency and is exposed to currency risk arising from fluctuations in exchange rates. Management policies and the Investment Management Guidelines require the Organization to manage its currency risk exposure.

243. The Organization's financial assets and liabilities are primarily denominated in United States dollars. Non-United States dollar financial assets primarily relate to investments in addition to cash and cash equivalents and receivables held to support local operating activities where transactions are made in local currencies. The Organization maintains a minimum level of assets in local currencies and, whenever possible, maintains bank accounts in United States dollars. The Organization mitigates currency risk exposure by structuring contributions from donors in foreign currency to correspond to the foreign currency needs for operational purposes.

244. The most significant exposure to currency risk relates to cash pool, cash and cash equivalents and investment balances, in addition to the investments of the United Nations Staff Mutual Insurance Society against Sickness and Accidents. As at the reporting date, the non-United States dollar-denominated balances in those financial assets were primarily euros, Swiss francs and British pounds, along with 69 other currencies, as shown below.

Currency exposure as at 31 December 2020

(Thousands of United States dollars)

	United States dollar	Euro	Swiss franc	British pound	Other	Total
Main cash pool	4 388 742	27 880	7 833	2 957	4 666	4 432 078
Euro cash pool	–	12 812	–	–	–	12 812
Subtotal	**4 388 742**	**40 692**	**7 833**	**2 957**	**4 666**	**4 444 890**
United Nations Staff Mutual Insurance Society against Sickness and Accidents investments	–	–	179 031	–	–	179 031
Total	**4 388 742**	**40 692**	**186 864**	**2 957**	**4 666**	**4 623 921**

Currency exposure as at 31 December 2019

(Thousands of United States dollars)

	United States dollar	Euro	Swiss franc	Iranian rial	Other	Total
Main cash pool	3 974 116	34 166	7 267	7 912	13 382	4 036 843
Euro cash pool	–	5 713	–	–	–	5 713
Subtotal	**3 974 116**	**39 879**	**7 267**	**7 912**	**13 382**	**4 042 556**
United Nations Staff Mutual Insurance Society against Sickness and Accidents investments	–	–	108 924	–	–	108 924
Total	**3 974 116**	**39 879**	**116 191**	**7 912**	**13 382**	**4 151 480**

Currency risk: sensitivity analysis

245. A strengthening or weakening of the euro and Swiss franc United Nations operational rates of exchange as at the reporting date would have affected the measurement of investments denominated in a foreign currency and increased or decreased the net assets and surplus or deficit by the amounts shown below. This analysis is based on foreign currency exchange rate variances considered to be reasonably possible at the reporting date. The analysis assumes that all other variables, in particular interest rates, remain constant.

Currency exposure sensitivity analysis

(Thousands of United States dollars)

	As at 31 December 2020		*As at 31 December 2019*	
	Effect on net assets/surplus or deficit		*Effect on net assets/surplus or deficit*	
	Strengthening	*Weakening*	*Strengthening*	*Weakening*
Euro (10 per cent movement)	4 069	(4 069)	3 988	(3 988)
Swiss franc (10 per cent movement)	18 686	(18 686)	11 619	(11 619)
British pound (10 per cent movement)	296	(296)	271	(271)
CFA Franc (10 per cent movement)	187	(187)	58	(58)

Currency risk: forward contracts

246. In 2020, the Organization entered into United States dollar to Swiss franc and euro forward contracts to hedge against currency risk in relation to the operations of various United Nations offices in Geneva, Vienna and The Hague being exposed to risks arising primarily from fluctuations in payments for staff costs in Swiss francs and euros. Net realized foreign exchange gains from those contracts amounted to $15.1 million (losses in 2019: $22.7 million) for the year. The gains were recorded against staff and non-staff costs, resulting in a decrease in employee benefits and non-staff related expenses. There were 24 (2019: 24) forward contracts outstanding as at 31 December 2020 with a notional amount of SwF 327.6 million and €91.0 million with an unrealized gain of $8.1 million, maturing in 2021.

Other market price risk

247. The Organization is not exposed to other significant market price risk, as it has limited exposure to price-related risk with respect to expected purchases of certain commodities used in normal operations. Therefore, a change in those prices can alter cash flows only by an immaterial amount.

