A/77/5 (Vol. I)

United Nations

Financial report and audited financial statements

for the year ended 31 December 2021

and

Report of the Board of Auditors

Volume I
United Nations

General Assembly
Official Records
Seventy-seventh 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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Letter dated 31 March 2022 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 2021, 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 21 July 2022 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 2021.

(*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 2021 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 2021, 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 2021, 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

21 July 2022

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 2021. 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 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 operations of the United Nations as reported in volume I as at 31 December 2021 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 2021 remains sound. Approximately 94 per cent of the regular budget was used in 2021, leaving underexpenditure of approximately $206.83 million. The Administration needs to continue to strengthen core business processes in finance, budget, cash and investment and human resources management. The Board also identified areas for improvement in the operations of development, peace and security, and humanitarian affairs.

Key findings

Accounts and financial reporting

Financial overview

Total revenue for the year 2021 amounted to $7.55 billion, compared with $6.85 billion in 2020, an increase of 10 per cent, which was due mainly to an increase of $0.86 billion in voluntary contributions. With regard to expenses, the total amount was $6.68 billion in 2021, down slightly from $6.77 billion in 2020.

Net assets for the year 2021 increased by $1.34 billion (62 per cent), from $2.17 billion as at 31 December 2020 to $3.51 billion as at 31 December 2021, which was due mainly to the surplus for the year ($870.76 million) and the actuarial gains on employee benefits liabilities ($483.25 million).

The Board was informed by the Administration that the coronavirus disease (COVID-19) pandemic was expected to continue to delay the implementation of many projects. The effective date of IPSAS 41: Financial instruments (issued in August 2018) and IPSAS 42: Social benefits (issued in January 2019), which were supposed to come into effect on 1 January 2022, were deferred by the IPSAS Board to 1 January 2023 owing to the pandemic and the challenges that it had created.

Liquidity management

The overall financial situation for the year 2021 was relatively healthy. For the regular budget and related funds, the cash ratio was 0.06, 0.26 and 0.76 at the end of

2019, 2020 and 2021, respectively, indicating a gradually improving liquidity trend, but periodic cash shortages still existed. The regular budget continued to borrow from the Working Capital Fund and the Special Account during 2021 owing to the periodic cash shortages. At the end of 2021, there were no borrowings from the Working Capital Fund, the Special Account or closed peacekeeping missions.

The Administration informed the Board that, when it had conducted a series of liquidity management operations, such as restricting recruitment and postponing non-post expenses, it was concerned that the depletion of liquidity reserves, intra-year cash shortages and liquidity unpredictability would continue to exist owing to persistent arrears and fluctuations in regular budget collections.

Cost-recovery services

A total of $448.54 million in accumulated surplus from cost-recovery services

For the 10RCR fund (cost-recovery fund), there was an overall upward trend in the annual surplus during the period 2016–2021, leading to a total amount of $448.54 million in accumulated surplus as at 31 December 2021, an increase of 129 per cent compared with the amount at the year end of 2016. A large portion of that increase was due to the action taken to respond to the unusual circumstances during the liquidity crisis and the COVID-19 pandemic in 2020. Through a structural analysis, the Board noted that United Nations Headquarters had the largest portion of the accumulated surplus, ranging from 45 to 56 per cent from 2016 to 2021. Meanwhile, a number of fund centres of various entities had a continuous and significant surplus, and $22.96 million in accumulated surplus had not been assigned to any fund centre. The percentage of the accumulated surplus, compared with annual 10RCR expenses (i.e., reserve ratio), among the entities varied significantly, from 37 to 2,959 per cent.

Unreasonable charges for cost-recovery services

The Board noted some cases of unreasonable charges for cost-recovery services. For example, from 2017 to 2021, the United Nations Support Mission in Libya charged $14.78 million from various United Nations country teams, agencies, funds and programmes for providing services relating to, among others, accommodation, security and aviation, while associated costs for those services had already been covered under the regular budget of the Mission, which led to a $14.78 million 10RCR surplus for the Mission as at 31 December 2021. In addition, during the period 2018–2021, the United Nations Assistance Mission for Iraq had an annual 10RCR surplus ranging from $1.70 million to $2.80 million, with a surplus ratio (i.e., percentage of surplus to total revenue) ranging from 15 to 29 per cent.

Deficiencies in tracing regime for service costs

The Board noted that, at some entities, revenue and expenses for similar types of service were recorded in different fund centres. The absence of a cost-tracing regime at the service level may prevent the service providers from effectively monitoring the actual revenue, expenses and surplus for each category of service and taking appropriate action, such as service rate adjustments in the event of a continuous increase in observable surplus.

Budget management

Transfer from the 10UNA fund to the 10RCR fund, with a remaining balance of $21.68 million as at 31 December 2021

At the year end of 2020, the Administration transferred $28.72 million from the 10UNA fund (major component of the regular budget) to the 10RCR fund for the purpose of ensuring business continuity of the Organization in the light of the COVID-19 pandemic. Of that amount, $6.64 million was utilized by eight entities in 2021 for, among others, equipment procurement and construction in progress. That expenditure was not included in the proposed programme budget of any budget period, but rather was included in the entities' proposals approved by the Controller for business continuity, in line with their respective mandates. The Board noted one case in which additional allotments above the proposed programme budget approved by the General Assembly had been allocated and then covered by the transferred amount, and another case in which the transferred amount had been used to support a project in response to COVID-19-related challenges, which was launched with extrabudgetary resources. As at 31 December 2021, the balance arising from the transfer was $21.68 million.

Creation of $171.98 million in fund commitments without supporting documents, with a remaining balance of $17.74 million as at 31 December 2021

At the year end of 2019 and 2020, the Administration created fund commitments of $55.32 million and $116.66 million, respectively, without the normal supporting documentation. The Administration explained that those "special fund commitments" had been created in response to the liquidity crisis relating to the regular budget and the negative impact on mandate delivery exacerbated by the COVID-19 pandemic, and their subsequent usage was fully supported with appropriate documentation. As at 31 December 2021, the remaining balance of 2020 special fund commitments totalled $17.74 million.

The Board reviewed the utilization of those special fund commitments and noted that the Administration had transferred $18.59 million (part of the $116.66 million in 2020 special fund commitments) from the 10UNA fund to the 10RCR fund, in line with the Controller's approval, to cover expenses such as vehicle and equipment procurement, construction in progress and consultant fees incurred by various entities from April to December 2021. In that regard, the Board noted the following issues:

(a) The United Nations Support Mission in Libya had acquired vehicles through special fund commitments, leading to an excess holding of vehicles. As at 31 December 2021, the Mission held 108 vehicles, which was 74, or 218 per cent, higher than the entitled number of 34. With regard to the five VIP vehicles, only two staff members (above the D-2 level) were eligible for VIP vehicles, resulting in three such vehicles in excess;

(b) The Economic Commission for in Africa (ECA) and the Office of Information and Communications Technology acquired information technology equipment with special fund commitments, leading to overexpenditure and idle assets. For example, ECA acquired 18,745 tablets valued at $3.16 million from August to November 2021. Similarly, the Office used $1.23 million in special fund commitment to purchase 1,160 wireless indoor access points in August 2021. This led to overexpenditure in the budget class "furniture and equipment" for ECA and the Office by 57 and 67 per cent, respectively, in 2020. Furthermore, all the above-mentioned information technology equipment was delivered during the period from October 2021 to March 2022 and remained idle at the end of April 2022.

Insufficient disclosure of general temporary assistance positions in the proposed programme budget

The Board noted that general temporary assistance finite positions had not been disclosed in full nor duly justified in the budget proposals submitted to the governing bodies and that general temporary assistance replacement positions of a duration of more than one year had been neither disclosed nor proposed. For example, of the 118 general temporary assistance replacement positions (from 12 sample entities) funded through the regular budget, 59 (50 per cent) had a duration of more than one year. A similar issue was noted regarding general temporary assistance funded through extrabudgetary resources.

Voluntary contributions

A total of $198.7 million in donations with special provisions inconsistent with the United Nations legal framework

The Board sampled 89 grant agreements signed by various departments and offices of the United Nations Secretariat and donors from 2019 to 2021 and noted that 17 grant agreements totalling $198.7 million contained special provisions that were not in full compliance with the United Nations legal framework, including: (a) 16 grant agreements amounting to $195.1 million, which had special provisions inconsistent with the Charter of the United Nations; (b) 2 grant agreements totalling $47.2 million, which had special provisions inconsistent with the recordkeeping requirements pursuant to the Financial Regulations and Rules of the United Nations; and (c) 1 grant agreement valued at $3.6 million, which had special provisions inconsistent with the guiding principles of the Financial Regulations and Rules relating to procurement activities.

The Administration stated that, in its agreements, the United Nations consistently reserved its privileges and immunities and made clear that the administration and management of the funds were subject to the Organization's regulations and rules, including the Financial Regulations and Rules and the Staff Regulations and Rules.

Outdated balances of trust funds that were to be addressed by the Administration

As at 31 December 2021, the cash pool balances of trust funds totalled $2.70 billion, an increase of 56 per cent compared with the amount by the year end of 2017. In particular, the cash pool balances of two trust funds (32DDN and 32CER) managed by the Office for the Coordination of Humanitarian Affairs were $920.66 million and $427.64 million, respectively. The Board noted that some outdated balances in 32DDN had not been addressed by the Administration in a timely manner, which contributed to a significant cash balance for 32DDN.

Cash and investment management

Lack of formal procedures for a status review of bank accounts

As at 31 December 2021, 255 house bank accounts were managed by the United Nations Treasury, of which 71 (28 per cent) had been opened in country A, 13 in country B, and the others in more than 80 countries and regions. However, there were no formal procedures in place to undertake a periodic review of the status of the accounts and take appropriate action. Formalization of procedures for status reviews of bank accounts and closing processes would improve the efficiency of bank account management and fulfil the goal of minimizing the number of bank accounts per country, which will, in turn, reduce risk and avoid unnecessary administrative costs.

Lack of specific investment strategy for long-term employee benefits-related funds

In its previous audit, the Board had noted that there was no specific investment strategy nor were there guidelines for end-of-service employee benefits-related funds. During the 2021 audit, the Board noted that the Administration had undertaken relevant action to address the issue. However, the Board also noted that the pooled funds relating to end-of-service employee benefits, including after-service health insurance and repatriation benefits, totalled $325.28 million as at 31 December 2021. The Board is of the view that funds for liabilities of a long duration should be invested in long-term assets for asset and liability management purposes and that the Administration needs to establish a separate pool for long-term employee benefits-related funds.

Health insurance programme

Reimbursement of $856,633.94 for cases involving mismatched medical service information regarding the gender or age of the participants or exceeding plan limits

On the basis of sample tests carried out on the reimbursement data of third-party administrators for 2021, the Board noted 664 cases with inconsistencies between medical service information and the gender or age of the participants, in a total amount of $239,580.42. For example, $149,039.74 was paid for 520 adult participants for paediatric medicine and $37,441.34 was paid for 86 male participants for services in obstetrics gynaecology. The Board also noted cases of reimbursement exceeding health insurance plans limits, totalling $617,053.52.

Assets management

Purchase of computers and vehicles with a significant quantity of similar assets remaining idle

In response to the concerns raised by the Advisory Committee on Administrative and Budgetary Questions, the Board continued its review of the equipment list of the operations of the United Nations as reported in volume I and noted that, as at 31 December 2020, there were 12,300 idle computers and 516 idle vehicles. In 2021, 24,525 computers and 182 vehicles were purchased and, by the end of April 2022, 19,140 newly purchased computers and 119 newly purchased vehicles were idle, representing 78 and 65 per cent, respectively, of the newly purchased items.

Deficiencies in firearms and ammunition management

During its on-site physical verification of firearms and ammunition at United Nations Headquarters, the Board noted some discrepancies between the stock list and relevant Umoja system records. For example, 10 shotguns were recorded in the stock list but not recorded in Umoja. In addition, seven types of ammunition, totalling 125,545 rounds, in the stock list were confirmed through a physical verification, but only two types with 367,302 rounds were recorded in Umoja. Neither the category nor the quantity of ammunition in the stock list was consistent with Umoja records. Those discrepancies may indicate insufficient internal controls over firearms and ammunition management.

Human resources management

Deficiencies in the use and management of general temporary assistance and temporary assistance for meetings

The Board noted that general temporary assistance had evolved in the past two decades from being used for the replacement of staff on maternity or sick leave or to ensure adequate staffing during peak workload periods, to a funding type that could be used to “fund temporary staff on various types of appointments”. As at 31 December 2021, there were 1,098 encumbered general temporary assistance and temporary assistance for meetings positions (excluding those in special political missions), which was 11.73 per cent of the total staff under regular budget resources. In addition, there were 57 encumbered general temporary assistance positions under other assessed and 1,209 encumbered general temporary assistance and temporary assistance for meetings positions under extrabudgetary resources. General temporary assistance and temporary assistance for meetings positions had, in fact, been an integral and important part of the workforce of the operations of the United Nations as reported in volume I.

The Board, however, noted deficiencies. There was no overarching and comprehensive guidance on the use of general temporary assistance, which resulted in a lack of clarity and consistency and in ambiguity. In addition, general temporary assistance replacement and finite positions were not used in line with the related policy. A total of 894 of 1,457 general temporary assistance replacement positions were active as at 31 December 2021 under the regular budget, other assessed and extrabudgetary resources of the operations of the United Nations as reported in volume I had been encumbered for more than one year, including 266 positions for more than five years. General temporary assistance positions funded through extrabudgetary resources could last for decades, and some had been established for more than 20 years. Moreover, insufficient proposals and justification for general temporary assistance and temporary assistance for meetings positions had been provided for review by governing bodies, notwithstanding repeated requests in that regard.

Deficiencies in personnel management for United Nations Development Programme-administered staff

In 2021, six entities of United Nations operations as reported in volume I employed 1,810 staff members through service-level agreements with the United Nations Development Programme (UNDP). The Board noted that those staff members were funded by and substantively reported to volume I entities but had been contracted by UNDP and had not been managed in Umoja. The Board is of the view that these staff need to be integrated into the Secretariat. The Board noted that approval from the Advisory Committee on Administrative and Budgetary Questions had not been sought for five positions (1 Assistant Secretary-General, 3 D-2 and 1 D-1) that had been established more than one year ago, with the earliest position, of Regional Humanitarian Coordinator (Assistant Secretary-General), having been established in 2012.

Deficiencies in the use of personnel through the United Nations Office for Project Services, the United Nations Development Programme and third-party service providers

Some entities of United Nations operations as reported in volume I employed personnel on the basis of financial agreements with the United Nations Office for Project Services, service-level agreements with UNDP and contractual services with third-party service providers. The Board reviewed the use of personnel through those modalities and noted that, among 1,035 personnel, 698 had been working for the Secretariat for more than 24 months, of whom 383 had been working with volume I entities for more than 5 years, including 82 for more than 10 years. Similar cases were also noted with personnel hired through contracts with third parties. The Board is concerned about the lack of clarity regarding the identities of these personnel and is of the view that this is a grey area in which volume I entities have been granted too much liberty and that these modalities have been used to excess.

Supply chain management

Deficiencies in needs estimates of need for COVID-19 vaccinations resulted in redistribution and waste

The Board noted that a centrally established model had been adopted to estimate demand for COVID-19 vaccinations, which resulted in an inaccurate estimates of the eligible population at the country level. This led to redistribution and a waste of vaccinations. In phase one of the United Nations System-wide COVID-19 Vaccination Programme, of the 300,000 distributed doses of vaccines, 38,510 (13 per cent) had been redistributed across United Nations country teams, among which 33,510 redistributed doses (87 per cent) had arrived fewer than six weeks prior to expiry, leaving a limited time to arrange for the administering of the doses, and some doses had to be donated or exchanged for others. In addition, 13,318 doses (4 per cent) had been reported as lost or wasted.

Management reform

Accountability framework for delegation of authority needs to be improved

The Board identified the following deficiencies relating to the setting of key performance indicators and the performance against them: (a) key and recurring deficiencies identified by the oversight bodies, such as assets that had remained idle for a long time, invalid commitments, overuse of the low-value acquisition method and the use of consultants and temporary appointments, which should be considered for inclusion in the expanded key performance indicators of delegation of authority, where applicable; (b) the performance against eight key performance indicators, which needs concrete action to ensure improvement, and the lack of a robust mechanism to request the entities to take remedial action in a timely manner; and (c) 143 human resources exceptions had been granted by entities outside of their delegated authority, with no subsequent corrective action having been taken or accountability enforced.

Performance evaluation of senior managers can be further improved

The Board identified the following relating to the performance evaluation of senior managers based on the senior managers' compacts for 2021: (a) the achievement of programme results should be strengthened in terms of assessing the performance of senior managers, pursuant to the action plan for the implementation of results-based management in the United Nations Secretariat, 2018–2021; and (b) material and recurring compliance issues should be considered in pilot measures when assessing senior managers' performance.

Development reform

Deficiencies in the appointment of resident coordinators ad interim and in resident coordinator pool management

As at 31 December 2021, 21 of 130 (16 per cent) resident coordinators positions were vacant. Twenty (95 per cent) of those vacant positions were encumbered by resident coordinators ad interim, among whom 10 (50 per cent) were heads of United Nations country teams and had been appointed for fewer than six months; however, they had no experience as a resident coordinator or resident coordinator ad interim since 2019. This may result in capacity gaps and have a negative impact on business continuity and institutional memory.

The Board noted that the selection of resident coordinators was pool-based identified the following deficiencies in relation to resident coordinator pool management: (a) insufficient identification of a suitable number of candidates for resident coordinator vacancies; (b) a mismatch between the qualifications of pool members and the requirements of vacant resident coordinator positions; and (c) inactive pool members were retained for long periods of time in the pool. Those deficiencies constituted the major reasons for the inability to have leadership gaps filled in a timely manner.

Deficiencies in the implementation and reporting of an efficiency agenda for the United Nations development system

As at 31 December 2021, the Board continued to note significant delays in key efficiency initiatives in the United Nations development system, as follows: (a) for common back offices, only 2 countries (1.5 per cent) had been approved by the United Nations system for establishment of the offices, while the roll-out in 18 others (13.7 per cent) was under design, an indication that the target establishment of common back offices for all 130 United Nations country teams by 2022 would be hard to achieve, and the root cause thereof is the heavy approval process at the country level and lack of capacity to facilitate the design of the common back offices, among other factors; and (b) for common premises, the percentage of common premises was 26, indicating that the target of 50 per cent by 2021 was overdue owing to delays in the data collection and quality assurance process of the common premises platform, and the lack of a resource and prioritization plan for the roll-out of common premises, among other factors.

With regard to the reporting of the efficiency gains as at 31 December 2021, the following deficiencies were noted: (a) efficiency gains relating to the majority of expected gains, including common back offices and common premises, were not duly captured and reported; and (b) there was a lack of detailed supporting documentation to substantiate the estimated efficiency gains of $194 million in 2021.

Operations related to peace and security affairs

Deficiencies in benefits management of peace and security reform

The reform implementation plan developed by the Department of Political and Peacebuilding Affairs and the Department of Peace Operations to monitor reform-related action and commitments from various sources and as a mechanism for continuous improvement was not yet finalized, which may result in challenges in improving concerted delivery on the envisaged benefits of the peace and security reform, as well as in tracking and monitoring reform objectives in the long run.

Slow progress made in fostering a new organizational culture and process re-engineering

The Board also noted that, in the 2021 staff engagement survey, favourable percentages of all 13 key metrics were below the Secretariat-wide average. Specially, favourable percentages under anti-racism, ethics and integrity, career satisfaction and pride/engagement were 19, 17, 17 and 17 per cent lower, respectively, compared with the Secretariat-wide average. The unfavourable percentage for career satisfaction was 41 per cent. This may indicate that efforts are needed to further improve the business process and foster changes in mindsets so that staff can better adapt to organizational changes. The Board continued to note backlogs in administrative process re-engineering in that, of the 10 pending processes in 2020, 3 remained under development and another 3 were newly identified for improvement. The six pending processes were to be completed by the end of 2022. Such backlogs will negatively affect the efforts to address fragmentation through a "whole-of-pillar" approach and the achievement of the target to make the peace and security pillar more coherent, nimble and effective.

Insufficient use of the roster of sanction monitoring experts and underperformance of recruited experts

Of 59 sanction monitoring experts recruited in 2021, 37, or 63 per cent, had not been selected from the roster, even though the roster had candidates meeting the required expertise. In addition, only 3 of the 59 experts were rated as "excellent" among the four categories of performance (which also included "unsatisfactory", "satisfactory" and "good") and 19, or 32 per cent of the total, were rated as "satisfactory", indicating great room for improvement.

Humanitarian affairs

Significant variance in funding performance among the country-based pooled funds

The overall funding targets for country-based pooled funds were not achieved for three consecutive years. Contributions received by country-based pooled funds globally totalled $945.69 million in 2019, $863.46 million in 2020 and $1.13 billion 2021, with an achievement rate of 55, 47 and 62 per cent of the annual funding targets, respectively. Furthermore, there were significant variances in achievement of the funding targets among various funds, of which two funds had achieved more than 80 per cent of targeted funding from 2019 to 2021, while another three achieved only approximately 30 per cent from 2019 to 2021. For one fund with a low fundraising performance in both 2020 and 2021, the fundraising rate of the humanitarian response plan of the designated country was also significantly low, and a large amount of the humanitarian needs had consequently not been sufficiently addressed.

Insufficient documentation for allocations for underfunded emergencies for the Central Emergency Response Fund

From 2019 to 2021, $564.59 million was allocated to underfunded and neglected crises in 34 countries and regions through five rounds of allocation for underfunded emergencies. The Board noted several cases during the period 2019–2021 in which the justification supporting the final decisions of the Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator on fund allocations were not comprehensively recorded. For example, in the first round of allocations for underfunded emergencies, totalling $135 million in 2021, the Emergency Relief Coordinator excluded 4 countries from the initial 12 shortlisted as the most highly recommended by the Central Emergency Relief Fund secretariat and added another 4, including 1 not recommended and 1 not supported by stakeholders, to the list. The justification for the above final decisions of the Emergency Relief Coordinator was not well documented.