Accounting classifications and fair value

248. The carrying value of fair value through surplus or deficit investments is fair value. For cash and cash equivalents, receivables and accounts payable, carrying value is a fair approximation of fair value, except for non-current voluntary contributions receivable, which are reported at amortized cost calculated using the effective interest method as at 31 December 2020.

Fair value hierarchy

249. The table below analyses financial instruments carried at fair value, by the fair value hierarchy levels. The levels are defined as:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);

(c) Level 3: inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

250. The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date and is determined by the independent custodian based on valuation of securities sourced from third parties. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the cash pools is the current bid price.

251. The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques that maximize the use of observable market data. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in level 2.

252. There were no level 3 financial assets or any liabilities carried at fair value or any transfers of financial assets between fair value hierarchy classifications. The fair

value hierarchy for the cash pools is disclosed in note 32 (Financial instruments: cash pools) (see para. 267).

Fair value hierarchy: United Nations Staff Mutual Insurance Society against Sickness and Accidents

(Thousands of United States dollars)

	31 December 2020			*31 December 2019*		
	Level 1	*Level 2*	*Total*	*Level 1*	*Level 2*	*Total*
Financial assets at fair value through surplus or deficit						
Exchange – traded fund	62 682	–	62 682	43 225	–	43 225
Bonds – corporate	46 561	–	46 561	35 861	–	35 861
Bonds – non-United States agencies	9 265	–	9 265	1 047	–	1 047
Bonds – non-United States sovereigns	6 867	–	6 867	2 084	–	2 084
Bonds – supranationals	13 769	–	13 769	5 222	–	5 222
Total[a]	**139 144**	–	**139 144**	**87 439**	**–**	**87 439**

[a] The total amount does not include accrued investment revenue of $0.250 million (2019: $0.160 million).

Note 32
Financial instruments: cash pools

253. In addition to directly held cash and cash equivalents and investments, the Organization participates in the United Nations Treasury cash pools. Pooling the funds has a positive effect on overall investment performance and risk because of economies of scale and the ability to spread yield curve exposures across a range of maturities. The allocation of cash pool assets (cash and cash equivalents, short-term investments and long-term investments) and revenue is based on each participating entity's principal balance.

254. The Organization participates in two United Nations Treasury-managed cash pools:

(a) The main pool, which comprises operational bank account balances in a number of currencies and investments in United States dollars;

(b) The euro pool, which comprises investments in euros. The pool participant is the United Nations Staff Mutual Insurance Society against Sickness and Accidents, which may have a surplus of euros from its operations.

255. As at 31 December 2020, the cash pools held total assets of $10,665.2 million (2019: $9,345.0 million), of which $4,444.9 million (2019: $4,042.4 million) was due to the Organization, and its share of revenue from cash pools was $78.5 million (2019: $99.3 million).

Summary of assets and liabilities of the cash pools as at 31 December 2020

(Thousands of United States dollars)

	Main pool	*Euro pool*	*Total*
Fair value through surplus or deficit			
Short-term investments	7 120 427	–	7 120 427
Long-term investments	2 349 880	1 764	2 351 644
Total fair value through surplus or deficit investments	**9 470 307**	**1 764**	**9 472 071**
Loans and receivables			
Cash and cash equivalents	1 163 684	11 043	1 174 727
Accrued investment revenue	18 398	5	18 403
Total loans and receivables	**1 182 082**	**11 048**	**1 193 130**
Total carrying amount of financial assets	**10 652 389**	**12 812**	**10 665 201**
Cash pool liabilities			
Payable to funds reported in volume I	4 431 973	12 812	4 444 927
Payable to other cash pool participants	6 220 416	–	6 220 274
Total liabilities	**10 652 389**	**12 812**	**10 665 201**
Net assets	**–**	**–**	**–**

Summary of revenue and expenses of the cash pools for the year ended 31 December 2020

(Thousands of United States dollars)

	Main pool	*Euro pool*	*Total*
Investment revenue	113 031	4	113 035
Unrealized gains/(losses)	54 145	23	54 168
Investment revenue from cash pools	**167 176**	**27**	**167 203**
Foreign exchange gains/(losses)	5 837	8	5 845
Bank fees	(578)	–	(578)
Operating revenue/(expenses) of cash pools	**5 259**	**8**	**5 267**
Total revenue from and expenses of cash pools	**172 435**	**35**	**172 470**

Summary of assets and liabilities of the cash pools as at 31 December 2019

(Thousands of United States dollars)

	Main pool	*Euro pool*	*Total*
Fair value through surplus or deficit			
Short-term investments	5 177 137	–	5 177 137
Long-term investments	1 624 405	–	1 624 405
Total fair value through surplus or deficit investments	**6 801 542**	**–**	**6 801 542**
Loans and receivables			
Cash and cash equivalents	2 499 980	5 580	2 505 560
Accrued investment revenue	37 868	–	37 868
Total loans and receivables	**2 537 848**	**5 580**	**2 543 428**
Total carrying amount of financial assets	**9 339 390**	**5 580**	**9 344 970**
Cash pool liabilities			
Payable to funds reported in volume I	4 036 793	5 580	4 042 373
Payable to other cash pool participants	5 302 597	–	5 302 597
Total liabilities	**9 339 390**	**5 580**	**9 344 970**
Net assets	**–**	**–**	**–**

Summary of revenue and expenses of the cash pools for the year ended 31 December 2019

(Thousands of United States dollars)

	Main pool	*Euro pool*	*Total*
Investment revenue	198 552	(1)	198 551
Unrealized gains/(losses)	14 355	–	14 355
Investment revenue from cash pools	**212 907**	**(1)**	**212 906**
Foreign exchange gains/(losses)	3 313	(132)	3 181
Bank fees	(808)	–	(808)
Operating revenue/(expenses) of cash pools	**2 505**	**(132)**	**2 373**
Total revenue from and expenses of cash pools	**215 412**	**(133)**	**215 279**

Financial risk management

256. The United Nations Treasury is responsible for investment and risk management for the cash pools, including conducting investment activities in accordance with the Investment Management Guidelines.

257. The objective of investment management is to preserve capital and ensure sufficient liquidity to meet operating cash requirements while attaining a competitive market rate of return on each investment pool. Investment quality, safety and liquidity are emphasized over the market-rate-of-return component of the objectives.

258. An investment committee periodically evaluates investment performance and assesses compliance with the Guidelines and makes recommendations for updates thereto.

Financial risk management: credit risk

259. Investment Management Guidelines require ongoing monitoring of issuer and counterparty credit ratings. Permissible cash pool investments may include, but are not restricted to, bank deposits, commercial papers, supranational securities, government agency securities and government securities with maturities of five years or less. The cash pools do not invest in derivative instruments such as asset-backed and mortgage-backed securities or equity products.

260. The Guidelines require that investments are not to be made in issuers whose credit ratings are below specifications and also provide for maximum concentrations with given issuers. These requirements were met at the time the investments were made.

261. The credit ratings used for the cash pools are those determined by major credit-rating agencies; S&P Global Ratings, Moody's and Fitch are used to rate bonds and discounted instruments, and the Fitch viability rating is used to rate bank term deposits. At year end, the credit ratings were as shown below.

Investments of the cash pools by credit ratings as at 31 December[a]

(Percentage)

Main pool	*Ratings as at 31 December 2020*					*Ratings as at 31 December 2019*			
Bonds (long-term ratings)					**Bonds (long-term ratings)**				
	AAA	*AA+/AA/AA-*	*A+*	*Not rated/WD*		*AAA*	*AA+/AA/AA-*	*A+*	*Not rated*
S&P	44.0%	53.2%		2.8%	S&P	35.8%	58.8%		5.4%
Fitch	61.4%	15.5%		23.1%	Fitch	60.2%	23.8%		16.0%
	Aaa	*Aa1/Aa2/Aa3*	*A1*			*Aaa*	*Aa1/Aa2/Aa3*	*A1*	
Moody's	61.1%	34.9%	0.4%	3.6%	Moody's	54.8%	45.2%		
Commercial papers/certificates of deposit (short-term ratings)					**Commercial papers/certificates of deposit (short-term ratings)**				
	A-1+/A-1					*A-1+/A-1*			
S&P	100.0%				S&P	100.0%			
	F1+/F1			*NR*		*F1+/F1*			
Fitch	98.0%			2.0%	Fitch	100.0%			
	P-1					*P-1*			
Moody's	100.0%				Moody's	100.0%			
Term deposits/demand deposit account (Fitch viability ratings)					**Term deposits (Fitch viability ratings)**				
	aaa	*aa/aa-*	*a+/a/a-*			*aaa*	*aa/aa-*	*a+/a*	
Fitch	–	27.5%	72.5%		Fitch	–	84.2%	15.8%	
Euro pool	*Ratings as at 31 December 2020*					*Ratings as at 31 December 2019*			
Bonds (long-term ratings)					**Bonds (long-term ratings)**				
		AA+/AA/AA-		*N/A*			*AA+/AA/AA-*	*N/A*	
S&P		100.0%			S&P		–		
Fitch		67.7%		32.3%	Fitch		–		
		Aa1/Aa2					*Aa1/Aa2*		
Moody's		100.0%			Moody's		–		