Insufficient remedial action taken for country-based pooled funds projects and their implementing partners with critical risks

In 2021, of 785 audit reports on country-based pooled funds projects, 102 (13 per cent) highlighted 268 critical risk findings. Furthermore, of 289 audit reports on the top four funds, 84 included 212 critical risk findings. However, the Office for the Coordination of Humanitarian Affairs did not take sufficient remedial action in a timely manner on the relevant projects and implementing partners, as required.

Lack of follow-up measures for country-based pooled funds projects and their implementing partners with widespread and recurring issues

Of 50 audit reports on the top four funds issued for the period from 2020 to 2022, some risks were repeatedly brought up in the audit reports, which were either widespread among projects or recurring in the same implementing partners. For example, non-compliance with local or tax laws and excessive use of cash appeared in 20 projects and deficiencies in tendering procedures recurred in all 4 projects carried out by one implementing partner. However, the Office for the Coordination of Humanitarian Affairs had implemented no follow-up measures regarding those issues in order to address them and avoid their recurrence.

Information and communications technology

Deficiencies in information security management

The Board noted that a fragmented approach had been adopted to address cybersecurity challenges, which led to the following key deficiencies: (a) of 949 applications and 646 websites registered in Unite apps, 237 (25 per cent) and 71 (11 per cent), respectively, were not in full compliance with security requirements; (b) 47 per cent of security advisories sent by the Office of Information and Communications Technology were not acknowledged by 106 participating entities; (c) 19 per cent of active staff had not completed a mandatory security training course; (d) security updates had not been installed at 386 servers and workstations in a timely manner; (e) the network segmentation project had not seen concrete progress owing to a lack of close coordination and to other competing priorities; and (f) the risks of and damages resulting from cyberattacks were worsening owing to recurring critical cybersecurity incidents not being addressed in a timely manner.

Weakness in data centre management and disaster recovery planning

The Board noted that there was no overarching policy for data centre management to define roles, responsibilities and coordination mechanisms for key stakeholders, nor were there guidelines to regulate desired outputs from uninterruptible power system, precision cooling or other non-computing infrastructure components, and that the disaster planning technical procedure had not been updated since 2014 and there was no disaster recovery plan for critical information and communications technology (ICT) services located in the United Nations Headquarters data centre. Such deficiencies had been underscored through the power outage incident at the data centre on 19 February 2022, which resulted in the United Nations main website, along with other critical department sites, remaining offline for three days.

Main recommendations

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

Cost-recovery services

(a) **Conduct a comprehensive analysis of the root causes of the significant amount of accumulated surplus and take appropriate action to ensure that the overall fund balance is maintained at an appropriate level in accordance with the relevant policy and guidelines;**

(b) **Review and clear old or non-functioning fund centres and attribute the unassigned accumulated surplus to the relevant departments;**

(c) **Comply with relevant cost-recovery policies and guidelines to charge for necessary and reasonable costs only;**

(d) **Explore the possibility of establishing a productive and economical cost-tracing regime at the service level to ensure that the full cost of each service category can be measured realistically and objectively, with a view to avoiding any excess recovery or insufficient recovery of costs;**

Budget management

(e) **Review the management of fund transfers and continue to take appropriate action on remaining balances for business continuity regarding the transferred amounts of the regular budget-related funds, in line with the provisions of relevant regulations and rules;**

(f) **Formulate additional criteria for future exceptional use of special commitments and continue to take appropriate action on the remaining balances in line with the provisions of the Financial Regulations and Rules of the United Nations;**

(g) **Request service providers to ensure that the surplus is duly utilized with a view to improving the performance of the resources;**

(h) **Fully disclose and justify all general temporary assistance positions in the proposed programme budget, especially those exceeding one year in duration, and strengthen the monitoring of long-term general temporary assistance positions;**

Voluntary contributions

(i) **Provide updated guidance to departments and offices to minimize risks to which the United Nations may be exposed when signing and implementing agreements with donors;**

(j) **Appropriately deal with the cash pool balances of the three closed country-based pooled fund accounts, properly consolidate the old country-based pooled fund accounts and assign the refunds in a timely manner;**

Cash and investment management

(k) **Establish formal procedures to guide the status review of bank accounts and their closing process to improve the efficiency of bank account management;**

(l) **Proceed to coordinate with associate departments and entities on establishing a separate pool available for associated funds for long-term employee benefits and on improving asset and liability management to match assets to current and future liabilities;**

Health insurance programme

(m) **In coordination with third-party administrators, investigate newly identified gender- or age-related mismatches in medical diagnoses on a case-by-case basis, ascertain the root causes for those mismatches and take corrective action, including but not limited to requesting the third-party administrators to strengthen monitoring of compliance with the medical insurance reimbursement process;**

(n) **Investigate cases of excess reimbursements, identify their root causes and take appropriate corrective action to ensure the validity and accuracy of expenditure of health insurance plans;**

Assets management

(o) **Analyse the root causes for those idle assets, update inaccurate equipment records, actively use idle assets and draw up reasonable purchase plans to ensure the improved utilization of resources in the future;**

(p) **Ascertain the root causes of discrepancies between the stock list and financial records and update relevant data in Umoja to ensure the accuracy of financial records in the future;**

Human resources management

(q) **Develop overarching guidance on the use of general temporary assistance, in which its definition, budgeting, establishment, duration, review and reporting, reclassification and conversion, among others, are stipulated clearly;**

(r) **Strengthen monitoring to ensure that all general temporary assistance positions are used in full compliance with related policies and regulations;**

(s) **Continue to support entities in expediting the process of integrating the remaining UNDP-administered staff into the Secretariat in a progressive and seamless manner in order to ensure that they are recruited, selected and managed in accordance with the Organization's regulatory framework;**

(t) **Ensure that all positions at the D-1 level and above to be established for a duration of more than one year are sufficiently reviewed and approved by the governing bodies;**

(u) **Ensure that contracted personnel are performing assignments only when there is no expertise in the Organization and that core functions are performed by regular staff members;**

(v) **Ensure that the established procedures for personnel selection are well observed and duly documented to ensure transparency, fairness and competitiveness;**

Supply chain management

(w) **Follow a needs-based modality with the local teams for the allocation and shipment of vaccines through the rest of the United Nations System-wide COVID-19 Vaccination Programme, to minimize the need for redistribution and avoid waste;**

Management reform

(x) **Ensure that the Department of Management Strategy, Policy and Compliance considers including the recurring deficiencies identified by the oversight bodies, such as long-idle assets, invalid commitments, overuse of low-value acquisitions and the overuse of consultants and temporary appointments, when finalizing the expanded set of key performance indicators, where applicable;**

(y) **Make further efforts to strengthen the accountability framework for delegation of authority by enhancing the analytical approach to identifying systemic issues hampering the ability of entities to improve their performance**

against targets and by making concrete recommendations to the relevant entities on ways to improve the Secretariat's performance against the key performance indicators;

(z) **Take appropriate action to hold the entities accountable in the exercise of their delegated authority to grant exceptions to human resources administration instructions and to avoid having entities implement exceptions outside their delegated authority in the future;**

(aa) **Pilot practices for assessing and reporting on programmatic performance using the results available in the strategic planning, budgeting and performance management solution, as well as any relevant evaluation results of the Office of Internal Oversight Services, using the solution as one of the components for the assessment of the performance of senior managers;**

(bb) **Pilot practices for the consideration of material and recurring compliance issues identified by oversight bodies when assessing senior managers' performance;**

Development reform

(cc) **Develop a resident coordinator handbook to provide more guidance to resident coordinators ad interim in delivering the expected results;**

(dd) **Intensify efforts to expand the resident coordinator pool to include more viable candidates and ensure that all the candidates in the pool are active by carrying out regular pool management, with the aim of filling vacancies in an expeditious manner;**

(ee) **Call upon the related governing bodies to ensure that the revised efficiency road map is approved in an expeditious manner and clearly indicates the mainstreaming of efficiencies with duly defined efficiency targets and the methodology to capture, calculate and report on the efficiency gains;**

(ff) **Call upon the related governing bodies to ensure that the accountability system and a tracking mechanism are well in place so that the expected efficiency agenda is achieved in a timely and accountable manner;**

(gg) **Call upon the related governing bodies to ensure that all efficiency gains achieved from bilateral and inter-entity initiatives, including common back offices and common premises, are fully and duly captured and reported;**

Operations related to peace and security affairs

(hh) **Expedite the finalization of the reform implementation plan and ensure annual reporting against the ongoing milestones established therein to ensure continuous improvement;**

(ii) **Develop an action plan to continue to promote adaptation and integration in order to facilitate the efficient achievement of the "whole-of-pillar" approach;**

(jj) **Intensify efforts to ensure greater use of the roster in the recruitment of experts and make efforts to improve the performance of the recruited experts;**

Humanitarian affairs

(kk) **Update the priority list for country-based pooled funds on an annual basis, in accordance with the most recent funding levels and humanitarian needs in country, and bring the chronically and severely underfunded country-based pooled funds to the attention of donors;**

(ll) **Keep the rationale for the final decision of the Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator regarding the allocations for underfunded emergencies well documented;**

(mm) Revise the operational handbook to have it include applicable compliance measures, including remedial action on critical risk findings;

(nn) **Take systematic remedial action on the critical risk findings to mitigate the risks and improve the performance of funds in accordance with the revised operational handbook;**

(oo) **Conduct reviews and analyses of audit findings on a regular basis and take concrete and proactive action to address widespread and recurring issues, with a view to avoiding any systematic risk therein;**

Information and communications technology

(pp) **Amend the existing ICT governance structure to integrate information security, indicating clearly, among others, the ownership of processes, roles and responsibilities of relevant entities and reporting lines;**

(qq) **Ensure that all the stakeholders across the Secretariat commit themselves to the implementation of the seven-point information security action plan in an expeditious manner;**

(rr) **Enhance centralized technical monitoring of ICT security at the entity level and establish accountability mechanisms to ensure full compliance with the security-related policies and standards;**

(ss) **Establish policies, procedures or mechanisms to clarify the roles and responsibilities in data centre operations, update the disaster recovery technical procedure in a timely manner and improve its emergency response coordination mechanism.**

Follow-up on previous recommendations

The Board noted that there were 278 outstanding recommendations for the operations of the United Nations as reported in volume I up to the year ended 31 December 2020, of which 98 (35 per cent) had been implemented, 160 (58 per cent) were under implementation and 20 (7 per cent) had been overtaken by events. The reasons for some recommendations being kept as pending can be attributed mainly to such factors as time constraints, availability of funds and the ongoing implementation of the recommendations.

Key facts	
$7.55 billion	Total revenue
$6.68 billion	Total expenses
$0.87 billion	Surplus for the year
$11.72 billion	Assets
$8.21 billion	Liabilities
$3.51 billion	Total net assets
$2.93 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 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 (UNEP), among others, which are reported separately.

3. The 2021 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 2021 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 departments at United Nations Headquarters in New York and the offices in Geneva, Vienna and Nairobi, as well as selected 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 2021 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. Owing to the outbreak of the 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 and the offices in Geneva, Vienna and Nairobi. 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 those 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 278 outstanding recommendations up to the year ended 31 December 2020, of which 98 (35 per cent) had been implemented, 160 (58 per cent) were under implementation and 20 (7 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 (see 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 2020*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*	*Recommendations pending as at 31 December 2021*
A/65/5 (Vol. I), chap. II	72	1	1	–	–	–	–
A/70/5 (Vol. I) and A/70/5 (Vol. I)/Corr.1, chap. II	26	6	3	2	–	1	2
A/71/5 (Vol. I)	44	15	6	7	–	2	7
A/72/5 (Vol. I) and A/72/5 (Vol. I)/Corr.1, chap. II[a]	53	10	1	8	–	1	8
A/73/5 (Vol. I)	71	21	10	8	–	3	8
A/74/5 (Vol. I)[a]	71	34	15	19			19
A/75/5 (Vol. I)	113	65	22	39	–	4	39
A/76/5 (Vol. I)[a]	126	126	40	77	–	9	77
Total	**576**	**278**	**98**	**160**	**–**	**20**	**160**

[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, A/74/5 (Vol. I) and A/76/5 (Vol. I)), which were presented in the reports of the Board of Auditors on the strategic heritage plan (A/73/157, A/75/135 and A/77/94, respectively).

10. With regard to the ageing of the 160 pending recommendations, 25 (16 per cent) had been pending for more than three years, 19 (12 per cent) had remained open for three years, 39 (24 per cent) had been made two years ago and 77 (48 per cent) had been made one year ago. The reasons for having those recommendations as pending can be attributed mainly to such factors as time constraints, availability of funds and ongoing implementation of the recommendations.

11. In addition, as at 31 December 2021, of the 32 outstanding recommendations relating to the information and communications technology (ICT) strategy, 7 (22 per cent) had been implemented, 16 (50 per cent) were under implementation and 9 (28 per cent) had been overtaken by events (see annex II). The strategy ended in February 2020.

12. Lastly, there were two outstanding recommendations relating to the capital master plan, which remained under implementation as at 31 December 2021 (see annex III).

2. Accounts and financial reporting

(a) Financial overview

13. Total revenue for the year 2021 amounted to $7.55 billion, compared with $6.85 billion in 2020, an increase of 10 per cent, which was due mainly to an increase of $0.86 billion in voluntary contributions. In respect of expenses, the total amount was $6.68 billion in 2021, down slightly from $6.77 billion in 2020.

14. Net assets for the year 2021 increased by $1.34 billion (62 per cent), from $2.17 billion as at 31 December 2020 to $3.51 billion as at 31 December 2021, which was due mainly to the surplus for the year ($870.76 million) and the actuarial gains on employee benefits liabilities ($483.25 million).

15. The Board was informed by the Administration that the COVID-19 pandemic was expected to continue to delay the implementation of many projects. The effective

date of IPSAS 41: Financial instruments (issued in August 2018) and IPSAS 42: Social benefits (issued in January 2019), which were supposed to come into effect on 1 January 2022, were deferred by the IPSAS Board to 1 January 2023 owing to the pandemic and the challenges that it had created.

(b) Liquidity management

16. The Board conducted its review of the liquidity situation of the operations of the United Nations as reported in volume I through a ratio analysis and noted that, although the quick ratio continued to decrease, the other main financial ratios (i.e., cash ratio, current ratio and solvency ratio) had ceased their downward trend of the past few years and rose in 2021, which indicates an improvement in liquidity, compared with2020, as shown in table II.2.

Table II.2

Ratio analysis for the operations of the United Nations as reported in volume I

Financial ratio	*31 December 2021*	*31 December 2020*	*31 December 2019*	*31 December 2018*
Cash ratio[a]				
Cash plus short-term investments: current liabilities	2.69	2.48	2.73	2.84
Quick ratio[b]				
Cash plus short-term investments plus accounts receivable: current liabilities	3.44	3.51	3.78	3.85
Current ratio[c]				
Current assets: current liabilities	3.81	3.79	4.11	4.24
Solvency ratio[d]				
Total assets: total liabilities	**1.43**	**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.

17. The Board also reviewed the processing of payments of assessed contributions and noted that a significant amount of outstanding assessed contributions had been received in 2021, resulting in a sharp decrease in the percentage of outstanding contributions compared with the amounts payable by Member States, while the cash ratio of the regular budget and related funds rose accordingly, as shown in table II.3.

Table II.3
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*	*Cash ratio of regular budget and related funds*
2018	2 487	513	20.63	0.07
2019	2 849	699	24.53	0.06
2020	2 867	767	26.75	0.26
2021	2 955	400	13.54	0.76

Source: Based on data provided by the Administration.

18. 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 was maintained at $150 million. The regular budget continued to borrow from the Working Capital Fund and the Special Account during 2021 owing to periodic cash shortages. At the end of 2021, there were no borrowings from the Working Capital Fund, the Special Account or closed peacekeeping missions, as shown in table II.4.

Table II.4
Trend analysis of borrowings by the regular budget from the Working Capital Fund and 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
2021	–	–

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

19. The Administration informed the Board that it had conducted a series of liquidity management operations, such as restricting recruitment and postponing non-post expenses, but they inevitably led to underperformance in mandate delivery. Although the liquidity situation improved in 2021, the Administration was concerned that the depletion of liquidity reserves, intra-year cash shortages and liquidity unpredictability would occur in future if arrears and fluctuations in regular budget collections continued.

3. Cost-recovery services

20. Cost-recovery services refer to services provided on a reimbursable basis that fall within the overall mandated scope of activity of the service-providing entities. As at 31 December 2021, 235 entities of the United Nations Secretariat accepted services from service providers. In addition, 34 entities under the reporting scope of United Nations operations as reported in volume I (e.g., United Nations Headquarters, the United Nations Office at Geneva and the Economic and Social Commission for Asia and the Pacific) provided cost-recovery services to both internal and external clients

involving 11 categories of services (e.g., logistics support service, safety and security, and conferences and events) according to the 2021 consolidated service catalogue.

21. The Advisory Committee on Administrative and Budgetary Questions considered that the steady increase in accumulated surplus generated through the cost-recovery services merited further analysis (A/76/554, para. 15). In response to the concern of the Advisory Committee, the Board continued its review of cost-recovery services, including the root causes for the accumulated surplus, the appropriateness of the service charges and whether there was any amount that might constitute revenue to be credited to Member States, and noted the issues presented below.

(a) A total of $448.54 million in accumulated surplus from cost-recovery services

22. According to an inter-office memorandum (on cost-recovery service costs) issued by Office of the Controller on 8 June 2012, charges for administrative services provided shall be reasonable and no more than the amount necessary to recover actual service costs. In addition, those charges shall be monitored and, if necessary, adjusted to avoid any excess recovery of costs.

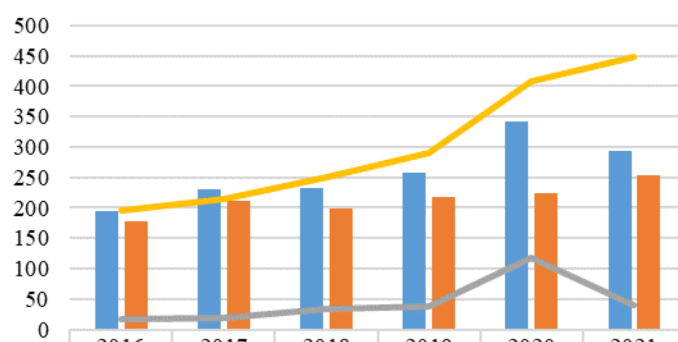
Trend analysis of the 10RCR accumulated surplus

23. As at 31 December 2021, the accumulated surplus of cost-recovery services of the operations of the United Nations as reported in volume I (10RCR) totalled $448.54 million, compared with $195.87 million by the year end of 2016, an increase of 129 per cent, as detailed in figure II.I. The Board noted an overall upward trend of the annual surplus during the past six years (2016–2021); in particular in 2020 the annual surplus of 10RCR totalled $118.54 million, owing in part to the liquidity crisis and the COVID-19 pandemic, as explained by the Administration. It was then agreed that the surplus would be rolled over and used in 2021. The Administration advised that it would continue to keep the fund balance of service providers under review. However, a fund balance is an essential part of cost-recovery activities, and this service provision is often not sustainable without the availability of working capital.

Figure II.I

Trend of 10RCR revenue, expenses and surplus (annual and accumulated), 2016–2021

(Millions of United States dollars)



	2016	2017	2018	2019	2020	2021
Revenue	194.50	230.42	231.59	257.36	342.82	294.48
Expenses	177.23	211.09	198.74	218.24	224.28	253.90
Annual surplus	17.27	19.34	32.85	39.12	118.54	40.58
Accumulated surplus	195.87	215.21	251.29	289.41	407.95	448.54

Revenue Expenses Annual surplus Accumulated surplus

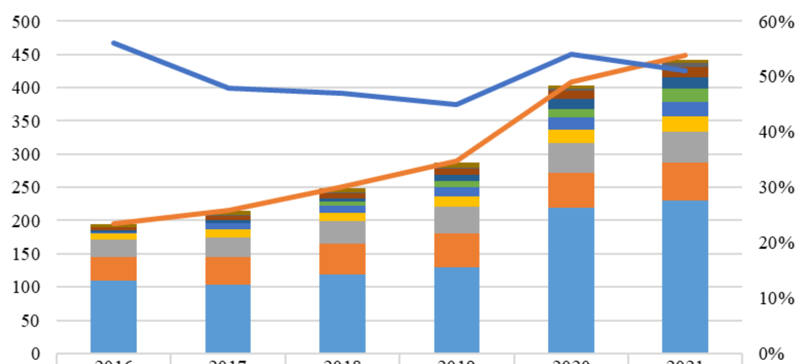
Source: Based on data from the ERP Central Component in Umoja.

Structural analysis of the 10RCR accumulated surplus

24. The United Nations administers 10RCR business transactions (i.e., revenue, expenses and surplus) in Umoja mainly through two hierarchies: business areas (i.e., entities such as United Nations Headquarters, the United Nations Office at Geneva and the Economic and Social Commission for Asia and the Pacific) and fund centres (i.e., cost centres).

25. Through a structural analysis based on the Umoja business area, the Board noted that United Nations Headquarters had the largest portion of the 10RCR accumulated surplus, ranging from 45 to 56 per cent at year end of the past six years (2016–2021), as detailed in figure II.II. A further breakdown by department and office revealed that, of the 10RCR accumulated surplus of United Nations Headquarters as at 31 December 2021, \$41.98 million and \$32.23 million belonged to the Department of Operational Support and the Department of Management Strategy, Policy and Compliance respectively, owing in part to global initiatives centrally managed by Headquarters, as explained by the Administration. Meanwhile, a legacy office following United Nations restructuring, namely, the Office of Programme Planning, Budget and Accounts, held an accumulated surplus of \$220.85 million. The Administration explained that the majority of that accumulated surplus had been built up before roll-out of Umoja and that part of the amount was offset by expenditure in other non-Office fund centres. The previous information technology system (i.e., the Integrated Management Information System) did not have the granularity for relevant revenue and expenditure to match what Umoja does, which led to said accumulated surplus. The Board is of the view that this part of the accumulated surplus needs to be further reviewed and analysed by the Administration.

Figure II.II
Top 10 accumulated surpluses of 10RCR, by business area
(Millions of United States dollars and percentage)



	2016	2017	2018	2019	2020	2021
Economic Commission for Africa	4.71	5.69	6.79	6.69	4.93	5.18
Economic and Social Commission for Western Asia	0.44	0.94	1.41	2.07	3.09	5.99
United Nations Office at Vienna	4.28	6.65	7.90	9.65	12.53	15.91
United Nations Assistance Mission in Afghanistan	2.69	4.23	5.33	8.93	14.80	17.11
United Nations Support Mission in Libya	0.08	0.92	5.10	8.62	12.80	19.99
United Nations Assistance Mission for Iraq	2.50	9.73	11.43	14.33	17.47	21.28
Economic and Social Commission for Asia and the Pacific	8.27	11.47	12.50	15.85	21.30	22.86
United Nations Office at Nairobi	27.42	30.26	34.11	39.50	43.90	46.77
United Nations Office at Geneva	35.06	41.44	46.65	51.21	52.41	57.63
United Nations Headquarters	109.60	102.95	118.07	129.76	219.88	229.80
Total accumulated surplus	195.87	215.21	251.29	289.41	407.95	448.54
Portion of United Nations Headquarters	56%	48%	47%	45%	54%	51%

Source: Based on data from the ERP Central Component in Umoja.

26. In 2019, 2020 and 2021, entities of United Nations operations as reported in volume I had 447, 416 and 471 fund centres providing 10RCR services, respectively. The Board noted that some 20 fund centres had an annual surplus of more than $1 million from 2019 to 2021, while 69, 72 and 77 fund centres had a surplus ratio of more than 50 per cent in 2019, 2020 and 2021, respectively, as detailed in table II.5.

Table II.5
Number of fund centres with a significant annual 10RCR surplus

	2019	*2020*	*2021*
Annual surplus > $1 million	22	25	19
Surplus ratio > 50 per cent (when expenses ≠ 0)	69	72	77

Source: Based on data from the ERP Central Component in Umoja.

27. Further analysis of those fund centres with a significant surplus or surplus ratio revealed the following:

(a) Fund centres with a continuous surplus. Eight fund centres of six business owners had more than $1 million in annual surpluses for three consecutive years, from 2019 to 2021, as detailed in table II.6;

(b) Fund centres with a significant surplus. Seven fund centres of six business owners had a total accumulated surplus of more than $10 million from 2019 to 2021, as shown in table II.6.

Table II.6
Fund centres with a continuous or significant 10RCR surplus
(Millions of United States dollars)

	Fund centre	*Business owner*	*2019*	*2020*	*2021*	*Total*
Annual surplus exceeded $1 million for three consecutive years	18322	Office of Information and Communications Technology	8.27	1.02	6.92	16.21
	11744	Department for General Assembly and Conference Management	4.00	4.23	5.06	13.29
	10915	United Nations Support Mission in Libya	2.77	3.60	4.47	10.84
	10726	United Nations Assistance Mission in Afghanistan	3.14	4.23	2.37	9.74
	10759	United Nations Assistance Mission for Iraq	3.26	2.48	3.26	9.00
	10764	United Nations Assistance Mission for Iraq	2.53	2.53	2.60	7.66
	15418	United Nations Office at Geneva	1.17	1.82	3.97	6.96
	15408	United Nations Office at Geneva	1.03	1.02	1.07	3.12
Total surplus of past three years exceeded $10 million	14721	Department of Management Strategy, Policy and Compliance	-0.01	29.06	-7.04	22.01
	18282	Department of Operational Support	-0.42	11.95	7.67	19.20
	18537	Department of Operational Support	0.00	25.71	-7.04	18.67
	18322	Office of Information and Communications Technology	8.27	1.02	6.92	16.21
	11744	Department for General Assembly and Conference Management	4.00	4.23	5.06	13.29
	10915	United Nations Support Mission in Libya	2.77	3.60	4.47	10.84
	11400	United Nations Office at Nairobi	5.17	5.23	0.00	10.40

Source: Based on data from the ERP Central Component in Umoja.

28. The Administration explained that the large amounts in 2020 for fund centres 14721, 18282 and 18537 were related to the impact of the COVID-19 pandemic and the liquidity crisis.

Funding sources of 10RCR business transactions

29. The Board noted that the regular budget and related funds (e.g., 10UNA) and peacekeeping mission funds were two major funding sources of 10RCR business transactions, accounting for 23 to 41 per cent during the period from 2019 to 2021, as detailed in table II.7.

30. The Administration explained that this was also due to the COVID-19 pandemic and the liquidity crisis. For COVID-19-related activities, funds were collected from 10UNA and peacekeeping missions to cover their share of the costs related to the activities. The 10RCR account is also used for service providers such as the Office of Information and Communications Technology to collect and consolidate funds from multiple sources (including 10UNA) and to enable these service providers to spend from a consolidated pool of funds to meet the cost of consolidated services.

Table II.7
Main funding sources of 10RCR business transactions
(Millions of United States dollars)

	2019		*2020*		*2021*	
Funding source	*Revenue*	*Percentage*	*Revenue*	*Percentage*	*Revenue*	*Percentage*
Regular budget and related funds	43.45	17	101.56	30	71.64	24
Peacekeeping mission funds	16.06	6	37.23	11	24.75	8
Total	**257.36**	**23**	**342.82**	**41**	**294.48**	**32**

Source: Based on data from the ERP Central Component in Umoja.

Total of $22.96 million in unassigned 10RCR accumulated surplus

31. As at 26 April 2022, $22.96 million in 10RCR accumulated surplus had not been assigned to any fund centre. The Administration explained that the unassigned amount had come from the conversion to Umoja, which needed to be attributed appropriately.

10RCR fund reserve management

32. The Board noted that the total amount of $448.54 million in accumulated surplus as at 31 December 2021 was approximately 1.8 times 2021 10RCR expenses ($253.90 million). The percentage of the accumulated surplus, compared with annual 10RCR expenses (i.e., reserve ratio), among the entities varied significantly, from 37 to 2,959 per cent, as detailed in table II.8. For example, the United Nations Mission to Support the Hudaydah Agreement had an accumulated surplus of $2.22 million as at 31 December 2021 and an expense of $0.08 million in 2021, yielding a reserve ratio of 2,959 per cent by the year end of 2021.

Table II.8
Variance analysis of the 10RCR reserve ratio among entities
(Millions of United States dollars)

Business area	*Entity*	*Expense of FY2021*	*Accumulated surplus*	*Reserve ratio (percentage)*
M035	United Nations Mission to Support the Hudaydah Agreement	0.08	2.22	2959
M008	United Nations Special Coordinator for Lebanon	0.02	0.36	2094
M001	United Nations Truce Supervision Organization	0.04	0.51	1191
M005	United Nations Office for West Africa and the Sahel	0.02	0.13	528
M004	Office of the Special Coordinator for the Middle East Peace Process	0.05	0.25	460
R500	Economic and Social Commission for Western Asia	1.97	5.99	304
R400	Economic and Social Commission for Asia and the Pacific	8.71	22.86	262
M007	United Nations Assistance Mission for Iraq	8.49	21.28	251
S400	United Nations Office at Vienna	6.49	15.91	245
S100	United Nations Headquarters	128.02	229.80	180
S300	United Nations Office at Nairobi	28.02	46.77	167
M006	United Nations Assistance Mission in Afghanistan	12.87	17.11	133
S200	United Nations Office at Geneva	47.60	57.63	121
R100	Economic Commission for Africa	8.02	5.18	65
R300	Economic Commission for Latin America and the Caribbean	2.69	1.42	53
M021	Special Envoy of the Secretary-General for the Great Lakes Region	0.01	0.01	49
M014	United Nations Regional Office for Central Africa	0.09	0.03	37

Source: Based on data from the ERP Central Component in Umoja.
Note: When expense > 0 and accumulated surplus > 0.

33. In December 2021, the Office of the Controller issued a cost-recovery policy and guidelines, pursuant to which the overall fund balance should not exceed one year of operating expenses and the difference between income and expenditure per year should not vary more than +/-10 per cent of the costs incurred.

34. The Board is concerned that the large accumulated surplus not assigned to specific entities or fund centres may affect the completeness and accuracy of the classification of financial information of cost-recovery services and that a large amount of accumulated surplus may have a negative influence on stakeholder confidence in the reasonableness of charges for cost-recovery services.

35. The Administration explained that there was an increase in the fund balance of 10RCR during 2020 and 2021 as a result of activities related to the COVID-19 pandemic and the liquidity crisis. In addition, in line with the cost-recovery policy, billing in advance for services is required in order to ensure that cost-recovery activities are not subsidized by assessed funds. As a result, when some service providers billed for services, the services were postponed owing to the pandemic. It is expected that, during 2022, service provision will return to normal and the accumulated surplus will be reduced.

36. **The Board recommends that the Administration conduct a comprehensive analysis of the root causes of the significant amount of accumulated surplus and take appropriate action to ensure that the overall fund balance is maintained at an appropriate level in accordance with the relevant policy and guidelines.**

37. **The Board also recommends that the Administration review and clear old or non-functioning fund centres and attribute the unassigned accumulated surplus to the relevant departments.**

38. The Administration accepted the recommendations and explained that the work to review and clean up old or non-functioning fund centres and to attribute the unassigned surplus to the appropriate fund centres was already under way.

(b) Unreasonable charges for cost-recovery services

39. On a sample basis, the Board reviewed the 10RCR business transactions of the United Nations Office at Nairobi, the United Nations Support Mission in Libya (UNSMIL) and the United Nations Assistance Mission for Iraq (UNAMI) and noted some cases of unreasonable charges for cost-recovery services:

(a) Charges for services that were absorbed by the regular budget. From 2017 to 2021, UNSMIL charged $14.78 million from various United Nations country teams, agencies, funds and programmes (e.g., the World Health Organization, the World Food Programme and the United Nations Office for Project Services (UNOPS)) for providing services such as accommodation, security and aviation. However, the Board noted that associated costs for those services had already been covered by the regular budget of UNSMIL, which led to $14.78 million in 10RCR surplus for the Mission as at 31 December 2021;

(b) Excess charges for cost-recovery services. The rental rates of the United Nations complex in Nairobi charged by the United Nations Office at Nairobi to the field office of the Office of the United Nations High Commissioner for Refugees at Nairobi and UN-Habitat were $88 and $58 per square meter per annum, respectively, which were $41.35 and $11.35, respectively, above the rate ($46.65 per square meter per annum) approved by the Controller, leading to $120,924.78 in excess charges in 2021. After the Board had pointed out the issue, the Administration acknowledged that it was due to the incorrect distribution of spendable and non-spendable revenue in 2021 and that it had made relevant adjustments in May 2022. The Board also noted high surplus ratios with some entities that might indicate excess charges for relevant services. For example, during the period 2018–2021, UNAMI had an annual 10RCR surplus ranging from $1.70 million to $2.80 million, with a surplus ratio ranging from 15 to 29 per cent.

40. The Board is concerned that charging for services already funded through the regular budget and the high surplus ratio of 10RCR businesses transactions may indicate excess charges or unreasonable charges for related services, which is not in full compliance with the full cost-recovery principle.

41. **The Board recommends that the Administration comply with relevant cost-recovery policies and guidelines to charge for necessary and reasonable costs only.**

42. The Administration accepted the recommendation.

(c) Revenue recognition for cost-recovery services

43. The Board reviewed revenue recognition of the 10RCR business transactions and noted some cases in which 10RCR revenue was recognized upon the receipt of funds, which was not in full compliance with IPSAS. For example, fund centre 11744 recognized $5.83 million in revenue in 2021 relating to translation services of 219 meetings based on receipts from the sponsor of the meetings, when in fact 28 meetings with revenue of $305,505 were cancelled and 42 meetings with revenue of $2.80 million were postponed to 2022 or later. This situation was due in part to the

meeting management system (gMeets) not being integrated with the Umoja financial system, as explained by the Administration.

44. The Administration also explained that, considering the current business model of cost-recovery services, as a practical operational expedient revenue might be billed in advance with service provision following shortly thereafter. In addressing the Board's concern, it provided further disclosures in note 3 to the financial statements below.

45. **The Board recommends that the Administration expedite the integration of the meeting management system with Umoja financial system to ensure that cancelled or postponed meetings are incorporated into the revenue adjustment process in accordance with IPSAS requirements.**

46. The Administration accepted the recommendation, noting that it was in the process of formulating the business requirements for the development of interfaces between the meeting management system and Umoja in that regard. Moreover, the Administration is seeking to extend this functionality to other organized meetings and events held at Secretariat premises to create a one-stop shop for such event planning, costing and billing

(d) Non-recognition of Staff Counsellor services

47. Under the terms of the tripartite memorandum of understanding of 1977 and its subsequent amendments, the United Nations Office at Vienna provides administrative support on a common services basis to international organizations based in the Vienna International Centre, such as the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization, (see A/75/6 (Sect. 29F)).

48. Accordingly, an agreement for the provision of Staff Counsellor services, effective from April 2021, was signed. The Board noted that, notwithstanding the payment conditions established in the agreement, the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization paid the United Nations Office at Vienna an additional amount of $47,839.20. That amount, which related to payments for services provided from July 2014 to February 2021, was recorded in the accounts receivable and as income, both related to the 2021 financial period.

49. The Administration explained that, before July 2014, the counselling services provided to the Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization were paid properly. Those services continued afterwards but without them being paid until 23 February 2021; however, the amount of $47,839.20 was recognized in the United Nations Office at Vienna accounts.

50. While the situation mentioned in the paragraph above had been regularized, in that the counselling services had been paid in February 2021, it revealed that the services delivered by the United Nations Office at Vienna had not been recognized for seven financial periods, which was not in line with the accrual basis of IPSAS. The above-mentioned issue also revealed that there was an asset undervaluation and a non-recognition of income.

51. The Board is of the view that the absence of proper identification of the services provided by the United Nations Office at Vienna and received by entities may generate differences or disagreements that could affect the relationship between the Office and the entities seen as its clients. In this regard, having control of the services would strengthen the entity's capability and availability in terms of the provision of those services and the payments received for them.

52. **The Board recommends that the Administration improve its controls in order to ensure that services provided to entities are recognized in the accounts in a timely manner**

53. **The Board also recommends that the Administration conduct an accurate review aimed at detecting services that have been provided to entities but that have not been properly identified.**

54. The Administration accepted the recommendations.

(e) A total of $386,780 of the 10RCR fund used for non-cost-recovery business purposes

55. According to the inter-office memorandum (on cost-recovery service costs) issued by the Office of the Controller on 8 June 2012, just as service costs must be attributable to the service provided, income from these charges must be used in areas where a relationship exists between the supporting activity concerned and the activities that generated this revenue.

56. On a sample basis, the Board reviewed 10RCR business transactions of the Department of Management Strategy, Policy and Compliance and noted some cases in which the 10RCR fund had been used for activities that were not related directly to cost-recovery services. For example, for fund centre 14701, $168,223 of the 10RCR fund was utilized in 2021 to pay the salary and benefits of one staff member, whose job responsibilities were not related directly to cost-recovery services. A similar observation was also made for fund centre 14770, in which $218,557 was utilized to pay employee salaries and benefits of one staff member. Those cases were not related to transactions arising from the special commitments due to the COVID-19 pandemic. The Board is concerned that using 10RCR funds to cover shortfalls in other budgetary resources is not in full compliance with relevant requirements of cost-recovery services.

57. **The Board recommends that the Administration review the cost-recovery revenue used that is not related directly to cost-recovery services under the 10RCR fund and comply with relevant guidelines to ensure that 10RCR funds are used in the relevant areas in the future.**

58. The Administration accepted the recommendation.

(f) Deficiencies in the tracing regime for service costs

59. According to the inter-office memorandum (on cost-recovery service costs) issued by the Office of the Controller on 8 June 2012, the full cost of each type or category of service should be measured realistically and objectively. In addition, service costs shall be attributed to specific and clearly defined service activities, as well as to the users.

60. The 10RCR business transactions of the Organization was managed by business areas and fund centres. In the case of one fund centre managing multiple service activities, it might be difficult to trace and monitor the full cost of each service category. For example, fund centre 14736 (i.e., Finance Division of the Department of Management Strategy, Policy and Compliance) managed a number of service categories (e.g., administration and operation service and billing or invoice service). In 2021, $2.22 million in revenue and $466,240.53 in expenses were recorded in that fund centre, leading to $1.75 million in accumulated surplus as at 31 December 2021. Given that these service revenue, expenses and surplus could not be attributed to each type of service category, it would be difficult for the Administration to identify which service was charged in excess.

61. The Board also noted that, at some entities, revenue and expenses for similar type of service were recorded in different fund centres. For example, for space management services provided by UNAMI, revenue was recorded in fund centre 10759 (i.e. the UNAMI Engineering and Facilities Management Section), while the corresponding expenses lay with three fund centres: 10759, 10760 and 10757.

62. The Board is concerned that the absence of a cost-tracing regime at the service level may prevent the service providers from effectively monitoring actual revenue, expenses and surplus for each category of service and from taking appropriate action such as service rate adjustments in cases of the continuous increase in surpluses.

63. **The Board recommends that the Administration explore the possibility of establishing a productive and economical cost-tracing regime at the service level to ensure that the full cost of each service category can be measured realistically and objectively, with a view to avoiding any excess recovery or insufficient recovery of costs.**

64. The Administration accepted the recommendation and explained that, with regard to the tracking of expenditure by service, this was limited by both Umoja technical constraints and by practical constraints on efficiently attributing every single instance of expenditure to a service at the time it is incurred, especially in the case of indirect costs (e.g., salaries). Service providers nevertheless do perform an analysis of their historical expenditure to define service rates and to prepare their cost plan.

(g) Deficiencies in the preparation of cost plans for cost-recovery services

65. Pursuant to the inter-office memorandum relating to cost-recovery services issued by the Office of the Controller on 8 June 2012, the full cost of each type or category of service should be measured realistically and objectively, and all entities should prepare their cost plans (including revenue, projected expenditure, staffing table and liquidity forecast) for the full year.

66. On a sample basis, the Board reviewed cost plans of cost-recovery services prepared by the Department of Management Strategy, Policy and Compliance, the Department of Safety and Security, the Office of Information and Communications Technology and UNSMIL and noted the following:

(a) Fragmentation in preparation of the cost plans. For example, the cost plans of commercial insurance services for 2019 and 2020 prepared by the Risk Management Unit of the Department of Management Strategy, Policy and Compliance did not include relevant staffing costs of $1.39 million and $693,579.89, respectively, which were prepared separately. After the Board had highlighted the issue, it was rectified for 2021 with a single cost plan that included relevant staffing costs;

(b) Lack of relevant information in cost plans. For example, the projected expenditure, liquidity forecast and staffing table were not included by the Department of Safety and Security offices in Geneva, Vienna, Santiago, Beirut and Bangkok in their cost plans during the period 2019–2021;

(c) Cost plans not prepared. For example, UNSMIL signed a memorandum of understanding in 2017 with various United Nations country teams and agencies, funds and programmes with regard to cost-recovery services. However, UNSMIL did not prepare any cost plan during the period 2018–2021;

(d) Revenue projection in cost plans in need of refinement. For example, the 2021 cost plans of the Office of Information and Communications Technology did not incorporate the expected revenue, amounting to $2.10 million, from ICT development projects and services based on relevant service-level agreements.

67. The Board is concerned that the above-mentioned deficiencies may prevent the cost plans from being utilized in full by the service providers as an effective tool in budgeting and liquidity forecasting for the management of cost-recovery resources.

68. **The Board recommends that the Administration comply with relevant guidelines in the preparation of cost plans for cost-recovery services.**

69. The Administration accepted the recommendation and stated that offices were required to prepare cost plans in order to use the revenue that they generated by providing services to their clients. Information on the preparation of cost plans can also be found in the cost-recovery policy guide.

4. Budget management

70. The United Nations budget includes the programme budget and peacekeeping operation budgets. 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 total budget presented in the proposed programme budget for 2021 was $16.28 billion, of which the regular budget amounted to $2.99 billion before recosting, the estimates for other assessed resources amounted to $563.5 million and extrabudgetary resources were estimated at $12.73 billion.

71. In its first report on the proposed programme budget for 2021 (A/75/7), the Advisory Committee on Administrative and Budgetary Questions focused on budget-related topics, including fund commitments, consultants, the presentation of variances between resources, the justification for general temporary assistance and information on the use of extrabudgetary resources. In the light of the Advisory Committee's focus, the Board continued its review of budget formulation, implementation and commitment management and noted the issues outlined below for further improvement.

(a) Transfer from the 10UNA fund to the 10RCR fund, with a $21.68 million balance as at 31 December 2021

72. In regulation 5.9 of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation (ST/SGB/2018/3), it is stated that no council, commission or other competent body shall take a decision involving either a change in the programme budget approved by the General Assembly or the possible requirement of expenditure unless it has received and taken account of a report from the Secretary-General on the programme budget implications of the proposal. Under regulation 6.2, it is indicated that an entire subprogramme shall not be reformulated nor a new programme introduced in the programme budget without the prior approval of an intergovernmental body and the Assembly. The Secretary-General may make such proposals for review by the relevant intergovernmental body if he or she considers that circumstances so warrant.

73. Regulation 5.3 of the Financial Regulations and Rules of the United Nations provides that appropriations shall remain available for 12 months following the end of the budget period to which they relate to the extent that they are required to discharge commitments in respect of goods supplied and services rendered in the budget period and to liquidate any other outstanding legal obligation of the budget period.

74. According to IPSAS 18: Segment reporting, in measuring and reporting segment revenue from transactions with other segments, inter-segment transfers shall be measured on the basis that they occur.

75. The Board noted that, on 31 December 2020, $28.72 million in the 10UNA fund (grouped under regular budget and related funds for segment reporting) had been transferred to the 10RCR fund (grouped under common support services for segment reporting), for the purpose of ensuring proper operational control over the activities specifically authorized for the business continuity of the Organization during the COVID-19 pandemic, as explained by the Administration. Of that transferred amount, $6.64 million was expensed by eight entities in 2021 for, among others, equipment procurement, construction in progress and security services. That expenditure was not included in the proposed programme budget of any budget period but was instead included in the entities' proposals that were approved by the Controller for business continuity, in line with their mandates. After a $0.40 million adjustment at year end, the balance arising from the transfer was $21.68 million as at 31 December 2021.