[a] No investments were held as at 31 December 2019 in the euro pool.

262. The United Nations Treasury actively monitors credit ratings and, because the Organization has invested only in securities with high credit ratings, management does not expect any counterparty to fail to meet its obligations, except for impaired investments.

Financial risk management: liquidity risk

263. The cash pools are exposed to liquidity risk associated with the requirement of participants to make withdrawals on short notice. They maintain sufficient cash and marketable securities to meet participants' commitments as and when they fall due. A major portion of cash and cash equivalents and investments are available within a day's notice to support operational requirements. The cash pool liquidity risk is therefore considered to be low.

Financial risk management: interest rate risk

264. The cash pools comprise the Organization's main exposure to interest rate risk with fixed-rate cash and cash equivalents and investments being interest-bearing financial instruments. As at the reporting date, the cash pools had invested primarily in securities with shorter terms to maturity, with the maximum being less than four years (2019: five years) in the main pool and five years in the euro pool (no investments were held in the euro pool as at 31 December 2019). The average duration of the main pool on 31 December 2020 was 0.72 years (2019: 0.74 years). In addition, the average duration of the euro pool on 31 December 2020 was 0.42 (2019: no investments). These are considered to be indicators of low risk.

Cash pool interest rate risk sensitivity analysis

265. The analysis shows how the fair value of the cash pools as at the reporting date would increase or decrease should the overall yield curve shift in response to changes in interest rates. Given that the investments are accounted for at fair value through surplus or deficit, the change in fair value represents the increase or decrease in the surplus or deficit and net assets. The impact of a shift up or down of up to 200 basis points in the yield curve is shown below (100 basis points equals 1 per cent). The basis point shifts are illustrative.

Organization's share of cash pool interest rate risk sensitivity analysis as at 31 December 2020

Shift in yield curve (basis points)	*-200*	*-150*	*-100*	*-50*	*0*	*50*	*100*	*150*	*200*
Increase/(decrease) in fair value (Millions of United States dollars)									
Total, main pool	**61.75**	**46.31**	**30.87**	**15.43**	**–**	**(15.43)**	**(30.86)**	**(46.29)**	**(61.72)**
Total, euro pool	**0.11**	**0.08**	**0.05**	**0.03**	**–**	**(0.03)**	**(0.05)**	**(0.08)**	**(0.11)**
Total	**61.86**	**46.39**	**30.92**	**15.46**	**–**	**(15.46)**	**(30.91)**	**(46.37)**	**(61.83)**

Organization's share of cash pool interest rate risk sensitivity analysis as at 31 December 2019

Shift in yield curve (basis points)	*-200*	*-150*	*-100*	*-50*	*0*	*50*	*100*	*150*	*200*
Increase/(decrease) in fair value (Millions of United States dollars)									
Total, main pool	**58.12**	**43.58**	**29.06**	**14.53**	**–**	**(14.53)**	**(29.05)**	**(43.57)**	**(58.09)**
Total, euro pool	–	–	–	–	–	–	–	–	–
Total	**58.12**	**43.58**	**29.06**	**14.53**	**–**	**(14.53)**	**(29.05)**	**(43.57)**	**(58.09)**

Other market price risk

266. The cash pools are not exposed to significant other price risks because they do not sell short, borrow securities or purchase securities on margin, which limits the potential loss of capital.

Accounting classifications and fair value hierarchy

267. All investments are reported at fair value through surplus and deficit. Cash and cash equivalents carried at nominal value are deemed to be an approximation of fair value. The following fair value hierarchy presents the cash pool assets that are measured at fair value as at the reporting date. There were no level 3 financial assets or any significant transfers of financial assets between fair value hierarchy classifications.

Fair value hierarchy for investments as at 31 December: cash pools

(Thousands of United States dollars)

	31 December 2020			*31 December 2019*		
	Level 1	*Level 2*	*Total*	*Level 1*	*Level 2*	*Total*
Financial assets at fair value through surplus or deficit						
Bonds – corporate	452 281	–	452 281	148 473	–	148 473
Bonds – non-United States agencies	931 565	–	931 565	755 027	–	755 027
Bonds – supranational	787 362	–	787 362	423 230	–	423 230
Bonds – United States treasuries	502 462	–	502 462	497 829	–	497 829
Bonds – non-United States sovereigns	151 035	–	151 035	–	–	–
Main pool – commercial papers	–	2 062 987	2 062 987	–	347 398	347 398
Main pool – certificates of deposit	–	2 762 615	2 762 615	–	3 419 585	3 419 585
Main pool – term deposits	–	1 820 000	1 820 000	–	1 210 000	1 210 000
Total	**2 824 705**	**6 645 602**	**9 470 307**	**1 824 559**	**4 976 983**	**6 801 542**
Euro pool						
Bonds – corporate	1 194	–	1 194	–	–	–
Bonds – non-United States sovereigns	570	–	570	–	–	–
Subtotal, euro pool	**1 764**	–	**1 764**	–	–	–
Total	**2 826 469**	**6 645 602**	**9 472 071**	**1 824 559**	**4 976 983**	**6 801 542**

Note 33
Related parties

Key management personnel

268. Key management personnel are those with the ability to exercise significant influence over the financial and operating decisions of the Organization. For the operations of the United Nations as reported in volume I, the key management personnel group comprises the Secretary-General, the Deputy Secretary-General and selected officials at the Under-Secretary-General, Assistant Secretary-General and Director levels. Those persons have the relevant authority and responsibility for planning, directing and controlling the Organization's activities.

Key management personnel as at 31 December 2020

Name	*Position*	*Date assumed key management personnel position*
António Guterres	Secretary-General	January 2017
Amina J. Mohammed	Deputy Secretary-General	February 2017
Maria Luiza Ribeiro Viotti	Under-Secretary-General, Chef de Cabinet	January 2017
Catherine Pollard	Under-Secretary-General for Management Strategy, Policy and Compliance	September 2019
Atul Khare	Under-Secretary-General for Operational Support	January 2019
Zainab Hawa Bangura	Director-General of the United Nations Office at Nairobi	December 2019
Ghada Fathy Ismail Waly	Director-General of the United Nations Office at Vienna	February 2020
Tatiana Valovaya	Director-General, United Nations Office at Geneva	August 2019
Christian Saunders	Assistant Secretary-General for Supply Chain Management	November 2019
Chandramouli Ramanathan	Assistant Secretary-General, Controller	February 2019
Pedro Guazo[a]	Director, Finance Division	June 2012

[a] Mr. Pedro Guazo was Director of the Finance Division until 29 March 2020.

269. The aggregate remuneration paid to the 11 (full-time equivalent) key management personnel includes gross salaries, post adjustment and other entitlements such as grants, subsidies and employer pension and health insurance contributions.

(Thousands of United States dollars)

	2020	2019
Salary and post adjustment	3 179	3 258
Other monetary entitlements	763	870
Non-monetary benefits	720	1 200
Total remuneration for the year	**4 662**	**5 328**

270. A residence, with an annual rental fair value equivalent of $0.7 million (2019: $1.2 million), is provided to the Secretary-General free of charge. Advances made to key management personnel are those made against entitlements in accordance with the Staff Regulations of the United Nations and Staff Rules; any such advances against entitlements are widely available to all staff of the Organization.

Related entity transactions

271. The Organization provided grants to related party entities as below.

Grants provided to related party entities

(Thousands of United States dollars)

	2020	2019
United Nations Office on Drugs and Crime	33 827	32 004
United Nations Environment Programme	25 523	26 278
United Nations Human Settlements Programme	15 010	15 415
International Trade Centre	18 408	18 092
United Nations Entity for Gender Equality and the Empowerment of Women	9 692	9 526
United Nations Relief and Works Agency for Palestine Refugees in the Near East	30 551	29 418
Office of the United Nations High Commissioner for Refugees	40 110	43 328
Total	**173 121**	**174 061**

272. During 2020, the Organization granted loans of $40.0 million to related party entities, as the loan element of the Central Emergency Response Fund in accordance with ST/SGB/2010/5 (see para. 126).