76. The Administration explained that there was an emerging need for investment in urgent and critical business continuity requirements to support operations of the Organization during the COVID-19 pandemic. For the purpose of providing adequate protection of personnel and assets, the Administration charged $28.72 million against the 2020 regular budget for that investment. The Administration also explained the apportionment methodology and a total amount of the $28.79 million in charges among the entities funded through the regular budget in its responses to the Advisory Committee on Administrative and Budgetary Questions in the context of the Committee's review of the 2021 report titled "Budget performance in respect of the 2020 budget period: proposed transfers between sections of the programme budget". The Administration further explained that the balance of $21.68 million had been retained to allow for the settlement of outstanding commitments that had been raised before 31 December 2021. Once the outstanding commitments have been fully settled, any balances that may remain will be returned as credits to Member States.

77. On a sample basis, the Board noted that, of the above-mentioned $6.64 million in expenditure in 2021, $927,929 had been utilized by the Department of Global Communications for the following purposes:

(a) In July 2021, the Department of Global Communications requested additional allotments above the proposed programme budget approved by the General Assembly for 2021, to support equipment and infrastructure upgrades and other prioritized activities during the COVID-19 pandemic. For its part, the Department of Management Strategy, Policy and Compliance allocated $3.15 million for the studio A upgrade project and $35,000 for the Department of Global Communications tenth floor studio project using the 10RCR fund, in line with the project proposals approved by the Controller. From October to December 2021, $30,448 was expensed for those two projects and $1.66 million was expensed from January to March 2022 against existing commitments. In December 2021, $30,448 of the above-mentioned amount transferred from the10UNA fund was used to cover the expenses incurred in 2021;

(b) As indicated by the Controller on 20 July 2021, if a Sustainable Development Goals studio project was to proceed with an initial voluntary contribution, then it would not be sustainable without funding from assessed contributions. Given that the regulatory framework does not support the project initially funded through extrabudgetary resources that end up as an imperative under the regular budget, the Controller suggested two options: (i) secure life-time funding from extrabudgetary resources; or (ii) become a Department of Global Communications communications project to provide sustainable maintenance funding under the Department's budget.

On 23 July and 22 September 2021, the Department of Management Strategy, Policy and Compliance allocated $1.5 million for the project, to be executed within the 10RCR fund. Expenses related to the project amounted to $707,399 from August to December 2021 and $217,721 from January to March 2022. In December 2021, $897,481 of the amount transferred from the 10UNA fund was used to cover part of the actual expenditure of the project.

78. The Administration explained that strengthening the broadcast capacity of the United Nations had become more critical during the COVID-19 pandemic to help to curtail misinformation on the virus and to promote vaccine confidence and equity, in line with the mandate of the Department of Global Communications to inform the public, civil society and Member States with trusted information on global issues. Therefore, the Department used that business continuity funding to strengthen its studio facilities by upgrading the existing facilities and through the addition of the tenth floor studio. With regard to the Sustainable Development Goals studio project, given that it was seen as crucial during the COVID-19 pandemic, if the United Nations had not been given partial extrabudgetary funding for it, then the entire studio would have been funded through the United Nations regular budget.

79. On the advice of the Board, the Administration made further disclosures in note 5 to the financial statements, including the remaining balances of the $21.68 million of the amount transferred from the 10UNA fund.

80. **The Board recommends that the Administration review the management of fund transfers and continue to take appropriate action on remaining balances for business continuity regarding the transferred amounts of the regular budget-related funds, in line with the provisions of relevant regulations and rules.**

81. The Administration accepted the recommendation.

(b) Creation of $171.98 million in fund commitments without supporting documents, with a balance of $17.74 million as at 31 December 2021

82. 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. The expired balance of the appropriations shall be surrendered.

83. Since 2017, the Advisory Committee on Administrative and Budgetary Questions has repeatedly expressed its concern over the management of commitments when examining the proposed programme budget or considering audit reports of the Board. In its previous audits and the current 2021 audit, the Board noted that, at the year end of 2019 and 2020, the Administration had created special fund commitments of $55.32 million and $116.66 million, respectively, without the normal supporting documentation, owing to the extraordinary liquidity crisis caused by the significant increase in arrears of assessed contributions and by the very late receipt of contributions, as explained by the Administration.

84. The Advisory Committee on Administrative and Budgetary Questions, in its seventeenth report on the proposed programme budget for 2022, noted that the report of the Secretary-General on the performance of the programme budget for 2020 did not disclose information on the special commitments authorized at the end of 2020 and recommended that the General Assembly request the Secretary-General to ensure that the approval of fund commitments were in full compliance with the relevant Financial Regulations and Rules and reported with detailed justifications in both the

financial statements and the performance report, to improve transparency (A/76/7/Add.16, para. 19). In its thirteenth report on the proposed programme budget for 2022, the Advisory Committee also recommended that the Assembly request the Secretary-General to improve the budget implementation planning process with a view to proposing and approving commitments on a detailed needs assessment against clear criteria, and in accordance with the relevant financial regulations and rules (A/76/7/Add.29, para. 55).

85. In response to the comments by the Advisory Committee on Administrative and Budgetary Questions, the Board, as part of the present audit, continued its review of the special commitments created by the Administration and noted that, of the $116.66 million in special fund commitments of 2020, $23.12 million had been used, $75.8 million (65 per cent) had been cancelled and the balance was $17.74 million as at 31 December 2021. With regard to the $55.32 million special fund commitments created in 2019, $35.53 million had been used, $19.79 million (36 per cent) had been cancelled and the balance was zero as at 31 December 2021. Details of special fund commitments for 2019 and 2020 are shown in table II.9.

Table II.9
Special fund commitments for 2019 and 2020
(Millions of United States dollars)

Year	*Established amount*	*Used*	*Cancelled*	*Balance*
2019	55.32	35.53	19.79	–
2020	116.66	23.12	75.8	17.74

Source: Based on data extracted from Umoja.

86. The Administration explained that strong cash conservation measures were still in place as from 2019 and continued throughout 2020 with historic levels of assessment arrears. The Organization did not have the liquidity necessary to move forward with the programmatic activities that had initially been postponed owing to the liquidity situation of the regular budget. Considering the short timelines between the receipt of funds and the ability to implement programmes, especially with very large amounts of contributions being received in the last 10 days of the budget period, it was not feasible for the Office of the Controller to reach out to all entities funded through the regular budget and for those entities to discuss internally before year end. It was therefore decided that the special commitments would be raised on the basis of the information available at the time, with the understanding that any unspent funds, should they not be required, would be returned to the Member States.

87. The Administration also explained that the special fund commitments had been mentioned in the letters of the Secretary-General to Member States, in the budget documents and in the submissions to the Fifth Committee. The General Assembly had also recognized the unique situation.

88. On a sample basis, the Board reviewed utilization of those special fund commitments and noted that the Administration had transferred $18.59 million (part of the $116.66 million in 2020 special fund commitments) from the 10UNA fund (i.e., regular budget fund) to the 10RCR fund (i.e., cost-recovery fund, grouped under common support services for segment reporting), to cover expenses such as vehicle and equipment procurement, construction in progress and consultant fees incurred by 24 entities from April to December 2021. The Board noted the following issues:

(a) UNSMIL had acquired vehicles with special fund commitments, leading to an excess holding of vehicles. The Board noted that there was no vehicle acquisition budget for UNSMIL in the proposed programme budget for 2020 approved by Member States. However, UNSMIL purchased 22 soft-skinned vehicles amounting to $690,335.69 in December 2020, with budget redeployment approved by the head of the Mission. In November 2021, UNSMIL acquired another 20 armoured sport-utility vehicles (including 5 VIP vehicles) valued at $2.04 million, using 2020 special fund commitments. As at 31 December 2021, UNSMIL held 108 vehicles, which was 74, or 218 per cent, higher than the 34 to which it was entitled. With regard to the five VIP vehicles, there were only two staff members (above the D-2 level) who were eligible for such vehicles, resulting in three vehicles in excess;

(b) ECA and the Office of Information and Communications Technology had acquired information technology equipment with special fund commitments, leading to overexpenditure and idle assets. For example, ECA acquired 18,745 tablets valued at $3.16 million during the period from August to November 2021. Similarly, the Office used $1.23 million in special fund commitments to purchase 1,160 wireless indoor access points in August 2021. This led to overexpenditure under the "furniture and equipment" budget category for ECA and the Office by 57 and 67 per cent, respectively, in 2020. Furthermore, all that information technology equipment was delivered during the period from October 2021 to March 2022, and remained idle at the end of April 2022;

(c) The Department of Global Communications had utilized $71,888.79 in special fund commitments in contracting consultants and experts, whereas there was no budget for employing consultants for the entity according to the proposed programme budget for 2020 approved by Member States.

89. The Administration explained that the transfer was necessary to allow the expenditure to be incurred beyond the budget period and to ensure that all other expenditure controls could be ensured through Umoja's standard processes. The Administration also explained that, owing to the increasingly volatile situation in Libya and to address adverse security conditions, it was imperative that portions of the existing vehicle complement be replaced to ensure the safety of UNSMIL personnel. The number of vehicles maintained by the Mission is in line with its security assessment. In accordance with the Incoterms of the contract, the Mission had taken "virtual receipt" of the 20 vehicles when the vehicles were delivered to the freight forwarder but not physically in the mission area. Once the new vehicles have arrived, the Mission will commence the process of decommissioning the old vehicles, adjusting the number of armoured vehicles to its required levels in line with the local security threat assessments.

90. The Administration also explained that, regarding the wireless access points, the Office of Information and Communications Technology had experienced late delivery of the equipment, as well as delays in contracting appropriate technicians, owing to higher-than-normal market demand. The installation is ongoing. With regard to the tablets acquired by ECA, for the population and housing census, the census activities had to be postponed owing to the COVID-19 pandemic. While the Administration continues to seek ways of containing the adverse impact of these disruptions on programme delivery, the situation remains in large part outside the control of the Secretariat, with timelines shifting unpredictably.

91. The Administration further explained that programme managers and heads of entities had the delegated authority to adjust the distribution of their budgets within the parameters set by the General Assembly and that any major changes had been reflected in the context of the 2020 financial performance report, as required under the established reporting structures. The 2020 financial performance report has been reviewed and acknowledged by the General Assembly. The entities are also reminded of the need to exercise discretion and due diligence in the use of funds. The

Administration also advised that the subsequent usage of the special fund commitments was based on a detailed assessment of requirements, which are tightly monitored through a comprehensive reporting structure and fully supported with appropriate documentation.

92. On the advice of the Board, the Administration had made further disclosures in note 27 to the financial statements, including the remaining balance of $17.74 million under the 2020 special commitments.

93. **The Board recommends that the Administration formulate additional criteria for future exceptional use of special commitments and continue to take appropriate action on the remaining balances in line with the provisions of the Financial Regulations and Rules of the United Nations.**

94. The Administration accepted the recommendation.

(c) Inefficient utilization of significant accumulated surplus of the cost-recovery fund

95. The Board noted that there was an overall upward trend of annual surplus for the 10RCR fund from 2016 to 2021, leading to an accumulated $448.54 million in surplus as at 31 December 2021, an increase of 129 per cent compared with the amount by the year end of 2016 (see paras. 22–32 above for detailed information).

96. Considering that the Administration had established relevant guidelines on the overall fund balance of cost-recovery services, the Board is of the view that the Administration should strengthen its monitoring of the efficiency of resource utilization of service providers, to ensure the fund balance for cost-recovery service is maintained at a reasonable level, especially in the context of funding shortages and the liquidity crisis experienced by the Organization.

97. **The Board recommends that the Administration request the service providers to ensure that the surplus is duly utilized with a view to improving performance of the resources.**

98. The Administration accepted the recommendation.

(d) Insufficient disclosure of general temporary assistance positions in the proposed programme budget

99. In its first report on the proposed programme budget for 2020 (A/74/7), the Advisory Committee on Administrative and Budgetary Questions recalled that general temporary assistance was intended for additional support during periods of exceptional and/or peak workload and the replacement of staff on maternity leave or prolonged sick leave, and reiterated that all general temporary assistance positions, including continuing positions, should be fully justified in future budget proposals, whether or not they were already approved in the budget for the prior period.

100. The Board noted that there were 1,098 encumbered general temporary assistance and temporary assistance for meetings positions (excluding those in special political missions), or 11.73 per cent of the total staff under the regular budget. In addition, there were 57 encumbered general temporary assistance positions under other assessed and 1,209 general temporary assistance and encumbered temporary assistance for meetings positions under extrabudgetary resources. Currently, general temporary assistance and temporary assistance for meetings positions under the regular budget are proposed under the budget class of “other staff costs” as a lump-sum total.

101. The Board reviewed the proposal and justification for general temporary assistance and temporary assistance for meetings positions in the programme budget and noted that general temporary assistance finite positions were not fully disclosed

and duly justified in the budget proposal submitted to the governing bodies and that general temporary assistance replacement positions of more than one year in duration were not disclosed or proposed. A total of 894 general temporary assistance replacement positions and 578 temporary assistance for meetings positions had, in fact, been established for more than one year and should have been proposed and justified in the supplementary information submitted to the governing bodies.

102. On a sample basis, the Board further reviewed the general temporary assistance replacement positions of 12 entities of United Nations operations as reported in volume I as at 31 December 2021 and noted that a large portion of general temporary assistance replacement positions had a duration of more than one year or even longer. Specifically, there were 118 general temporary assistance replacement positions funded through the regular budget, representing 3 per cent of the total 4,113 regular budget posts by comparison. However, among all 118 general temporary assistance replacement positions, 59 (50 per cent) had a duration of more than one year, of which 31 of the 59 (53 per cent) had exceeded three years. Similarly, there were 440 general temporary assistance replacement positions funded through extrabudgetary resources in those 12 entities, representing 13 per cent of the total 3,322 extrabudgetary posts by comparison. Among all 440 general temporary assistance replacement positions, 272 (62 per cent) had a duration of more than one year, of which 69 of the 272 (25 per cent) had exceeded three years.

103. The Administration explained that, in response to the recommendation of the Advisory Committee on Administrative and Budgetary Questions, the Secretariat had begun to include justifications for proposed temporary positions funded under general temporary assistance to be approved by the General Assembly, including continuing positions, within the supplementary information, for example, in the 2022 proposed programme budget. In this regard, the Administration will again justify temporary positions that were approved in the prior year where it is proposed that they be extended beyond one year.

104. The Board is concerned that the long-term general temporary assistance positions (i.e., those exceeding one year) are similar to temporary posts and that insufficient disclosure of and justification for general temporary assistance positions, especially those exceeding one year, would hinder adequate control of the staffing table and impede a comprehensive review of the functional responsibilities of such positions by a General Assembly.

105. **The Board recommends that the Administration fully disclose and justify all general temporary assistance positions in the proposed programme budget, especially those exceeding one year in duration, and strengthen the monitoring of long-term general temporary assistance positions.**

106. The Administration accepted the recommendation, noting that it already provided details in the supplementary information to all regular budget fascicles on temporary positions to be funded under general temporary assistance of a new or continuing (greater than one year) nature.

(e) Overexpenditure regarding consultants

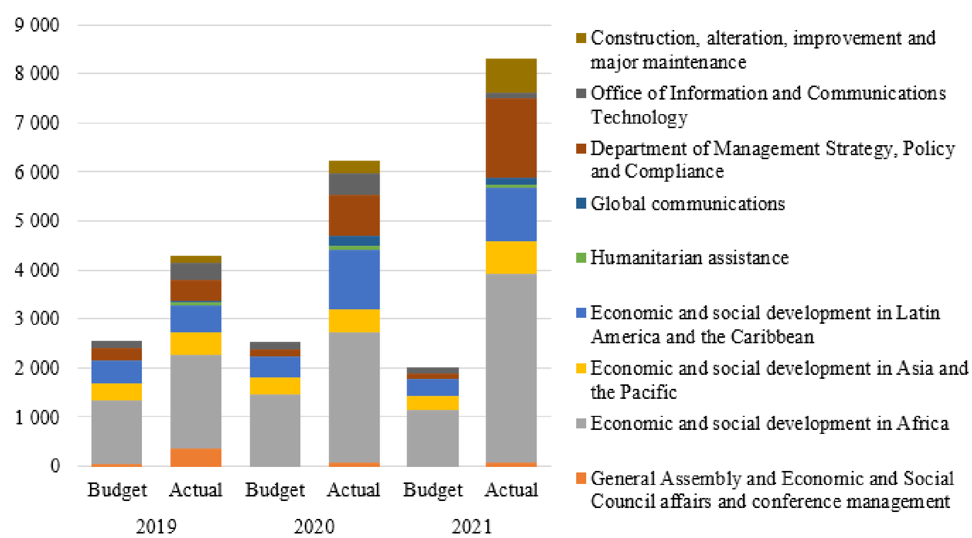
107. In its resolution 74/262, the General Assembly reiterated that the use of consultants should be kept to a minimum and that the Organization should use its in-house capacity to perform core activities or to fulfil functions that are recurrent over the long term. In its resolution 75/252, the Assembly decided to further reduce resources for consultants by $2.6 million for the 2021 programme budget.

108. The Board reviewed the overall regular budget implementation of consultants in 2021 for the 36 sections of the budget and noted that actual expenditure totalled

$27.24 million, compared with the original appropriation of $18.86 million, representing an overall overexpenditure rate of 44 per cent. Further structural analysis revealed that 19 sections under United Nations operations as reported in volume I had $13.04 million in overexpenditure.

109. The Board also conducted a trend analysis and noted that total overexpenditure for consultants was $1.02 million, $9.51 million and $8.38 million in 2019, 2020 and 2021, respectively, among which nine sections under United Nations operations as reported in volume I had overexpenditure for three consecutive years, with a total amount of $1.75 million, $3.70 million and $6.31 million in 2019, 2020 and 2021, respectively, as shown in figure II.III.

Figure II.III
Sections of the operations of the United Nations as reported in volume I with overexpenditure for consultants for three consecutive years (2019–2021)
(Thousands of United States dollars)



Source: Based on data provided by the Administration.

110. The Board also noted an increasing trend of consultant expenditure funded through other assessed and extrabudgetary resources from 2019 to 2021 for six sections. Even if there were slight decreases in regular budget-related expenditure in 2020 or 2021 for five of the six sections, expenditure under other assessed and extrabudgetary resources still rose. Details are shown in table II.10.

Table II.10
Variances between consultant expenditure of 2019, 2020 and 2021 under the regular budget, other assessed and extrabudgetary resources for six United Nations budget sections
(Thousands of United States dollars)

	Regular budget variance (2020 expenditure minus 2019 expenditure)	*Extrabudgetary resources and other assessed variance (2020 expenditure minus 2019 expenditure)*	*Regular budget variance (2021 expenditure minus 2020 expenditure)*	*Extrabudgetary resources and other assessed variance (2021 expenditure minus 2020 expenditure)*
United Nations support for the New Partnership for Africa's Development	7.20	20.10	(181.10)	48.90
Economic and social development in Latin America and the Caribbean	665.10	268.80	(112.50)	1 978.30

	Regular budget variance (2020 expenditure minus 2019 expenditure)	*Extrabudgetary resources and other assessed variance (2020 expenditure minus 2019 expenditure)*	*Regular budget variance (2021 expenditure minus 2020 expenditure)*	*Extrabudgetary resources and other assessed variance (2021 expenditure minus 2020 expenditure)*
Global communications	148.90	38.90	(48.70)	311.20
Department of Management Strategy, Policy and Compliance	430.10	100.90	777.70	337.20
Office of Information and Communications Technology	65.59	1 128.00	(332.37)	189.15
Administration, Nairobi	(18.70)	37.70	25.00	76.50

Source: Based on data extracted from Advisory Committee on Administrative and Budgetary Questions reports (A/75/7 and A/76/7) and Umoja business intelligence.

111. The Administration explained that the General Assembly had explicitly approved appropriations for budget sections, which did not specify amounts for individual budget classes. Programme managers were delegated authority to redeploy funds across non-post budget classes to best implement their mandates, and overexpenditure on consultants was more than offset by underexpenditure in other non-post budget classes. The Administration monitors the use of delegated authority to ensure that the delegates are complying with the applicable legal and policy framework and internal controls.

112. The Administration also explained that overexpenditure was reflected mainly in the context of COVID-19-related travel restrictions for staff, in that the engagement of consultants was required to ensure support for the region and programme delivery. Material variances at the section level or budget class level will be justified in the context of the financial performance report, in accordance with established practice.

113. The Board is concerned that continuous overexpenditure under consultants may indicate a lack of due diligence and effective measures taken to control actual expenditure. In addition, the increasing trend of expenditure under other assessed and extrabudgetary resources may have a negative effect on the minimum use of consultants.

114. **The Board recommends that the Administration request entities to monitor consultant expenditure funded through all resources, including the regular budget, other assessed and extrabudgetary resources, strengthen long-term capability-building of internal staff and gradually reduce the reliance on consultants.**

115. The Administration accepted the recommendation.

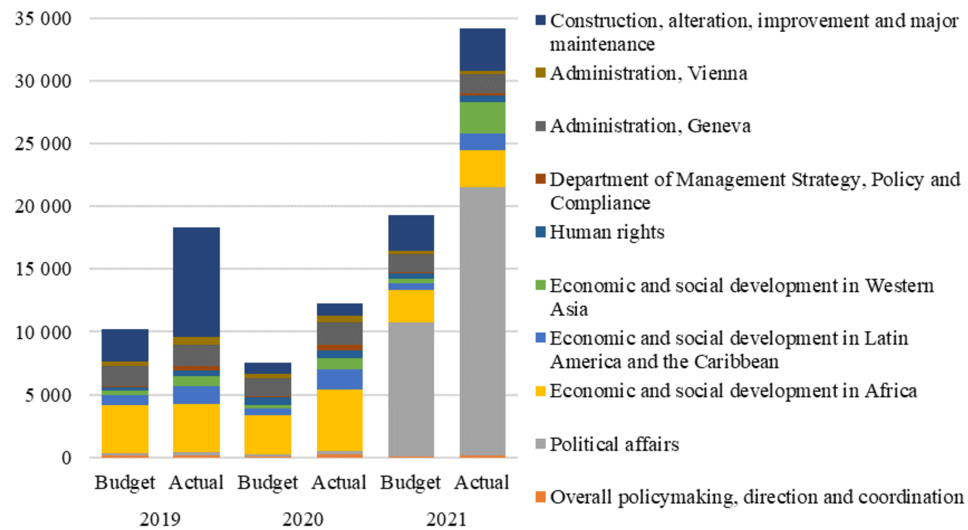
(f) Overexpenditure on furniture and equipment

116. In its first report on the proposed programme budget for 2021 (A/75/7), the Advisory Committee on Administrative and Budgetary Questions recommended an overall reduction in the total amount of resources proposed under furniture and equipment, considering the impact that the COVID-19 pandemic had on remote work and the holding of virtual meetings. In its resolution 75/252, the General Assembly decided to further reduce resources for furniture and equipment by $2.5 million.