Loans granted to related party entities as at 31 December 2020

(Thousands of United States dollars)

	Amount outstanding 1 January 2020	*Amount advanced in 2020*	*Amount reimbursed in 2020*	*Amount outstanding 31 December 2020*
United Nations Relief and Works Agency for Palestine Refugees in the Near East	30 000	30 000	30 000	30 000
Food and Agriculture Organization	–	10 000	10 000	–
Total	**30 000**	**40 000**	**40 000**	**30 000**

Loans granted to related party entities as at 31 December 2019

(Thousands of United States dollars)

	Amount outstanding 1 January 2019	*Amount advanced in 2019*	*Amount reimbursed in 2019*	*Amount outstanding 31 December 2019*
United Nations Relief and Works Agency for Palestine Refugees in the Near East	15 000	30 000	15 000	30 000
Total	**15 000**	**30 000**	**15 000**	**30 000**

Trust fund activities related to peacekeeping and tribunal operations

Trust fund activities related to peacekeeping operations

(Thousands of United States dollars)

	2020				2019			
Trust fund	*Net assets at the beginning of the period*	*Income*	*Expenses*	*Net assets at the end of the period*	*Net assets at the beginning of the period*	*Income*	*Expenses*	*Net assets at the end of the period*
Trust fund in support of the delimitation and demarcation of the Ethiopia/Eritrea border	1 532	18	–	1 550	1 495	37	–	1 532
Trust fund for Somalia – unified command	423	5	–	428	413	10	–	423
Trust fund in support of the implementation of the agreement on a ceasefire and separation of forces signed in Moscow on 14 May 1994	9	–	–	9	8	1	–	9
Trust fund for the Police Assistance Programme in Bosnia and Herzegovina	333	4	–	337	325	8	–	333
Trust fund in support of United Nations peacemaking and peacekeeping activities	2 260	26	(2)	2 288	2 206	54	–	2 260
Trust fund in support of the Department of Peace Operations[a]	88 806	17 027	71 155	34 678	96 405	14 786	22 385	88 806
Trust fund to support the peace process in the Democratic Republic of the Congo	2 334	8	(5)	2 347	2 238	59	(37)	2 334
Trust fund to support the United Nations Interim Administration in Kosovo	1 137	13	–	1 150	1 110	27	–	1 137
Trust fund to support the Ituri Pacification Commission	8	–	–	8	7	1	–	8
Trust fund in support of the peace process in the Sudan	468	6	–	474	727	(259)	–	468
Trust fund for the African Union-United Nations Joint Mediation Support Team for Darfur	6 337	104	345	6 096	6 208	167	38	6 337
Trust fund for the support of the activities of the United Nations Mission in the Central African Republic and Chad	1 815	21	–	1 836	1 771	44	–	1 815
Subfund of the trust fund in support of the African Union Mission in Somalia	22 356	7 802	16 078	14 080	27 400	13 193	18 237	22 356
Trust fund to support lasting peace in Darfur	404	(282)	49	73	393	11	–	404
Trust fund in support of the African-led International Support Mission in Mali	769	13	–	782	613	154	(2)	769
Trust fund in support of peace and security in Mali	48 910	7 100	11 188	44 822	39 604	22 563	13 257	48 910
Trust fund for the United Nations Operation in Côte d'Ivoire	175	3	–	178	171	4	–	175
Trust fund in support of the political transition in Haiti	248	4	–	252	490	(159)	83	248

Trust fund	*2020* Net assets at the beginning of the period	*2020* Income	*2020* Expenses	*2020* Net assets at the end of the period	*2019* Net assets at the beginning of the period	*2019* Income	*2019* Expenses	*2019* Net assets at the end of the period
Trust fund in support of the African-led International Support Mission in the Central African Republic	211	3	–	214	205	6	–	211
Trust fund for the United Nations Mission in South Sudan	630	515	148	997	–	630	–	630
Trust fund in support of the elimination of Syrian chemical weapons	316	4	–	320	451	(135)	–	316
Trust fund to support peace and security in Cyprus	–	27	1	26	–	–	–	–
Trust fund to provide assistance to human rights victims in Kosovo	10	–	–	10	–	10	–	10
Trust fund to support the United Nations Office to the African Union pursuant to Security Council resolutions 2230 (2015), 2378 (2017) and 2457 (2019)	–	1 363	(3)	1 366	–	–	–	–
Total	**179 491**	**33 784**	**98 954**	**114 321**	**182 240**	**51 212**	**53 961**	**179 491**

[a] Trust fund in support of the Department of Peace Operations expenses include the transfer of $61,595 to the trust fund in support of the Department of Operational Support for common support services.

Trust fund activities related to tribunal operations

(Thousands of United States dollars)

	2020				2019			
Trust fund	*Net assets at the beginning of the period*	*Income*	*Expenses*	*Net assets at the end of the period*	*Net assets at the beginning of the period*	*Income*	*Expenses*	*Net assets at the end of the period*
Voluntary fund to support the activities of the international tribunal established by Security Council resolution 827 (1993)	875	(875)	–	–	825	60	10	875
Trust fund to support the activities of the International Residual Mechanism for Criminal Tribunals	267	2 077	1 404	940	172	896	801	267
Total	**1 142**	**1 202**	**1 404**	**940**	**997**	**956**	**811**	**1 142**

The United Nations Foundation, Inc.

273. The United Nations Foundation, Inc., a not-for-profit corporation organized under the laws of the State of New York of the United States of America, entered into an agreement with the United Nations in 1998 to assist and support the United Nations in achieving the goals and objectives of the Charter of the United Nations. The revised and restated relationship agreement signed in 2014 reaffirmed the nature of the relationship, the terms of the partnership, the independent status of the parties and the conditions for use of the name "United Nations"; the relationship agreement also sets out the role, composition and functions of the joint coordination committee, which serves as the principal forum for strong communication and coordination on strategies to support the policies, aims, activities and causes of the United Nations. The committee is co-chaired by the United Nations and the United Nations Foundation and meets twice a year. A summary of the relationship agreement can be found via the following link: https://unfoundation.org/who-we-are/our-financials/un-foundation-un-relationship. During 2020, the Foundation made total contributions of $9.49 million to the United Nations Fund for International Partnerships (2019: $9.09 million). Audited financial statements of the Foundation can be found on its website (www.unfoundation.org).

Receivables due from peacekeeping operations

274. The Organization has receivables in the amount of $37.4 million (2019: $37.4 million) and $10.0 million (2019: $10.0 million) due from the United Nations Operation in the Congo and the United Nations Emergency Force, respectively. Those missions closed on 30 June 1964 and 30 June 1978, respectively, and the Organization has recorded a 100 per cent allowance for those doubtful receivables.

Note 34
Leases and commitments

Finance leases

275. The Organization leases certain communications and information technology equipment under commercial finance leases and holds some donated right-to-use real estate arrangements that meet the criteria of finance leases. As at year end, commercial finance leased assets had been fully depreciated. The carrying value of donated right-to-use arrangements meeting the finance lease recognition criteria totalled $58.9 million (2019: $62.8 million). The main portion of the donated right-to-use amount relates to the $58.4 million (2019: $62.3 million) interest in the Vienna International Centre, with the remaining amount relating to the Asian and Pacific Centre for Transfer of Technology of ESCAP and the ESCAP Subregional Office for South and South-West Asia, both located in New Delhi, and the Department of Global Communications/United Nations Information Centre offices in Brazzaville and Ouagadougou. These donated right-to-use agreements indicate that host Governments will provide premises to the Organization for free for a period longer than 35 years or for as long as the United Nations remains in the respective countries and uses the underlying premises for the intended purposes. The statement of financial performance includes finance costs of $5.4 million (2019: $1.4 million) relating to finance lease arrangements and associated strategic heritage plan loan borrowings relating to the strategic heritage plan at the Geneva Office, Switzerland. The net year-end carrying value for each class of asset is as shown below.