117. The Board reviewed the regular budget implementation of furniture and equipment in 2021 for all 36 sections and noted that actual expenditure totalled $52.48 million, compared with the appropriation of $30.20 million, representing an overexpenditure rate of 74 per cent. Further structural analysis revealed that 25 sections under the operations of the United Nations as reported in volume I had total expenditure amounting to $24.27 million.

118. The Board also conducted a trend analysis in that regard and noted that total overexpenditure under furniture and equipment was $6.88 million, $7.93 million and $22.28 million in 2019, 2020 and 2021, respectively, among which 10 sections under the operations of the United Nations as reported in volume I had overexpenditure for three consecutive years, with a total amount of $8.09 million, $4.72 million and $14.93 million in 2019, 2020 and 2021, respectively, as shown in figure II.IV.

Figure II.IV
Sections of United Nations operations as reported in volume I with overexpenditure on furniture and equipment for three consecutive years (2019–2021)
(Thousands of United States dollars)



Source: Based on data provided by the Administration.

119. The Administration explained that overexpenditure on furniture and equipment reflected mainly the demands for remote working arrangements in the light of the COVID-19 pandemic, including software licences and upgrades to the enterprise network to support the communications infrastructure, and equipment for supporting intergovernmental processes and meetings.

120. The Board is concerned that continuous overexpenditure under furniture and equipment may indicate that the Administration has not taken a close review of asset acquisition in the context of the liquidity crisis. The Board is also concerned that such increased overexpenditure may expose the Organization to the risk of asset idleness or waste, which is not in the best interest of the Organisation and may indicate a waste of funds of Member States.

121. **The Board recommends that the Administration continue its efforts to strictly monitor expenditure under furniture and equipment.**

122. The Administration accepted the recommendation.

(g) Variances between planned and actual extrabudgetary posts

123. 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. For its part, the Advisory Committee on Administrative and Budgetary Questions stressed the need for greater transparency and more comprehensive information on extrabudgetary resources for each subprogramme of the programme budget (A/76/554, para. 23).

124. On a sample basis, the Board reviewed the planned and actual extrabudgetary posts of 12 entities of United Nations as reported in volume I as at 31 December 2021 and noted that 2 had high variances between the planned and actual extrabudgetary posts. For the Department of Political and Peacebuilding Affairs and the Department of Management Strategy, Policy and Compliance, the estimated extrabudgetary posts were 76 and 115, respectively, in line with the proposed programme budget for 2021, while the actual extrabudgetary posts were 100 and 159, respectively. Details are shown in table II.11.

Table II.11
Comparison between planned and actual extrabudgetary posts, 2020–2021
(Number of posts)

	2020		*2021*	
Entity	*Planned*	*Actual*	*Planned*	*Actual*
Department of Political and Peacebuilding Affairs	63	85	76	100
Department of Management Strategy, Policy and Compliance	110	194	115	159
Total	**173**	**279**	**191**	**259**

Source: Based on data provided by the Administration and data extracted from Umoja.

125. The Administration explained that the higher variances in the number of estimated extrabudgetary posts reflected the more volatile nature of those posts which are subject to new events, including changes made after the estimate presented in the budget proposals. The Administration clarified that, in accordance with the applicable resolutions of the General Assembly and endorsed recommendations of the Advisory Committee on Administrative and Budgetary Questions, it continued to review the estimated number of extrabudgetary posts to ensure that extrabudgetary resource estimates (presented as complementary information in the regular budget fascicles) were as complete and accurate as possible.

126. While recognizing the variances between actual and planned extrabudgetary posts in 2021 had become smaller compared with those in 2020, the Board still noted an overall 36 per cent variance rate for the above-mentioned Departments and is concerned that the variances may affect the accuracy of background information in the proposed programme budget. The Board is of the view that more accurate estimates could help the legislative bodies to better understand all resources needed for implementing mandates and make more informed decisions.

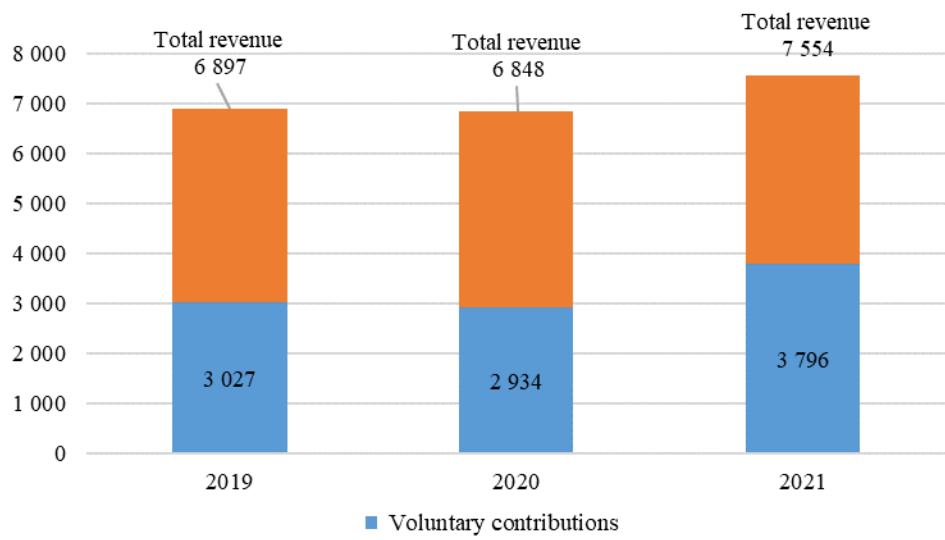
127. **The Board reiterates that the Administration should continue to review the estimated number of extrabudgetary posts to ensure that the extrabudgetary resource estimates presented in the budget fascicles are as complete and accurate as possible.**

128. The Administration accepted the recommendation to continue to review the estimated number of extrabudgetary posts to ensure that the extrabudgetary resource estimates presented in the budget fascicles are as complete and accurate as possible and will continue to reflect extrabudgetary posts in regular budget fascicles on the basis of the best available information.

5. Voluntary contributions

129. As provided for in the financial reports of the operations of the United Nations as reported in volume I, voluntary contributions have become a major funding source, especially human rights and humanitarian assistance, political and peacekeeping affairs, and cooperation and development activities. In 2019, 2020 and 2021, annual voluntary contributions under the operations of the United Nations as reported in volume I amounted to $3,027 million, $2,934 million and $3,796 million, respectively (as shown in figure II.V), representing approximately half of total revenue for each year.

Figure II.V
Trend analysis of voluntary contributions of the operations of the United Nations as reported in volume I, 2019–2021
(Millions of United States dollars)

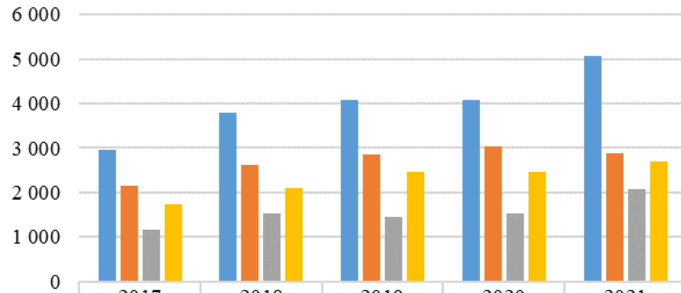


Source: Based on data from financial reports on the operations of the United Nations as reported in volume I.

130. Through a breakdown analysis of the voluntary contributions received by various departments and offices from 2019 to 2021, the Board noted that the Office for the Coordination of Humanitarian Affairs, the Office of the United Nations High Commissioner for Human Rights and the Development Coordination Office were the top three, having received a total amount of $6.9 billion in voluntary contributions during that period.

131. In respect of trust funds (mainly funded through voluntary contributions) managed by the Organization, the Board noted that the accumulated surplus (or net assets) of trust funds of the operations of the United Nations as reported in volume I totalled $5.07 billion as at 31 December 2021, compared with $2.96 billion by the year end of 2017, an increase of 71 per cent. The Board acknowledges that part of the accumulated surplus of trust funds represents pledges by donors towards future periods in the form of contributions receivable. From the perspective of the cash pool balance of trust funds, the Board also noted an overall upward trend in recent years, as shown in table II.12. As at 31 December 2021, the cash pool balance of trust funds was $2.70 billion, an increase of 56 per cent compared with the amount by the year end of 2017.

Table II.12
Trend of trust funds' accumulated surplus, annual expenses, voluntary contributions receivable and cash pool balance
(Millions of United States dollars)



	2017	2018	2019	2020	2021
Trust funds – accumulated surplus	2 956.56	3 792.13	4 068.52	4 076.47	5 065.43
Trust funds – annual expenses	2 145.08	2 611.02	2 852.86	3 045.53	2 887.62
Trust funds – voluntary contributions receivable	1 163.54	1 538.68	1 454.11	1 529.79	2 065.63
Trust funds – cash pool balance	1 730.42	2 091.39	2 459.80	2 466.34	2 704.88

Source: Based on data from financial reports of the operations of the United Nations as reported in volume I.

132. Considering the importance of the voluntary contributions in support of the operations of the Organization, the Board reviewed trust fund management, signed grant agreements with donors and relevant reporting to donors, and noted the issues presented below.

(a) A total of $198.7 million in donations with special provisions inconsistent with the United Nations legal framework

133. According to the framework of the delegation of authority outlined in Secretary-General's bulletin ST/SGB/2019/2, each entity has been delegated authority to solicit and accept voluntary contributions, including cash and those in kind, to discuss the terms and conditions under which these contributions are to be provided, in consultation with the Department of Management Strategy, Policy and Compliance, the Office of Legal Affairs and other offices, as necessary, and to negotiate, approve and sign contribution agreements, acceptance or acknowledgement letters or notes verbales with donors.

134. On a sample basis, the Board reviewed 89 grant agreements signed by various departments and offices of the United Nations Secretariat and donors from 2019 to 2021 and noted some cases in which the grant agreements contained special provisions that were not in full compliance with the United Nations legal framework, as follows:

(a) There were 16 grant agreements with a total amount of $195.1 million, with special provisions inconsistent with the Charter of the United Nations. For example, in June 2021, the Office for the Coordination of Humanitarian Affairs countersigned a grant agreement totalling $28.06 million with one donor in support of humanitarian programmes in 2021, based on an exceptional authorization of the Controller in a side letter dated 1 June 2021. The Board noted that some clauses in that agreement constituted an application of the laws and regulations (e.g., sanctions and anti-terrorism activities) of the donor country to the United Nations. Notwithstanding the request by the Controller in the side letter that the donor modify the agreement, no revision had been made thereto. The Board is of the view that the special clauses could be misinterpreted as an implicit waiver of United Nations privileges and immunities, which was also indicated in the side letter. In July 2021, a modification was made to the grant agreement, increasing the contribution to $46.22 million without any change in those special provisions. Moreover, the Board noted that some of those special provisions in the sampled grant agreements had been followed by the Organization as required. For example, in May 2020, the Development Coordination Office signed a grant agreement with one donor, which contributed $23 million to the United Nations resident coordinator programme in 2020. Relevant provisions in that agreement also necessitated an application of the donor's domestic laws and regulations (e.g., sanctions activities on specific countries) to the United Nations. In order to ensure that the Office complied in full with those special provisions set in the grant agreement, the donor withheld $1.5 million of its donation until the Office had reported the performance result to the donor in July 2021;

(b) There were two grant agreements totalling $47.2 million, with special provisions inconsistent with recordkeeping requirements of the Financial Regulations and Rules of the United Nations. For example, in November 2021, one donor signed a grant agreement with the Office for the Coordination of Humanitarian Affairs to donate $1 million to support humanitarian programmes. The Board noted that some clauses in that grant agreement required the Organization to comply with the recordkeeping requirements of the donor country and that those clauses were inconsistent with the relevant requirements of the Financial Regulations and Rules. The Administration explained that a side letter had been signed by the Controller on 18 November 2021, but the Board was not provided sufficient evidence to validate whether such requirements had been followed;

(c) There was one grant agreement valued at $3.6 million, with special provisions inconsistent with procurement requirements of the Financial Regulations and Rules of the United Nations. In February 2021, one donor signed a grant agreement with the Mine Action Service to donate $3.6 million to support mine action services. In that agreement, the donor required a mutually agreed procurement list between the donor Government and the United Nations, which might not be in full compliance with the guiding principles of the Financial Regulations and Rules relating to procurement activities.

135. Furthermore, the Board noted that there were some special provisions in grant agreements requesting the Organization to provide extra information to donors. For example, in the grant agreement with an amount of $23 million mentioned in paragraph 134 (a) above, the donor requested the Development Coordination Office to provide information that demonstrated the resident coordinator system's integrity and independence, including the criteria and processes for the recruitment, selection, training and appointment of the resident coordinators and their staff. In addition, the donor requested information on the resident coordinators' work, including their efforts and results in addressing human rights protection, anti-corruption and good governance-related issues, as well as ensuring the safety and security of humanitarian personnel operating in complex emergencies and coordinating efforts by humanitarian, development and peacebuilding and the United Nations security actors.

136. The Administration stated that, with regard to the specific terms and conditions found in the sampled grant agreements, there was no waiver of the Organization's privileges and immunities, expressed or implied, nor should it be construed as such. The inclusion of those terms and conditions merely reflected the Organization's acknowledgment that donors were subject to their relevant regulatory framework. In its agreements, the United Nations consistently reserves its privileges and immunities and makes clear that the administration and management of the funds is subject to United Nations regulations and rules, including the Financial Regulations and Rules,

the Staff Regulations and Rules, the single audit principle and other policies and procedures, such as substantive and financial reporting.

137. The Board understands that voluntary contributions are major funding sources of the United Nations for delivering its mandates and that, when seeking voluntary contributions, the Administration shall ensure that the provisions in grant agreements are in compliance with applicable United Nations regulations and rules.

138. **The Board recommends that the Administration provide updated guidance to departments and offices to minimize risks to which the United Nations may be exposed when signing and implementing agreements with donors.**

139. The Administration accepted the recommendation.

(b) Releasing fraudulent cases of Central Emergency Response Fund projects to ineligible donors

140. Communication protocols concerning cases of fraud of Central Emergency Response Fund projects are described in the guidance note on communicating the fraudulent use of the entity's funds. It provides that only donors to the Fund in the year when the relevant allocation was made will be eligible to be informed.

141. On a sample basis, the Board reviewed four internal Central Emergency Relief Fund fraud case logs and noted that one donor country had been informed of those cases by the Administration in 2020, but that donor had stopped contributing to the Fund since 2018.

142. The Board is of the view that communication on the fraudulent use of Central Emergency Relief Fund funds to ineligible donors was not in compliance with the Fund's rules and may result in an unnecessary administrative workload for the Organization.

143. **The Board recommends that the Administration comply with the guidance note on communicating the fraudulent use of Central Emergency Response Fund funds.**

144. The Administration accepted the recommendation.

(c) Outdated balances of three closed country-based pooled funds, unassigned refunds and two old accounts under the 32DDN trust fund

145. The Board conducted a structural analysis of cash pool balances by fund type and noted that the cash pool balance of the top 10 trust funds totalled $1.97 billion (as detailed in table II.13), or 73 per cent of the total trust fund cash pool balances as at 31 December 2021. In particular, the cash pool balances of two trust funds (32DDN and 32CER) managed by the Office for the Coordination of Humanitarian Affairs were $920.66 million and $427.64 million, respectively, or 34 and 16 per cent of the 2021 year-end trust fund cash pool balances.

Table II.13
Breakdown of year-end cash pool balance of trust funds by type, 2017–2021
(Millions of United States dollars)

Trust fund	*2017*	*2018*	*2019*	*2020*	*2021*	*Department/office*
32DDN	544.26	654.53	779.95	777.38	920.66	Office for the Coordination of Humanitarian Affairs
32CER	147.78	246.67	529.09	377.86	427.64	Central Emergency Response Fund
32HCA	76.38	94.66	70.13	108.12	124.31	Office of the United Nations High Commissioner for Human Rights

Trust fund	*2017*	*2018*	*2019*	*2020*	*2021*	*Department/office*
32JPO	53.42	62.05	69.08	81.13	85.53	Department of Economic and Social Affairs
32DSA	–	53.17	47.22	78.51	83.41	Development Coordination Office
32LLB	–	–	6.62	68.6	81.02	Department of Operational Support
32PDF	35.72	44.58	52.32	63.13	67.13	Executive Office of the Secretary-General
32SZA	59.71	64.75	66.73	69.63	64.48	Department of Political and Peacebuilding Affairs
32TXB	52	44.19	50.48	50.41	63.5	United Nations Conference on Trade and Development
32CTI	90.89	86.27	77.49	72.61	56.11	Office of Counter-Terrorism
Others	670.26	740.52	710.69	718.96	731.09	
Total	**1 730.42**	**2 091.39**	**2 459.80**	**2 466.34**	**2 704.88**	

Source: Based on data from the ERP Central Component in Umoja.

146. A further breakdown analysis of the $920.66 million cash pool balance of the 32DDN trust fund as at 31 December 2021 revealed that $681.08 million (or 74 per cent) related to country-based pooled funds. Of that amount, the Board noted some outdated balances to be appropriately addressed by the Administration as at 31 December 2021, including: (a) $937,733 belonging to three country-based pooled funds closed during the period 2014–2018; (b) $3.20 million relating to two old accounts that should have been integrated into another trust fund; and (c) a $698,546 refund that had not been assigned to the corresponding projects and trust funds.

147. The Board is of the view that the cash pool balances of the closed country-based pooled funds, the yet-to-be consolidated accounts and unassigned refunds should be addressed in a timely manner to ensure efficient utilization of the funds.

148. **The Board recommends that the Administration appropriately deal with the cash pool balances of the three closed country-based pooled fund accounts, properly consolidate the old country-based pooled fund accounts and assign the refunds in a timely manner.**

149. The Administration accepted the recommendation.

6. Cash and investment management

150. To enable the centralization of cash management for the United Nations and reduce transactional costs, cash pooling was introduced in Umoja, where funds are consolidated into Treasury fund house bank accounts. The United Nations Treasury is responsible for supporting the opening and closing of bank accounts globally. As at 31 December 2021, there were 255 house bank accounts in Umoja.

151. Whenever a cash payment request is initiated by the relevant department or office, the cash-sufficiency checks at both the fund level and the house bank account level will be done, after which the payment will be scheduled and released through a house bank account three days later (T+3 rule). Pursuant to the Financial Regulations and Rules of the United Nations and the cash management procedure, each transaction should be reconciled on time by an official playing no actual part in the receipt or disbursement of funds, and the balance of all house bank accounts would be replenished, as requested and where necessary, after netting against inwards funds. At that point, an overall surplus or deficit of house bank accounts would be decided and invested into or divested from investment pools. As at 31 December 2021, the cash pools (i.e., main pool, euro pool and UNSMIS pool) held total assets of $12.02 billion (2020: $10.84 billion), of which $5.58 billion (2020: $4.62 billion) was

due to the operations of the United Nations as reported in volume I, and their share of net revenue from cash pools was $21.5 million in 2021 (2020: $77.7 million)

(a) Lack of formal procedures for bank account status review

152. In chapter 12, on cash management, of the United Nations IPSAS accounting manual, it is provided 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".

153. In its previous report (A/76/5 (Vol. I), paras. 95–100), the Board noted the low frequency of use of nearly 10 per cent of the house bank accounts and recommended that the Administration undertake regular reviews of the use of each account and carry out the cleaning or consolidation necessary to achieve administrative objectives and reduce management costs.

154. The Board continued its review in that regard and noted that, as at 31 December 2021, 255 house bank accounts were managed by the United Nations Treasury in Umoja, of which 71 (28 per cent) had been opened in country A, 13 opened in country B and the others in more than 80 countries and regions. In 2021, two accounts were newly opened and three accounts closed, two of which had been closed owing to a series of accounting scandals at the bank, leading to insolvency and collapse.

155. The Administration explained that the closing of bank accounts was determined by multiple factors, including their frequency of use and their aims. With regard to some of infrequently used bank accounts that have specific objectives, they need to be kept in use, especially for the collection of contributions. In addition, to have multiple bank accounts within a country is sometimes necessary to ensure liquidity and operational imperatives, especially in remote locations.

156. While noting the above comments, the Board stated that there were no documented procedures for the Administration to regularly review bank accounts' status and make decisions on the closing of bank accounts.

157. The Board is of the view that the formalization of status reviews of procedures on bank accounts and their closing process would improve the efficiency of bank account management and avoid unnecessary administrative costs.

158. **The Board recommends that the Administration establish formal procedures to guide the status review of bank accounts and their closing process to improve the efficiency of bank account management.**

159. The Administration accepted the recommendation and will expand existing procedures on the opening and closing of bank accounts to include periodic reviews of the need to maintain existing bank accounts.

(b) Non-compliance with the T+3 rule in processing partial payroll payments

160. In its previous report (ibid., paras. 101–108), the Board noted some cases of non-compliance with the T+3 rule in processing payroll payments and recommended that the Administration formalize the procedures for cash management under the T+3 model.

161. The Board continued its review in that regard and noted that, compared with the 319 payroll payments totalling $2.2 million in 2020, 785 totalling $2.79 million had been processed without following the T+3 rule in December 2021. The Administration explained that the payroll processing teams were located in different places. Whenever the Treasury received emails from the local offices' cashier

requesting payroll payments outside the T+3 system, it had no choice but to manually modify the value date to ensure that payroll payments were paid on time.

162. The Board noted that the enhancement project has been approved by the Umoja Change Board and that the enhancement of the payroll process to meet the T+3 rule was in progress. The Administration is proceeding with identifying a pragmatic and viable solution to having Umoja automate the process to set up a payment value date.

163. The Board is concerned that payroll payments that do not comply with the T+3 rule would increase the potential risk of human error and affect the accuracy of cash flow forecasting and liquidity management.