Net finance lease asset carrying value

(Thousands of United States dollars)

	Donated right-to-use premises: Vienna International Centre	*Other donated right-to-use premises*	*Total*
As at 31 December 2020	58 391	489	58 880
As at 31 December 2019	62 305	529	62 834

276. No future minimum finance lease payments exist under non-cancellable commercial finance lease arrangements.

Operating leases

277. The Organization has entered into several operating lease agreements for land, offices, residential space and machinery and equipment. While some of the agreements are under commercial terms, others are for space provided to the United Nations by host Governments on a free-of-charge or nominal-fee basis. Rental value equivalent was estimated and recognized as an expense and in-kind contributions were presented in the statement of financial performance as voluntary contributions revenue. Operating lease expenses for the year total $171.0 million (2019: $184.6 million). Future minimum lease payments under non-cancellable operating leases are as shown below.

Obligations for operating leases: minimum lease payments

(Thousands of United States dollars)

	As at 31 December 2020	*As at 31 December 2019*
Due in less than 1 year	65 766	55 545
Due in 1 to 5 years	140 440	151 729
Due after 5 years	84 614	75 655
Total minimum operating lease obligations	**290 820**	**282 929**

278. The operating leases are generally for a term of between 1 and 10 years, with some leases allowing an extension beyond the expiry date and/or permitting early termination with notice to the landlord of 30, 60 or 90 days. The amounts present future obligations for the minimum contractual term, taking into consideration rent increases in accordance with the terms of the lease agreements. None of the leases and real estate agreements contain purchase options.

Leasing arrangements where the Organization is the lessor

279. The Organization leases out assets to other parties through operating leases. Future minimum lease receipts for those arrangements are shown below.

Operating leases receipts

(Thousands of United States dollars)

	As at 31 December 2020	*As at 31 December 2019*
Receipts due in less than 1 year	13 358	11 139
Receipts due in 1 to 5 years	24 950	27 103
Receipts due after 5 years	3 615	3 340
Total minimum operating lease receipts (undiscounted)	**41 923**	**41 582**

280. As at 31 December 2020, the total of future minimum sublease payments expected to be received under subleases was $2.3 million (2019: $2.3 million).

Contractual commitments

281. At year end, commitments to transfer funds to implementing partners and for property, plant and equipment, intangible assets and goods and services contracted but not delivered were as shown below.

Contractual commitments

(Thousands of United States dollars)

	As at 31 December 2020	*As at 31 December 2019*
Transfer of moneys to implementing partners	370 623	292 795
Property, plant and equipment	381 116	107 121
Intangibles	561	6
Goods and services	418 528	297 451
Total open contractual commitments	**1 170 828**	**697 373**

Note 35
Contingent liabilities and contingent assets

Contingent liabilities

282. The Organization is subject to a variety of claims that arise from time to time in the ordinary course of its operations. These claims are segregated into three main categories: commercial claims, administration of justice claims (cases brought by current or former United Nations staff members against the Secretary-General) and any other claims.

283. Consistent with IPSAS, contingent liabilities are disclosed for pending claims where the probability of an obligation and the potential outflow of resources cannot be measured with sufficient reliability. As at 31 December 2020, there were no (2019: $0.02 million) contingent liabilities relating to commercial claims and other claims of a private law nature. Contingent liabilities relating to administration of justice claims as at 31 December 2020 were estimated at $2.1 million (2019: $20.5 million).

284. No contingent liabilities arose from the Organization’s interest in jointly controlled entities or joint arrangements over which the Organization has significant influence.

Contingent assets

285. In accordance with IPSAS 19, the Organization discloses contingent assets when an event gives rise to a probable inflow of economic benefits or service potential to the Organization and there is sufficient information to assess the probability of that inflow. As at 31 December 2020, there were $0.038 million (2019: $0.063 million) in contingent assets arising from the Organization's legal actions and interests in joint ventures that were likely to result in a significant economic inflow.

286. The total estimated amount of voluntary pledges and other promised donations not formalized by acceptance or that were subject to fundraising activities as at 31 December 2020 is $91.9 million (2019: $32.4 million). It includes an in-kind donation for the financing and construction of a new visitors' centre at the United Nations Office at Geneva.

Note 36
Events after the reporting date

287. There have been no material events, favourable or unfavourable, that occurred between the date of the financial statements and that on which the financial statements were authorized for issue that would have had a material impact on these statements.

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