164. **The Board recommends that the Administration improve the disbursement of the payroll payment process and ensure that all payroll payments follow the T+3 rule with minimum manual intervention.**

165. The Administration accepted the recommendation and stated that it was important that the United Nations Treasury remain responsive and ensure liquidity for mandate delivery. Accordingly, a pragmatic solution to automate the process was sought rather than enforcing a T+3 rule, when necessary, where it might risk constraining mandate delivery or rapid response.

(c) Insufficient investment performance assessment

166. The United Nations Investment Management Guidelines provides that the investment benchmark for the main pool is the average of the three-month United States Department of the Treasury bill rate. The rate of return is compared to the investment benchmark for United Nations Treasury performance measurement.

167. The Board noted that the actual rates of return (excluding those unrealized) for the main pool were 2.23 per cent for 2019, 1.11 per cent for 2020 and 0.41 per cent for 2021. The Administration explained this reflected the lower interest rate environment following the monetary policy response to the effects of the COVID-19 pandemic. Those rates of return were higher than the benchmark by 0.3, 0.79 and 0.38 per cent, respectively.

168. The Board analysed the term structure of the main pool investments and noted that the investment portfolio with less than a three-month maturity accounted for 41.15 to 46.53 per cent from 2019 to 2021 while the rest had maturities longer than three months, as shown in table II.14.

Table II.14
Term structure of main pool investment, 2019–2021
(Percentage)

Maturity range	*31 December 2019*	*31 December 2020*	*31 December 2021*
Less than 3 months	44.96	41.15	46.53
3 to 6 months	26.20	20.88	22.96
6 months to 1 year	8.90	14.22	14.75
1 to 2 years	3.86	9.98	9.27
2 to 3 years	10.43	9.73	6.49
More than 3 years	5.63	4.03	–
Total	**100**	**100**	**100**

Source: Based on data from the United Nations Treasury.

169. The Administration explained that the United Nations Investment Management Guidelines allowed for a maximum of 15 per cent of the pool to be held in longer maturities (from three years and two months to five years) in consideration of the broad nature of the pooled funds. The maturity positioning reflects the formally approved strategy for the period by the Controller, who considers the advice of the Investment Committee, which includes subject matter experts. This strategy regarding the period considered reflects the view that rates would rise, which is precisely what transpired.

170. Although the maturity of investments in the main pool ranged from one day to more than three years, for the purpose of maintaining high liquidity, which is one of the primary objectives of the portfolio in accordance with the United Nations Investment Management Guidelines, the three-month Department of the Treasury bill rate was chosen by the Administration as the only benchmark for main pool performance evaluation.

171. The Administration explained that the established benchmark for the main pool was the three-month Department of the Treasury bill. This is the closest to the 60-day maximum weighted average maturity that these money funds are required to adhere to and is the most liquid money market instrument. The benchmark is specified in the United Nations Investment Management Guidelines, the most recent revision of which was signed by the Controller in 2019 following input from the Investment Committee.

172. The Board is of the view that the Administration needs to review the current benchmarks and consider adopting more alternatives in benchmark setting for performance evaluation.

173. **The Board recommends that the Administration consider a review of existing benchmarks and potential alternatives for the investment portfolios, noting that after-service health insurance reserves will have a diversified strategy under separate guidelines and benchmarks.**

174. The Administration accepted the recommendation.

(d) Foreign currency hedging strategy in need of further review

175. According to the foreign currency hedging and budget rate-setting guidelines, the Administration periodically conducts an analysis of the actual historical usage of relevant currencies in the regular budget using historical data in Umoja, in order to determine the amount of each currency to be hedged. Currently, foreign currency hedging is conducted only for the euro and the Swiss franc.

176. On a sample basis, the Board reviewed the usage pattern of seven currencies (including two hedged currencies, namely, the euro and the Swiss franc) according to the purchasing amount in the past three years (as detailed in table II.15) and noted that some currencies had been paid in a relatively steady pattern, such as the Kenya shilling and Thai baht.

Table II.15
Purchased amounts of the top seven currencies, 2019–2021
(Millions of United States dollars)

Currency	*2019*	*Currency*	*2020*	*Currency*	*2021*
CHF	459.12	CHF	479.43	CHF	523.32
XOF	144.62	EUR	221.69	AFN	238.80
EUR	139.51	XOF	145.71	EUR	236.15

Currency	*2019*	*Currency*	*2020*	*Currency*	*2021*
KES	62.29	KES	57.20	XOF	145.83
THB	57.98	XAF	50.07	KES	55.46
LBP	46.80	THB	44.28	XAF	47.82
XAF	46.71	COP	41.89	THB	47.11

Source: Based on data from the ERP Central Component in Umoja.
Note: The West African CFA franc and Central African CFA franc are pegged to the euro. Approximately 95 per cent of Afghan afghani transactions are accounting entries representing dollar banknote purchases, and the Afghan afghanis is not purchased.
Abbreviations: AFN, Afghan afghani; CHF, Swiss franc; COP, Colombian peso; EUR, euro; KES, Kenya shilling; LBP, Lebanese pound; THB, Thai baht; XAF, Central African CFA franc; XOF, West African CFA franc.

177. The Board is concerned that the current hedging strategy on limited currencies may lead to potential foreign exchange losses, especially for those currencies used in large and steady amounts and that experience more fluctuation in exchange rates.

178. **The Board recommends that the Administration continue its periodic review of historical purchasing patterns of relevant currencies under the regular budget and extrabudgetary resources and consider expanding the hedging scope for those currencies associated with a high foreign exchange risk.**

179. The Administration accepted the recommendation.

(e) Lack of specific investment strategy for long-term employee benefit-related funds

180. In its previous audit, the Board had noted that there were no specific investment strategy or guidelines for end-of-service employee benefit-related funds and recommended that the Administration develop a tailored investment strategy and guidelines for the funds associated with long-term liabilities (A/76/5 (Vol. I), paras. 109–116). The Advisory Committee on Administrative and Budgetary Questions concurred with that recommendation and requested the Board to provide updated information in its next report (see A/76/554).

181. The Board continued its review in that regard and noted that the pooled funds relating to end-of-service employee benefits, including after-service health insurance and repatriation benefits, totalled $325.28 million as at 31 December 2021.

182. The Administration informed the Board that relevant action had been taken to address the issue, including but not limited to: (a) taking steps to establish a separate pool of a longer duration that was more diversified for extrabudgetary resources-related after-service health insurance reserves (which would then be available for other pool participants to use for funds with a similar profile); (b) an asset allocation study done by a consultant and actuaries; (c) on the basis of the asset allocation study, new investment guidelines would be developed and form part of the agreement with the external asset manager for specific asset classes; and (d) collaboration with the Office of Legal Affairs on the contractual engagement of the external asset manager as part of the implementation of the diversified asset allocation strategy.

183. The Board is of the view that funds for liabilities of a long duration should be invested in long-term assets and that, with regard to a specific defined strategy for such a duration, a more diversified pool would be better for asset and liability management.

184. The Administration advised the Board that it had already been determined that liabilities of a long duration should have assets of a long duration and that and it was

well on its way to implementing a proper diversified strategy for after-service health insurance investments under separate guidelines and benchmarks.

185. **The Board recommends that the Administration proceed to coordinate with associate departments and entities on establishing a separate pool available for associated funds for long-term employee benefits and on improving asset and liability management to match assets to current and future liabilities.**

186. The Administration accepted the recommendation.

(f) Need for strengthened review of post-trade concentration levels

187. The objective of investment management is to preserve capital and ensure sufficient liquidity while earning a competitive market rate of return on each investment pool. Quality, safety and liquidity are to be emphasized over the market rate of return. To achieve these objectives, credit limits and concentration limits are put in place to limit credit exposure to individual issuer names and concentration risk of products such as term deposits, which are not a tradable instrument and therefore have limited liquidity. However, in line with the United Nations Investment Management Guidelines, limits for debt instruments are applied only as of the trade date.

188. The Administration explained that there might be cash pool outflows for operational purposes, leading to an increase in concentration levels for a period of time, or there might be a credit downgrade. Without the trade date rule, these events could otherwise force a sale at an unfavourable price and for what may be a temporary situation.

189. The Board noted that, in the euro pool (total pool size is some 11 million euros, equivalent to $13 million) for all products, the credit or concentration limits had never been breached as of the trade dates. However, owing to a reduction in the portfolio size, the issuer concentration level increased at a later date.

190. The Board is of the view that the concentration risk and credit risk of the investment portfolios exist not only on the trade dates, but also the post-trade dates. The United Nations Investment Management Guidelines provides for credit rating changes done after the trade date. Therefore, the Administration needs to strengthen its review and monitoring of post-trade concentration levels.

191. **The Board recommends that the Administration establish formal procedures to review the post-trade date increases in the concentration levels, make decision on the basis of the nature and risk exposure of investment portfolios, and document the decision-making process appropriately.**

192. The Administration accepted the recommendation.

7. Health insurance programme

193. The United Nations has established medical and dental insurance plans as part of the social security scheme for its staff, retirees and eligible dependants. Most of the plans are self-insured and managed at two locations, in New York and Geneva. In the case of self-insurance plans, the Organization and plan participants assume the risk of providing health insurance to the plan participants. The plans are administered by third-party administrators on behalf of the United Nations or, in the case of the United Nations Staff Mutual Insurance Society against Sickness and Accidents, self-administered. The third-party administrators receive the claims for the services provided to the staff members, retirees and eligible dependants who are members of the insurance plans schemes on behalf of the United Nations, scrutinize them and determine the payments to be made against the claims. As of December 2021, the self-

insurance plans covered 211,558 participants, including staff members, retirees and dependants from the Secretariat and other participating organizations such as the United Nations Children's Fund, UNDP, UNOPS, the United Nations Population Fund and the United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women). In 2021, $625 million towards claims was paid under those plans.

194. The Advisory Committee on Administrative and Budgetary Questions, in its reports on managing after-service health insurance (A/76/579) and on the report of the Board for the period ended 31 December 2018 (A/74/528), expressed concern over the management of the health insurance programme, such as a lack of adequate internal controls on medical expenditure and claims. In the 2021 audit, the Board continued its review of the appropriateness of medical expenditure and claims, as well as the management of the third-party administrators, and noted the issues presented below.

(a) Medical service information mismatch regarding the gender or age of the participants, with reimbursement in the amount of $239,580.42

195. According to the information circulars for the United Nations Headquarters-administered health insurance programme (ST/IC/2020/13 and ST/IC/2021/10), it is vital that insurance cards be kept secured and utilized only by the appropriate participant.

196. The administrative instruction for medical insurance plans for locally recruited staff at designated duty stations away from Headquarters (ST/AI/2015/3) also provides that the expenses shall be reimbursed only when they are covered under the Medical Insurance Plan and deemed medically necessary for covered individuals.

197. In its previous report (A/76/5 (Vol. I), paras. 136–141), the Board noted 34 cases with inconsistencies between the diagnosis and the gender or age of the plan participant (including 27 cases with reimbursements) and recommended that the Administration ascertain the root causes of those inconsistencies on a case-by-case basis and take appropriate corrective action. During its follow-up of the implementation of that recommendation, the Board validated relevant supporting documents and the explanation provided by the Administration for those cases, and noted the following:

(a) The claims of three participants, with a total amount of $618.31, had been incorrectly processed by the third-party administrator, which were being reversed;

(b) In 23 cases, the claims had been processed with incorrect patient information or diagnosis codes without financial implications;

(c) The diagnosis code of one participant was gender neutral.

198. In the 2021 audit, the Board expanded its sampling scope and performed an analytical review of the reimbursement data of three major self-insured plans for 2021, and noted 664 cases with inconsistencies between medical service information and the gender or age of the plan participants, with reimbursements totalling $239,580.42, as follows:

(a) The medical service information of 135 participants was inconsistent with their gender, with $87,859.04 in reimbursements. For example, $37,441.34 was paid on behalf of 86 male participants (registered with one plan) for services in obstetrics gynaecology;

(b) The medical service information of 529 participants was inconsistent with their age, with $151,721.38 in reimbursements. For example, $149,039.74 was paid on behalf of 520 adult participants (registered with one plan) for paediatric medicine.

199. The Board is concerned that obvious mismatches between the medical service information and gender or age of the participants in successive years – even though some of cases may be due to clerical errors or not have a financial impact – may indicate deficiencies in internal controls on claim screening by third-party administrators, and that those suspicious claims may indicate presumptive fraud and abuse of medical treatment.

200. **The Board reiterates its previous recommendation that the Administration, in coordination with the third-party administrators, investigate newly identified gender- or age-related mismatches in medical diagnoses on a case-by-case basis, ascertain the root causes for those mismatches and take corrective action, including but not limited to requesting the third-party administrators to strengthen monitoring of compliance with the medical insurance reimbursement process.**

201. The Administration accepted the recommendation.

(b) Reimbursement exceeding health insurance plans limits in the amount of $617,053.52

202. The information circulars for the United Nations Headquarters-administered health insurance programme (ST/IC/2021/10 and ST/IC/2020/13), the administrative instruction for medical insurance plans for locally recruited staff at designated duty stations away from Headquarters (ST/AI/2015/3), the information circular for the Medical Insurance Plan for United Nations locally recruited staff at designated duty stations away from Headquarters (ST/IC/2015/8) and the United Nations worldwide plan description of benefits provide the benefit coverage, the annual maximum reimbursable amount, the limitations for several specific health conditions, the procedures for exceptional reimbursements and the hardship provision.

203. On a sample basis, the Board performed an analytical review of the claim data of the United Nations worldwide plan and the Medical Insurance Plan for 2021 and noted the following cases of reimbursement beyond the prescribed limits:

(a) In 58 cases, the reimbursement amount of medical service exceeded the annual maximum reimbursable amount per person, with $591,155.99 in excess reimbursement. For example, there were 57 cases with $533,154.29 in excess reimbursements, each of which had an amount below $50,000. The Administration explained that the third-party administrator had the authority to reimburse claims up to $50,000 on the basis of the hardship provision and that the 57 cases had been processed correctly under that authority. However, the Administration did not provide that authority through formal documentation, nor did it provide relevant approval documents by the third-party administrator on those cases;

(b) In 113 cases, the reimbursement for lenses, hearing aids and doctor fees exceeded the prescribed limits, with $14,059.07 in excess reimbursements;

(c) Bank charges totalling $11,838.46 were paid for the claims of 982 participants owing to the requirement by the local banks in one country to charge those fees to the payee rather than the payer.

204. The Board is concerned that failure to comply strictly with the reimbursement policies by the third-party administrators may lead to overcompensation with the health insurance fund, thus affecting the validity and accuracy of the recorded medical expenditure.

205. **The Board recommends that the Administration investigate cases of excess reimbursements, identify their root causes and take appropriate corrective action to ensure the validity and accuracy of expenditure of health insurance plans.**

206. The Administration accepted the recommendation.

(c) Little progress made in conducting collective negotiations and formalizing standardized agreements with third-party administrators

207. In 2015, the Secretary-General, in his report on managing after-service health insurance liabilities (A/70/590), recommended collective negotiations with third-party administrators for health insurance plans, with which the Advisory Committee on Administrative and Budgetary Questions concurred (see A/70/7/Add.42) and that the General Assembly endorsed in its resolution 70/248 B. In 2018, a template agreement was developed for third-party administrators to promote completeness and consistency in the provision of contracts governing their services and obligations. The Advisory Committee also welcomed the development of the United Nations system-wide standard template agreement for third-party administrators that reflected industry best practice (A/73/792, para. 16).

208. In its previous audits, the Board had also highlighted the issue of contracts with third-party administrators that were neither updated nor standardized and recommended that the Administration undertake measures to strengthen formal arrangements with those service providers.

209. The Board continued its review of the matter in its 2021 audit and noted little progress made in that regard. Except for the contract with one administrator, which was signed in 2015 and renewed in 2020, agreements with three other major administrators had not been formalized for several years. Meanwhile, the current binding documents between the United Nations and third-party administrators were not standardized, including but not limited to provisions on key performance indicators, the reporting of fraud and follow-up requirements, as well as controls and audits.

210. The Administration informed the Board that it had conducted active consultations with internal stakeholders in order to finalize a thoroughly vetted template of a standard agreement. Owing to the onset of the COVID-19 pandemic, the Administration was unable to deliver written agreements with all third-party administrators, given other priorities owing to the pandemic and the consequent need to focus the scarce resources on addressing it. Meanwhile, dedicated staff capacity has also been put in place to implement this recommendation.

211. The Board is concerned that the long overdue implementation of collective negotiations and a standardized contract endorsed by legislative bodies may have a negative impact on medical administrative services.

212. **The Board recommends that the Administration expedite the execution of collective negotiations and the formalization of standardized agreements.**

213. The Administration accepted the recommendation.

(d) Deficiencies in performance evaluation of third-party administrators

214. In 2016, the Secretary-General, in his report on managing after-service health insurance (A/71/698), stated that the recommendation on collective negotiations with third-party administrators had arisen in part from the finding of the Working Group on After-Service Health Insurance that measures needed to be taken with regard to those administrators to enable organizations to monitor performance and pricing more efficiently and effectively. The Secretary-General said that the terms of reference, including key performance indicators, could be improved to achieve consistency.

215. The Board reviewed the performance monitoring and evaluation process for third-party administrators and noted the following:

(a) Lack of performance monitoring and evaluation. The Administration had not established stand-alone performance monitoring and evaluation measures on the third-party administrators, and relied on the performance guarantee process proposed and reported by the third-party administrators;

(b) Inconsistencies in service agreements regarding performance obligations. For example, only two performance guarantee arrangements specified clear penalties for not meeting performance objectives, in which case the United Nations had the right to withhold the administrative service fee or receive a refund. No such arrangement was observed for two other service providers.

216. The Administration explained that, in accordance with industry standards and best practices for self-funded insurance plans, performance and monitoring of third-party administrators was confirmed through periodic audits performed by an external audit firm, which provided independent expert advice. In that regard, the Administration confirmed that it was in the final stages of selecting an external audit firm to undertake the periodic independent audit, including with regard to compliance with performance indicators.

217. The Board is concerned that the current arrangement of using self-proposed evaluation standards and self-reported results would not satisfy the needs of either performance monitoring or comparative analysis among service providers.

218. **The Board recommends that the Administration develop stand-alone performance evaluation standards and prepare performance reports for health insurance service providers that reflect the Organization's own requests and needs in order to benefit future decision-making processes.**

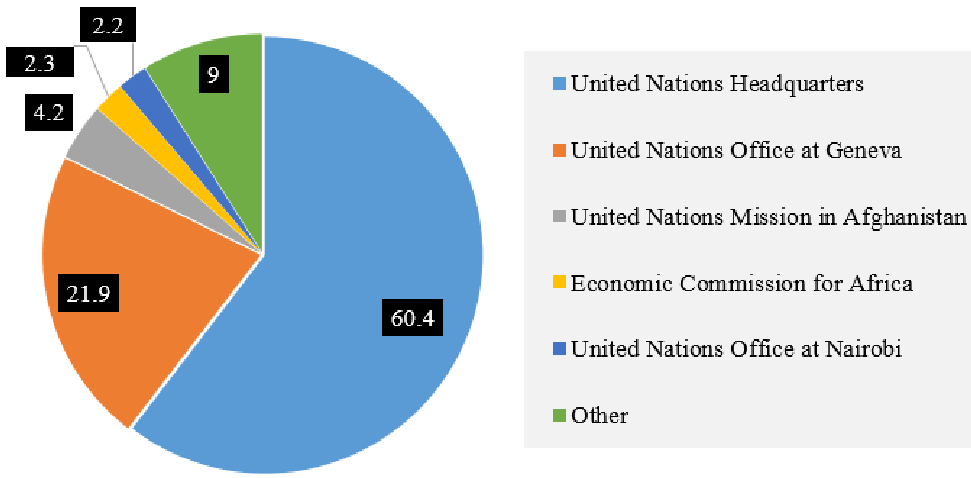
219. The Administration accepted the recommendation.

8. Assets management

220. As disclosed in note 15 to the financial statements, the net book value of property, plant and equipment[1] of the operations of the United Nations as reported in volume I totalled $2.98 billion as at 31 December 2021, representing a 1.4 per cent increase from the prior year's balance of $2.94 billion. The largest portion of property, plant and equipment comprised land and buildings, which accounted for $2.47 billion, or 83 per cent, of the year-end balances, while assets under construction totalled $0.26 billion, or 9 per cent. The breakdown of holdings by location (e.g., United Nations Headquarters and United Nations Office at Geneva) is shown in figure II.VI.

[1] 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).

Figure II.VI
Breakdown of property, plant and equipment of the operations of the United Nations as reported in volume I, by location, as at 31 December 2021
(Percentage)



Source: Based on data provided by the Administration.

(a) Computers and vehicles purchased in significant quantities but remaining idle

221. In its previous audit (A/76/5 (Vol. I), paras. 154–155), the Board noted a significant amount of idle assets such as ICT equipment and vehicles, and recommended that the Administration analyse the root causes and take appropriate and more proactive measures, to which the Advisory Committee on Administrative and Budgetary Questions concurred (see A/76/554).

222. In response to the concerns raised by the Advisory Committee, the Board continued its review of the equipment list of the United Nations operations as reported in volume I as at 31 December 2021 and noted that, of 57,853 computers (including laptops) with a total acquisition value of $54.37 million, 27,692 valued at $17.58 million had a status of "equipment idle", representing 48 per cent of the quantity and 32 per cent of the value of all computers.

223. Through further analysis of computer holdings, the Board noted that 12,300 computers were idle as at 31 December 2020. In 2021, 24,525 computers were nevertheless purchased and 19,140 newly purchased computers remained idle at the end of April 2022, representing 78 per cent of the newly purchased computers in 2021. The top three departments and offices having high proportions of newly purchased computers that were idle were the Development Coordination Office, the Department of Operational Support and the Office of Information and Communications Technology, with an idle ratio of 99, 97 and 79 (or 1,186, 1,120 and 603 in quantity), respectively.

224. The Board also noted that, as at 31 December 2020, there were 516 vehicles remaining idle. In 2021, 17 departments and offices purchased 182 new vehicles with an acquisition value of $9.28 million, and 119 newly purchased vehicles (valued at $6.41 million) remained idle at the end of April 2022, representing 65 per cent of newly purchased vehicles. The top two departments and missions with high proportions of newly purchased vehicles remaining idle were UNSMIL and the Department of Safety and Security, with an idle ratio of 86 and 69 per cent (or 49 and 44 in quantity), respectively.

225. The Board is concerned that assets remaining idle for a long period of time might result in waste, obsolescence and possible loss due to theft. Furthermore, purchasing new assets rather than actively utilizing idle assets in storage may be not in the best interests of the United Nations and may indicate a waste of funds to Member States.

226. **The Board recommends that the Administration analyse the root causes for those idle assets, update inaccurate equipment records, actively use idle assets and draw up reasonable purchase plans to ensure the improved utilization of resources in the future.**

227. The Administration accepted the recommendation.

(b) Deficiencies in firearm and ammunition management

228. As required in the policy and guidance of June 2020 on the physical verification of property issued by the Organization, physical verification results are reviewed and reconciled and data are updated to reflect the findings of that verification.

229. During its on-site physical verification of firearms and ammunition of the Department of Safety and Security at United Nations Headquarters, the Board noted some discrepancies between the stock list and relevant Umoja system records. The physical verification resulted in the identification of 10 shotguns recorded in the stock list but not in Umoja. Meanwhile, the existence of seven types of ammunition, totalling 125,545 rounds, in the stock list was confirmed in the physical verification, while only two types with 367,302 rounds were discovered in Umoja records. Neither the category nor the quantity of ammunition in stock was consistent with Umoja.

230. The Board is concerned that the discrepancies between the results of the physical verification and the records in Umoja may indicate insufficient internal controls over firearms and ammunition management and could have a negative impact on the accuracy of financial records of inventory.

231. **The Board recommends that the Administration ascertain the root causes of discrepancies between the stock list and financial records and update relevant data in Umoja to ensure the accuracy of financial records in the future.**

232. The Administration accepted the recommendation

(c) Inaccuracies in property, plant and equipment and intangible asset capitalization

233. According to the United Nations Policy Framework for International Public Sector Accounting Standards, buildings, leasehold improvements, infrastructure assets and major upgrades to land and buildings are valued at cost and recognized as assets, and the cost of an internally generated intangible asset comprises all directly attributable costs.

234. The Board noted that, as at 31 December 2021, $3.18 million (in four purchase orders) in direct costs relating to the flexible workplace project had not been capitalized, as required. The Board also sampled the purchase orders of a Umoja development project created during the period from January 2015 to December 2021 and noted that $72.2 million had been capitalized, while $31.99 million had not been capitalized. Through further analysis, the Board noted that, among the non-capitalized amount, $24.37 million could meet the capitalization criteria, accounting for 76 per cent of the sample size.

235. The Board is concerned that these cases of non-capitalization indicate that the internal financial controls over property, plant and equipment and intangible asset

capitalization need further improvement and that the cases may lead to an understating of assets and overstating of expenses.

236. **The Board recommends that the Administration review the listed records and provide more guidance to relevant departments and offices on asset capitalization to ensure that relevant project expenditure is appropriately classified and recorded in Umoja in the future.**

237. The Administration accepted the recommendation.

(d) Inappropriate useful life estimate leading to the overestimated depreciation and amortization of assets

238. According to IPSAS 17: Property, plant and equipment, the useful life is the period that an asset is expected to be available for use by an entity.

239. The Board reviewed the asset history sheet of the operations of the United Nations as reported in volume I and noted that there were 15,240 assets as at 31 December 2021, among which the net book value of 9,029 was zero, which means that 59 per cent of the assets (in quantity) were fully depreciated while still in use.

240. The Board considers that the depreciation period of assets should be set as close to its actual service life as possible to ensure that the net book value of the assets is appropriately reflected. However, the Board noted that more than half of the assets had been fully depreciated while still in use, indicating that the Administration's depreciation policies (e.g., estimate of an asset's useful life) may, to some extent, be aggressive.

241. The Board also noted a similar situation for intangible assets. For example, the Secretary-General, in his ninth report on the enterprise resource planning project (A/72/397), stated that Umoja was estimated to assume a useful life of 15 years, although the system was likely to be in use for longer. However, each sub-asset of the Umoja development project was amortized by the straight-line method within the limited service life of 10 years.

242. The Board is concerned that the aggressive depreciation and amortization policies may lead to an overestimate of depreciation and amortization expenses.

243. **The Board recommends that the Administration reassess the depreciation and amortization policies and make the adjustments necessary to the useful lives of property, plant and equipment and of intangible assets to ensure the appropriate measurement of assets, in compliance with IPSAS requirements.**

244. The Administration accepted the recommendation.

(e) Inaccurate capitalization and reporting of assets managed by the United Nations Office for Project Services

245. In its audit of United Nations peacekeeping operations (A/76/5 (Vol. II), paras. 55–57), the Board highlighted the issue that assets procured by UNOPS for mine action projects using Mine Action Service funding had not been capitalized nor reported in the statement of financial position, either by the United Nations Secretariat or UNOPS. Therefore, the Board recommended that the Administration include provisions on periodic asset reporting by UNOPS that would facilitate IPSAS financial reporting in the new memorandum of understanding and integrate the Chiefs of the Mine Action Programme into the oversight and management of project assets.

246. The Board noted that some 15 per cent of the above-mentioned project assets, with a total acquisition value of $24 million, used funding from the operations of the United Nations as reported in volume I, while the remaining 85 per cent belonged to

the peacekeeping operations as reported volume II. The Administration indicated that implementation of the recommendation was in progress and that the unresolved asset management issues were to be addressed in the revised memorandum of understanding. In the meantime, the Mine Action Service was developing guidelines on asset management and disposal to ensure clarity of roles and responsibilities under the current memorandum of understanding and to provide guidance to the Chiefs of the Mine Action Programme on their role. Therefore, the Board would not issue a duplicate recommendation in that regard.

(f) Lack of feasibility study by the United Nations Office at Geneva of an indoor shooting range

247. Considering that the security threat level in Switzerland had increased from “minimum” to “low” at the end of 2015, the United Nations Office at Geneva launched a security master programme as a project to improve the integrated security system and to mitigate security risks at the Office.

248. As part of the security master programme, the measures identified to meet the increased threat level pertain mainly to the modernization of security infrastructure and systems. They have been supported by several assessments conducted since 2015.

249. Since its inception, the security master programme has evolved and become a programme comprising various projects and sources of funding. In 2021, the Board noted that information on programme-related projects was scattered across various presentations, memorandums and other documents, thus making it difficult for the auditors to assess. The Board recommended that the United Nations Office at Geneva compile all essential information about the objectives, projects, their funding sources and their planned or scheduled implementation in one comprehensive security master programme document.

250. Following the recommendation, the United Nations Office at Geneva improved the security master programme status update report. The Board assessed the most recent report, as at 15 November 2021, and noted that the programme’s projects had made good progress. The projects had already been implemented or were at various stages of implementation, while three projects had not yet been funded and therefore remained pending. The Office estimated the funding requirements for those projects at 9.3 million Swiss francs in non-recurrent costs.

251. The status update report listed the “security training infrastructure” project as part of the security master programme of the United Nations Office at Geneva. The project has been unfunded, and the cost estimate amounts to 1 million Swiss francs. An essential part of the training infrastructure is an indoor shooting range. According to the Security and Safety Services, the implementation of the indoor shooting range has not been planned because it depends on an ongoing feasibility study.

252. The Board requested the basis for the above-mentioned cost estimate. According to a security master programme project overview of the United Nations Office at Geneva, the construction costs were estimated at 3.1 million Swiss francs in 2018, excluding maintenance costs. According to a space-planning exercise done in February 2022, the Office intends to install the shooting range at the basement of building E, thus replacing parking spaces and a depot.

253. The Security and Safety Services described the objectives of the training infrastructure as ensuring efficient time- and cost-related expenses by creating a dedicated indoor shooting range. The concept originated from the annual, recurrent need to recertify the security officers on mandatory training such as firearms, basic self-defence, fire prevention and first aid. The United Nations Office at Geneva stated that the absence of a shooting range facility on its premises made it extremely

challenging to properly train its 180 security officers. To cover those needs, the Security and Safety Services rented outside firearm ranges located in various locations across Geneva. The Security and Safety Services stated that the external transport of weapons could entail a risk.

254. The Board reviewed the annual (re)qualification training of Security and Safety Services staff from 2017 to 2021 and noted that the entity had used the shooting range of the Swiss army in Chancy until September 2021 and changed the location to a private shooting range in Geneva thereafter, and that it had not been using facilities of Swiss police forces (Canton or City of Geneva). The Board also noted that the number of participants per training session varied between one and nine. On average, the average number of participants has decreased over the years, from 5.5 in 2017 to 3.7 in 2020 and to 4.0 in 2021.

255. The Board calculated that the annual qualification training of 180 officers would involve a shooting range on United Nations Office at Geneva premises for a maximum of 15 working days, or three weeks per year. The Board assumed that six officers could complete the training within half a day. The utilization rate of the shooting range for qualification requirements amounts to 5.8 per cent.

256. The Board expects the United Nations Office at Geneva to provide evidence that an indoor shooting range on its premises is a reasonable, cost-efficient and cost-effective solution to meet the requirements of the Security and Safety Services. In the light of the cost associated with the construction and maintenance of an internal shooting range, the underutilization of which would be both disadvantageous and not contribute to sustainability, a decision should be based on an assessment that includes economic criteria and reasonable alternatives. The amount of 3.1 million Swiss francs estimated in 2018 appears to be more realistic, even though its basis is unknown. An indoor shooting range needs specific and cost-intensive maintenance, which has yet to be assessed by the Office.

257. In this context, the Board holds that the ongoing feasibility study of an indoor shooting range at the United Nations Office at Geneva to serve as a training facility for Security and Safety Services staff should include reasonable alternatives. The results should be analysed in terms of cost-effectiveness and cost-efficiency (including a cost-benefit analysis). Furthermore, the Office should seek and/or intensify its cooperation with the Swiss army and Swiss police forces to use their shooting range facilities. The Security and Safety Services could also enhance the efficiency of external training and increase the number of participants per training.

258. **The Board recommends that the Administration, in addition to the current feasibility study on the training facility (indoor shooting range), assess reasonable alternatives with regard to cost-effectiveness and cost-efficiency (including a cost-benefit analysis) to meet the requirements of the Security and Safety Services.**

259. The Administration accepted the recommendation.

9. Human resources management

260. In 2021, the Advisory Committee on Administrative and Budgetary Questions requested the Administration to develop more comprehensive guidance on roster management and establish clear ownership of accountability for the roster. The Committee also reiterated its recommendations for intensified and concrete efforts to enhance the overall geographical representation in all departments (A/76/554, paras. 58–59).

261. In its report on an overview of human resources management reform for the period 2019–2020 and an outlook beyond, the Advisory Committee expressed its

concern, including but not limited to deficiencies in the staff selection processes, including roster management, the quantity of temporary appointments, impediments to achieving equitable geographical distribution and gender balance targets, as well as an appropriate accountability framework for the management of human resources (A/75/765, para. 11).

262. The Board followed up those concerns, reviewed, among others, the management of general temporary assistance positions, the employment of personnel through UNOPS, UNDP and third-party service providers, the management of consultants and individual contractors, roster management, geographical representation, and the vetting mechanism of misconduct, and identified deficiencies in need of improvement, as presented below.

(a) Deficiencies in the use and management of general temporary assistance and temporary assistance for meetings

263. The Board noted that 8,259 staff under the regular budget were encumbered in the operations of the United Nations as reported in volume I as at 31 December 2021, compared with 9,959 positions approved in 2021. In addition, there were 1,098 encumbered general temporary assistance and temporary assistance for meetings positions (excluding those in special political missions), which was 11.73 per cent of the total staff under the regular budget. Moreover, there were 57 encumbered general temporary assistance positions under other assessed and 1,209 encumbered general temporary assistance and temporary assistance for meetings positions under extrabudgetary resources. General temporary assistance/temporary assistance for meetings positions had, in fact, been an integral and important part of the volume I workforce. The Board reviewed budgeting, use, management and reporting on the general temporary assistance/temporary assistance for meetings positions and noted the following deficiencies:

(i) Lack of clarity on the definition and use of general temporary assistance

264. The Board noted that general temporary assistance had evolved in the past two decades from “has and continues to be used for the replacement of staff on maternity or sick leave or to ensure adequate staffing during peak workload periods”, as stipulated in the use of general temporary assistance for specific positions (A/C.5/54/33) in 1999, to a funding type that could be used to fund temporary staff on various types of appointments.

265. Positions funded through general temporary assistance (finite) resources include general temporary assistance positions, defined pursuant to programme budget preparation guidance as “budgeted positions funded by the regular budget and are authorized in staffing tables. In practice, these positions are nearly only used for Special Political Missions”. There are also general temporary assistance peacekeeping (finite) positions, defined as “budgeted positions funded by the Peacekeeping Support Account and are authorized in staffing tables”, and general temporary assistance replacement positions, defined as “positions created on an ad hoc basis for peak workload and temporary coverage regardless of fund”. This is indicative of current general temporary assistance being used in a manner different from its original intent and rationale.

266. The Administration explained that there were differences in the presentation and treatment of temporary positions funded through general temporary assistance, but those were due to the legislative budget policies decided by the General Assembly, which diverge in specific, sometimes critical, aspects, depending on the Secretariat entity or entities and the source of assessed funding under consideration. The

overarching governance framework comprises years of legislative precedents since 1999 and the subsequent promulgation of policy thereon.

267. The Board noted that there was no overarching and comprehensive guidance on the use of general temporary assistance, which resulted in a lack of clarity and consistency and in ambiguity.

268. **The Board recommends that the Administration develop overarching guidance on the use of general temporary assistance, in which its definition, budgeting, establishment, duration, review and reporting, reclassification and conversion, among others, are stipulated clearly.**

269. The Administration accepted the recommendation, acknowledging that it might be challenging to discern distinctions between prevailing practices and terminology.

(ii) General temporary assistance replacement and finite positions not used in line with related policy and regulations

270. The Board reviewed the duration of general temporary assistance replacement positions and noted that 894 of 1,457 were active as at 31 December 2021 under the regular budget, other assessed and extrabudgetary resources in the operations of the United Nations as reported in volume I had been encumbered for more than one year. Of those 894 positions, 266 had been encumbered for more than five years, which is not in line with the definition of general temporary assistance replacement positions, which is normally less than one year, in accordance with budget guidance.

271. The Board noted that general temporary assistance positions funded through extrabudgetary resource could last for decades, and some of them had been established for more than 20 years, which is not in line with the related policy on the creation of posts and positions at the D-1 level and above issued by the Controller in 2013 (i.e., cases of extrabudgetary general temporary assistance positions exceeding one year should be limited and exceptional in nature, given that the purpose of general temporary assistance was for temporary staffing requirements as defined in ST/AI/295. If there is a longer-term need for the functions, then the establishment of a post should be requested).

272. **The Board recommends that the Administration strengthen monitoring to ensure that all the general temporary assistance positions are used in full compliance with related policies and regulations.**

273. The Administration accepted the recommendation.

(iii) Insufficient proposal and justification for general temporary assistance/temporary assistance for meetings positions

274. In addition to the above-mentioned deficiencies, the Board also noted that the general temporary assistance finite positions were not sufficiently justified and duly reported, as requested by the governing bodies, and that 894 general temporary assistance replacement positions and 578 temporary assistance for meetings positions that had, in fact, been established for more than one year had not been proposed and justified in the supplementary information submitted to the governing bodies. Detailed findings and recommendations are reported in paragraphs 99 to 105 above. In this regard, the Board would like to emphasize that the Administration should fully report and justify general temporary assistance and temporary assistance for meetings positions of more than one year in duration in the proposed programme budget, indicating their funding source, position type, grade and specific duration, among others, and manage them as strictly as posts, pursuant to budget guidance.

(b) Deficiencies in personnel management for United Nations Development Programme-administered staff

275. In 2021, six entities of the United Nations as reported in volume I employed 1,810 staff members through service-level agreements with UNDP. The Board reviewed the modality of using staff administered by UNDP and noted the following deficiencies:

(i) Need for expediting the integration of United Nations Development Programme-administered staff into the Secretariat

276. The Board noted that those staff members were funded mainly through voluntary contributions made to the entities for which they worked, for example, the Office for the Coordination of Humanitarian Affairs, or through funding from other Secretariat entities. The appointments of those staff were administered by UNDP on behalf of entities that were liable for the staff, and the letters of appointment were also issued by UNDP on behalf of entities of the United Nations as reported in volume I. However, those staff were not managed in Umoja. The salaries, related allowances, social security, insurance, benefits and entitlements were paid by UNDP, and then recovered from the relevant entities. Substantively, the staff reported to the entities for which they worked. That said, these staff are, in fact, staff members of volume I entities.

277. The Administration explained that the Office of Human Resources of the Department of Management Strategy, Policy and Compliance and the Human Resources Services Division of the Department of Operational Support, as well as the former Department of Management and Department of Field Support, had been providing operational and advisory support to entities in respect of moving staff from UNDP to the Secretariat (e.g., to the Department of Management Strategy, Policy and Compliance and the Office for Disarmament Affairs) even prior to reform undertaken in 2015, given that the implementation of Umoja ensured that they were recruited, selected and managed in accordance with the Organization’s regulatory framework.

278. **The Board recommends that the Administration continue to support entities in expediting the process of integrating the remaining UNDP-administered staff into the Secretariat in a progressive and seamless manner in order to ensure that they are recruited, selected and managed in accordance with the Organization’s regulatory framework.**

279. The Administration accepted the recommendation.

(ii) Lack of approval of the Advisory Committee on Administrative and Budgetary Questions for positions at the D-1 level and above

280. The Board noted that, of the 1,810 UNDP-administered staff, 7 positions were at the D-1 level and above in the Office for the Coordination of Humanitarian Affairs. Among those, six senior humanitarian coordinator positions were under Inter-Agency Standing Committee purview. Five of them (1 Assistant Secretary-General, 3 D-2 and 1 D-1) had been established for more than one year, with the oldest position, Regional Humanitarian Coordinator (Assistant Secretary-General), having been established in 2012, which was of a continuous nature. The Board noted that approval from the Advisory Committee on Administrative and Budgetary Questions had not been sought prior to their establishment.

281. The Administration explained that, although the Regional Humanitarian Coordinator position for the Syrian Arab Republic was first established in 2012, with a duration from August 2014 to January 2015, the position was not filled. Two of the six senior humanitarian coordinator positions (for Nigeria and Mozambique) are now

discontinued. The temporary positions are discontinued when conditions for regular operation response measures are in place in support of national and local coordination efforts.

282. The Board is of the view that the requirement from the governing bodies entails that all the positions of more than one year in duration are submitted for approval by the Advisory Committee on Administrative and Budgetary Questions, and whether such a position is filled or not does not preclude the Committee's prerogative in reviewing and approving the establishment of those positions, especially considering that these positions were funded by the Office for the Coordination of Humanitarian Affairs.

283. **The Board recommends that the Administration ensure that all positions at the D-1 level and above to be established for a duration of more than one year are sufficiently reviewed and approved by the governing bodies.**

284. The Administration accepted the recommendation.

(iii) Deficiencies in the legal framework for staff administered by the United Nations Development Programme

285. The Board reviewed the legal framework and letter of appointment template of UNDP for 1,142 national staff employed by the Office for the Coordination of Humanitarian Affairs through a service-level agreement with UNDP and noted ambiguity and unfavourable clauses therein. For example, according to the letter of appointment, the staff were offered an appointment with the Office as a staff member of the Office but administered by UNDP on behalf of the Office, the latter of which was liable for the staff. The staff would be subject to the UNDP policies, and there was no agreement on the responsibilities and obligations between staff and the Office. Meanwhile, rules regarding the settlement of dispute had not been defined clearly. Such deficiencies may run the risk of legal disputes and risks, which is not in the interest of the related entities.

286. **The Board recommends that the Administration ensure that a clear legal framework is in place for staff between the entities of the United Nations as reported in volume I and UNDP.**

287. The Administration accepted the recommendation.

(c) Deficiencies in the use of personnel through the United Nations Office for Project Services, the United Nations Development Programme and third-party service providers

288. Some entities of the United Nations as reported in volume I employed personnel (staff and non-staff) on the basis of financial agreements with UNOPS and of service-level agreements with UNDP, as well as through third-party service providers. As at the end of 2021, volume I entities had employed 1,035 personnel under financial agreements with UNOPS. In addition, the Office for the Coordination of Humanitarian Affairs, the Development Coordination Office and UNSMIL had been using 192 personnel in total under service-level agreements with UNDP. Moreover, at the Office of Information and Communications, 217 personnel were on contract with third-party service providers. The costs of those personnel under those three modalities were proposed under the budget class of contractual services rather than staff costs, or consultants and individual contractors. The Board reviewed those modalities and noted the deficiencies outlined below.

(i) Lengthy duration of service for personnel employed through financial agreements with the United Nations Office for Project Services, service-level agreements with the United Nations Development Programme and contracts with third-party service providers

289. The Board noted that the entities of the United Nations as reported in volume I had employed 1,035 personnel through 82 financial agreements with UNOPS. Among those, 698 had been working for the Secretariat for more than 2 years and 383 for more than 5 years, including 82 personnel for more than 10 years. Details are shown in table II.16.

Table II.16
Analysis on the duration of service of personnel employed under financial agreements with the United Nations Office for Project Services as at 31 December 2021

Duration	*Number of personnel*
Less than 1 year	159
1 to 2 years	178
2 to 5 years	315
5 to 10 years	301
10 to 15 years	69
More than 15 years	13
Total	**1 035**

Source: Based on data provided by the Administration.

290. In using the Office of Information and Communications Technology as an example, among the 139 UNOPS personnel who worked for the Office, 73 had been performing ICT-related services for the United Nations Secretariat for 5 to 10 years and 28 for more than 10 years.

291. At UNSMIL, among the 36 personnel hired under service-level agreements with UNDP, all had previously been recruited by UNSMIL within the maximum limitation of 9 months as individual contractors, who later entered into contracts for a minimum period of 6 months, renewable, but no more than 12 months each time, in line with the UNDP service contract. By the end of December 2021, 34 personnel had been working with UNSMIL for more than one year, including 22 for more than three years. Details are shown in table II.17.

Table II.17
Analysis of the duration of service of United Nations Support Mission in Libya personnel hired under service-level agreements with the United Nations Development Programme as at 31 December 2021

Duration	*Number of personnel*
Less than 1 year	2
1 to 2 years	1
2 to 3 years	11
3 to 4 years	22
Total	**36**

Source: Based on data provided by the United Nations Support Mission in Libya.

292. At the Office of Information and Communications Technology, among 217 personnel on contract with third-party service providers, 140 had been working with the Secretariat for more than 2 years and 102 for more than 5 years, including 47 for more than 10 years. Details are shown in table II.18.

Table II.18
Analysis of the duration of service of the personnel on contract with third-party service providers at the Office of Information and Communications Technology as at 31 December 2021

Duration	*Number of personnel*
Less than 1 year	38
1 to 2 years	39
2 to 5 years	38
5 to 10 years	55
More than 10 years	47
Total	**217**

Source: Based on data provided by the Office of Information and Communications Technology.

293. The Board is concerned that personnel working for the Secretariat for a long period of time may be indicative of them performing regular or even core functions and of them being an integral part of the workforce at the relevant entities.

294. On a sample basis, the Board noted that, at the Office of Information and Communications Technology, among all 139 personnel employed under financial agreements with UNOPS, more than 100 were performing core functions, including cybersecurity and physical security, ICT/Umoja infrastructure management, enterprise-level application development and transformation, hybrid cloud computing, and remote mission support services for peacekeeping.

295. **The Board recommends that the Administration ensure that contracted personnel are performing assignments only when there is no expertise in the Organization and that core functions are performed by regular staff members.**

296. The Administration accepted the recommendation, subject to General Assembly pronouncements on the use of consultants, contractors and outsourcing.

(ii) Legal risks in the financial agreements between Secretariat entities and the United Nations Office for Project Services

297. The Board was informed that, in line with the financial agreements between the Office for the Coordination of Humanitarian Affairs, the Department of Political and Peacebuilding Affairs and the Development Coordination Office, among others, with UNOPS, entities were responsible for such areas as recruitment, selection, supervision, performance management, separation, dispute resolution, security and medical evacuation. Entities should handle all suits, claims and demands made by any personnel engaged by UNOPS on its behalf and should cover related costs and expenses. Personnel would be managed and supervised by and report to those entities, rather than UNOPS.

298. The Board is concerned about the unfavourable legal condition borne by the Secretariat entities, especially considering the long duration for which these personnel have been serving those entities and who may carry the expectation of long or continuous appointments.

299. **The Board recommends that the Administration review the current financial agreements between the Secretariat and UNOPS to avoid legal risks, ambiguity and other concerns and ensure that the roles and responsibilities of the parties are stipulated clearly.**

300. The Administration accepted the recommendation.

(iii) Established recruitment process may not be followed in full

301. The Board was informed that the recruitment procedures of personnel employed under financial agreements with UNOPS followed either a clear preselection process, that is, entity-nominated candidates who would be contracted by UNOPS (entities of the United Nations as reported in volume I are to adhere to the established procedures of the Secretariat regarding the selection of personnel) or a selection process that follows UNOPS regulations and rules (although the final decision in terms of selection is still to be made by head of the volume I entity). On a sample basis, the Board noted that entities tended to resort to the first modality. All 21 personnel in the Development Coordination Office and 63 of the 92 personnel in the Office for the Coordination of Humanitarian Affairs had been selected by the Development Coordination Office and the Office for the Coordination of Humanitarian Affairs, respectively.

302. The Board reviewed the recruitment procedures of those personnel and noted that the manner in which they had been selected was not duly documented in the form of an audit trail and could therefore not offer sufficient assurance on whether the established procedures had been properly observed.

303. The Board is concerned that the established procedures for personnel selection at the Secretariat or at UNOPS may not be properly observed in the selection of personnel, which may have a negative impact on transparency, fairness and competitiveness.

304. **The Board recommends that the Administration ensure that the established procedures for personnel selection are well monitored and duly documented to ensure transparency, fairness and competitiveness.**

305. The Administration accepted the recommendation.

(iv) Ambiguity concerning the identity of personnel employed under contractual services

306. The Board reviewed the identity of personnel employed under contractual services and noted ambiguity, in that the individuals contracted through the financial agreements were termed consultant by UNOPS in financial agreements and personnel under service-level agreements with UNDP, while in contracts with third parties they were identified as service contractors. The Administration explained that those personnel were not consultants, and the consultants should be with whom the Secretariat had direct contract, and that those personnel were contractual service providers employed by non-Secretariat entities (i.e., UNOPS, UNDP and third-party service providers). The Administration also highlighted that UNOPS, UNDP and third-party service providers were entities legally independent from the Secretariat and that human resources regulations and rules of the Secretariat did not apply to them.

307. The Board is concerned about ambiguity in this regard, especially considering that: (a) these personnel have been working with entities of the United Nations as reported in volume I for a long period of time, and some of them perform core functions; (b) legal responsibilities relating to recruitment, selection, supervision, performance management, separation, dispute resolution, security and medical evacuation, among others, under the financial agreements with UNOPS, rested with volume I entities, which is obviously not the case with the common service contracts; (c) personnel entitled to receive benefits and entitlements under financial agreements

with UNOPS and service-level agreements with UNDP, including social security, group life, death and disability insurance, annual leave, sick leave, maternity leave, paternity leave, overtime, performance bonus and danger allowance – which is not the case with the common service contracts, let alone the volume I entities – need to pay additional management fees (commonly at 8 per cent of the contract value); and (d) human resources regulations and rules for staff and for non-staff at the Secretariat are not applicable to these personnel according to the Administration, even though some of these personnel have been working with, have been funded by and have been substantially reporting to volume I entities for a long period of time.

308. The Board is also concerned that use of personnel under financial agreements with UNOPS, service-level agreement with UNDP and contracts with third-party service providers is a grey area in which the entities of the United Nations as reported in volume I have been granted too much liberty in this regard, and that the costs for all these personnel are budgeted under the class of contractual services, rather than as staff or non-staff costs, or consultants and individual contractors, which is not conducive to improving budget discipline and may negatively affect budget scrutiny carried out by the governing bodies.

309. **The Board recommends that the Administration conduct a cost-benefit analysis before engaging personnel through UNOPS, UNDP or third-party service providers and clearly define the identity of personnel to ensure the correct application of the legal framework and contractual responsibilities.**

310. The Administration accepted the recommendation, while noting that the use of such personnel through UNOPS was under active review.

(d) Deficiencies in consultant and individual contractor management

(i) Employment of consultants and individual contractors exceeds service duration limit

311. The Board continued to review the duration of the appointment of consultants and individual contractors in 2021 and noted that 107 consultant contracts (101 in 2020) exceeded 24 months within a 36-month period, and 227 individual contractor contracts (153 in 2020) exceeded 9 months within a 12-month period.

312. On a sample basis, at the United Nations Office at Nairobi, the Board noted that, for one consultant who had been contracted by it and the United Nations at Vienna alternately during the period from 1 January 2019 to 12 December 2021, the total duration of service was 32.6 months in the 36-month period, exceeding the 24-month limit, and that, extending the duration of service from 12 December 2021 to 1 January 2017, it totalled 55.03 months. This is not in line with the guidance issued by the Department of Operational Support.

313. **The Board reiterates its recommendation that the Administration closely monitor the duration of the appointments of consultants and individual contractors to address the recurrent non-compliance in this regard.**

314. The Administration accepted the recommendation.

(ii) Converting consultants to vendor contracts to circumvent the service duration limit

315. The Board noted that the Office of Information and Communications Technology, after ending the contractual agreement with 26 and 21 consultants who had reached the 24-month duration limit in 2020 and 2021, respectively, rehired the same consultants under vendor contracts. This can be seen as a deliberate circumvention of the break-in-service requirement and 24-month service duration limit.

316. The Administration explained that such movement was mainly for operational needs to ensure business continuity because the current rules and regulations on

consultants required that the tenure be no more than 24 months in a 36-month period. However, engaging with a new consultant may run the risk of the project being interrupted and a loss of business continuity, and there is often a mismatch between the consultant's employment period and the project cycle. The Administration also stated that the vendor was a long-term partner of the Office of Information and Communications Technology and that the conversion of consultants to contractors had been done to ensure that the project progressed continuously without being suspended or interrupted.

317. **The Board recommends that the Administration review the current practice of rehiring consultants under vendor contracts in terms of its compliance with existing guidance, cost-effectiveness and appropriateness.**

318. The Administration accepted the recommendation.

(iii) Non-compliance with the guidance on the selection of consultants

319. On a sample basis, the Board noted four cases in which the guidance on the selection of consultants was not observed in full at UNAMI.

320. In the first case, the date of selection memo was earlier than the date when the selected candidate's personal history profile was submitted, as well as the date when three candidates' personal history profiles were evaluated. In the second case, the date for submission of selected candidates' personal history profiles was earlier than the date when the job opening was made available to the public. In the third case, the date for two of three candidates' personal history profile submission was three-and-a-half years before the interview date. In the fourth case, no justification had been made for the sole-source recruitment of a consultant in accordance with administrative instruction ST/AI/2013/4. These cases are indicative of either non-compliance with the established procedures or a flawed selection process.

321. **The Board recommends that the Administration ensure that UNAMI selects consultants in strict compliance with the requirements in administrative instruction ST/AI/2013/4 and ensure that sole-source recruitment is duly justified.**

322. The Administration accepted the recommendation.

(e) Policy on roster management yet to be promulgated and its use needs to be enhanced

323. In its previous report (A/76/5 (Vol. I), para. 418), the Board raised concerns regarding the limited guidance on roster creation and maintenance, which 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, and recommended the Administration review the policies on rosters, taking into consideration geographical diversity, gender parity and sunset clauses, to ensure rightsizing based on workforce planning, clarify accountability for maintaining rosters and formulate guidance for hiring managers on selecting rostered candidates. The Advisory Committee on Administrative and Budgetary Questions, in its report (see A/76/554), stressed the need for more comprehensive guidance on roster management and the establishment of clear ownership and accountability for the roster.

324. The Board followed up on roster management and noted that, as at 31 December 2021, there were 57,421 roster memberships relating to 33,291 roster members, distributed in 9 job networks and 48 job families. Of the 33,291 roster members, 12,892 were women (38.73 per cent). Western Europe and Other States, African States and Asia-Pacific States were the top three regional groups in relation to the origin of roster members. Details are presented in table II.19.

Table II.19
Geographical distribution of roster members as at 31 December 2021

Regional group	*Number of roster members*	*Percentage*
Western Europe and Other States	13 170	39.56
African States	9 269	27.84
Asia-Pacific States	5 788	17.39
Eastern European Group	2 600	7.81
Latin American and Caribbean Group	2 042	6.13
Roster members without geographical information	422	1.27
Total	**33 291**	**100**

Source: Based on data provided by the Human Resources Services Division.

325. The Board reviewed the roster management and the use of rosters by different departments and noted the following deficiencies: (a) 2,741 members of the rosters had already advanced to a higher level but their grade information in the rosters had not been updated accordingly; (b) 52 individuals had been subject to separation from service or to dismissal and could therefore not be re-employed, but remained on the rosters; and (c) of 1,632 selections made for position-specific job openings in 2021, 544 (33.33 per cent) selections had come from the rosters, indicating room for improvement in the use of the rosters.

326. The Administration explained that: (a) the current policy framework did not provide for removal rostered individuals from the lower levels once the individual advanced to a higher level. As a result, the rosters will continue to reflect all the roster memberships held by an individual, even if they are serving at a higher grade; and (b) applicants might be interested in applying for jobs at a lower level (e.g., to move from a non-family duty station to a family duty station) and/or being considered for job openings at a lower level under clearly defined conditions, usually related to downsizing or other extraordinary circumstances.

327. The Board is of the view that the policy needs to be updated to allow for the cleaning up of the rosters, and that personal information of the roster members needs to be updated to accurately reflect their most recent grade and position and the entities for which they are working, among others.

328. The Board is concerned that not updating the information relating to candidates on the rosters may negatively affect the reliability, accuracy and effectiveness of the roster and increase the risk of re-employment of individuals involved in misconduct or disciplinary issues.

329. **The Board recommends that the Administration update the policy to address deficiencies in roster-based recruitment and clean up the roster data.**

330. The Administration accepted the recommendation.

(f) Lack of system-wide vetting mechanism covering a range of misconduct

331. A system-wide vetting mechanism will be of great importance to ensure that staff members who have separated from service for reasons of misconduct will not be re-employed, which, if this were to occur, could result in significant operational, reputational or other undue risk to the Organization. The Board reviewed the existing mechanism in place and noted the following deficiencies:

(a) **Limited scope and the lack of an automated vetting process against Case Management Tracking System records.** The Board noted that vetting was done against the Secretariat's own records of possible misconduct during prior assignments or deployments (for uniformed personnel), as might be contained in the System, which is maintained by the Department of Management Strategy, Policy and Compliance. The System contained all types of substantiated misconduct, which covered Secretariat entities but not those across the United Nations system outside the Secretariat. In addition, the vetting of individuals selected for the staff vacancies was done manually. The project of automating in part the vetting process against System records is expected to be completed by the end of 2022;

(b) **The need for a system-wide vetting platform to cover all types of misconduct.** The Board also noted that, with the aim of preventing the re-employment of such individuals within United Nations system entities, a highly secure online and centralized database, Clear Check, was introduced. Clear Check permitted the sharing of information among system-wide entities, specifically on individuals (former United Nations staff and related personnel) who had established allegations related to sexual harassment or sexual exploitation and sexual abuse, but it did not contain information on other types of substantiated misconduct.

332. The Board is concerned that, owing to the lack of a system-wide information-sharing mechanism for various types of disciplinary action, there remains the risk of re-employment by a United Nations system entity of individuals involved in misconduct or disciplinary issues in another entity.

333. **The Board recommends that the Administration establish a vetting system across the United Nations system to cover all types of misconduct under the leadership of the High-level Committee on Management and expedite the project of automating the vetting process to allow for a link between the Case Management Tracking System and Inspira through Clear Check.**

334. The Administration accepted the recommendation.

(g) Little progress made in geographical representation

335. In its previous report (A/76/5 (Vol. I), paras. 423–424), the Board expressed concern that the geographical representation gap could weaken the Organization's ability to become more inclusive and comprehensive and recommended that the Administration issue guidance to entities to increase their focus on improving equitable geographical representation.

336. The Board followed up on the issue and noted that, as at 31 December 2021, compared with 2020, the number of underrepresented countries had decreased by 1, from 37 to 36, while the number of overrepresented countries had increased by 3, from 27 to 30. Among 3,693 geographical posts, 3,116 were encumbered, distributed in 172 Member States and 46 entities. Of those 3,116 posts, staff holding 1,368 (43.9 per cent) were from developing countries, which constituted 74 per cent of all Member States, while staff holding 1,748 (56.1 per cent) were from developed countries, which constituted 26 per cent of all Member States.

337. The Board reviewed the geographical post distribution and geographical appointments in 2021 and noted the following:

(a) A key performance indicator on geographical representation was not achieved for two consecutive years. Among 353 geographical appointments in 2021, only 71 staff (20.11 per cent) were from unrepresented or underrepresented countries, which did not meet the target of 50 per cent relating to key performance indicator 1 (equitable geographical distribution) in the management dashboard. The Board noted little progress made in that regard, adding that the percentage in 2020 was 20 per cent;

(b) A total of 26 entities did not achieve the key performance indicator on geographical appointments stipulated in the senior management contracts. Of 33 entities that had geographical appointments in 2021, heads of 28 entities had signed senior management contracts with the Secretary-General. Of those 28 entities, only 2 had achieved the key performance indicator regarding the geographical appointments;

(c) Of 9,945 staff at the Professional and above level in entities of the United Nations as reported in volume I, 4,177 (42 per cent) were from developing countries, which accounted for 74 per cent of all Member States, compared with 5,768 from 50 developed countries. Europe and Americas ranked as the top two regions, contributing 61.91 per cent of staff at the Professional and above level in volume I entities. Details are shown in table II.20.

Table II.20
Number of staff at entities of the United Nations as reported in volume I, by geographical region

Geographical region	*Number of staff at the Professional and above level*	*Percentage*
Europe	3 959	39.81
Americas	2 198	22.10
Asia	1 905	19.16
Africa	1 621	16.30
Oceania	262	2.63
Total	**9 945**	**100**

Source: Based on data extracted from Umoja.

338. **The Board recommends that the Administration continue to monitor the performance of heads of entities for achieving key performance indicators on geographical representation, issue guidance to entities and develop more proactive measures to improve geographical representation.**

339. The Administration accepted the recommendation.

10. Supply chain management

(a) Management of United Nations System-wide COVID-19 Vaccination Programme

340. The United Nations System-wide COVID-19 Vaccination Programme was initiated in 2021 as an exigency and is intended to provide vaccines to all United Nations system personnel and their eligible dependents, military and police personnel and their accompanying dependents, and international personnel of implementing partners, including international non-governmental organizations, as well as others who could not be adequately covered from their relevant national vaccine programmes during the pandemic.

341. The Vaccination Programme was led by a working group, chaired by a full-time global vaccine deployment coordinator, including a full-time core team led by the Department of Operational Support and local vaccine deployment teams. The information technology system of Everbridge was modified to facilitate registration, eligibility review, vaccination scheduling and administration, among others, and a dashboard was created to provide a dynamic view of vaccination distribution, shipment and administration, among others, based mainly on the data extracted from Everbridge and Umoja.

342. The Board was informed that initial estimates of overall demand suggested the need for 1 million doses for a population of approximately 600,000 eligible individuals, which included 32 participating United Nations entities. In phase one of the Vaccination Programme, 300,000 doses of vaccines were acquired and distributed to 67 participating countries, which began in April 2021 and ended in August 2021. Following the conclusion of phase one, 577,140 doses were acquired and approximately 143,560 doses were distributed as of the end of April 2022.

(i) Deficiencies in needs estimate of vaccinations resulted in redistribution and waste

343. The Board reviewed the vaccinations needs estimate and noted that, at the beginning of phase one of the Vaccination Programme, initial allocations of vaccines were determined through a model developed by the core team with United Nations medical directors that was based on the rough estimates of the total eligible population and high-risk individuals in each country team. This model is therefore not a needs-based model and did not take into account other factors that may influence the need for the vaccine, including vaccination hesitancy.

344. The Administration stated that most of the 32 participating entities could not accurately predict the full scope of their eligible populations in any given country, which was compounded when attempting to aggregate the incomplete data across all 32 entities. Also unknown at the time was the number of international non-governmental organization personnel who would be sponsored within each country team by any of the participating entities. Accordingly, the Vaccination Programme used rough estimates of population figures to model the needs per country in scope.

345. The Board noted the deficiencies in needs estimate, which resulted in some redistribution among the United Nations country teams and waste:

(a) In phase one, of the 300,000 distributed doses, 38,510 (13 per cent) from 9 of 67 country teams with a surplus had been redistributed, indicating an overestimate of the doses needed. For the nine countries with an excess number of vaccines, the surplus ranged from 4 to 60 per cent. In addition, for those country teams that had not originally received more than 10,000 doses, the surplus ranged from 15 to 35 per cent;

(b) A total of 33,510 of 38,510 (87 per cent) redistributed doses arrived at the central warehouse and United Nations country teams less than six weeks prior to the expiration date, leaving limited time to arrange for their administration, which ran the risk of expiration or waste. For example, one country received 9,700 doses in total of three batches from other country teams with a surplus, of which 8,000 (82 per cent) had arrived 19 days prior to expiry. As a result, they had to be donated or exchanged by the country team;

(c) Of the 300,000 distributed doses, 13,318 (4 per cent) had been reported as lost or wasted across 31 countries, owing to expiration, broken cold chains and other factors as shown in the phase one report.

346. The Administration explained that the most significant factor affecting demand was ultimately the lower uptake rate among the eligible population and that there was no precedent to estimate the levels of hesitancy for the new vaccines early in 2021, so that factor was inevitably the weakest link in the model. The redistribution occurred until the last few weeks preceding the expiration of the vaccine batches, and vaccines had to be reallocated, as necessary, to maximize usage.

347. The Board noted that the Vaccination Programme was shifting from a "push" to a "pull" mechanism, which meant inviting United Nations country teams to "order" the number of vaccines that they need for their eligible population, instead of relying

on a centrally established model to estimate demand. The quantity and type were then discussed with the core team to validate any assumptions.

348. The Board holds that, after receiving redistributed doses close to expiration, some country teams did not have sufficient time to organize their administration, which led to the doses sometimes being donated or exchanged and resulted in waste or failure to cover the eligible United Nations personnel because of an unreasonable needs estimate.

349. **The Board recommends that the Administration follow a needs-based modality with the local teams for the allocation and shipment of vaccines through the rest of the United Nations System-wide COVID-19 Vaccination Programme, to minimize the need for redistribution and avoid waste.**

350. The Administration accepted the recommendation.

(ii) Weakness in vaccine tracking and data collection

351. The Board noted that it was recommended in the Vaccination Programme that each United Nations country team set up a system-wide local vaccine deployment team to manage logistics, medical, registration, communications and other areas to facilitate the deployment and administration of vaccines and monitor and record each vaccine administered, stored or wasted at the local level.

352. The Board also noted that the information technology system of Everbridge had been modified to follow and meet the key requirements of the Vaccination Programme, complemented by a dashboard established to show real-time data extracted from Everbridge and Umoja. Initial registration in the Everbridge system was executed through data loads from the participating entities and self-registration where data were unavailable for pre-loading. Self-registered individuals then had to be validated by their United Nation entity for eligibility in the Vaccination Programme prior to scheduling.

353. The Board reviewed the data recorded in Everbridge relating to distribution, administration, storage and other areas, as well as the phase one report issued on 1 December 2021, and noted the discrepancies described below.

354. The Board noted that, during phase one, 14,185 doses (5 per cent) had been administered offline across 25 countries, which should have been recorded in Everbridge. A total of 23,273 doses (8 per cent) had been donated or exchanged for doses with longer expiration dates across 21 countries. However, the exchanged doses were neither reflected in Everbridge nor recorded as inventory. In addition, 2,015 doses (0.7 per cent) doses remained unaccounted from 19 countries.

355. The Board also noted discrepancies between the data in the dashboard and those in the phase one report. For example, the phase one report showed that one country had administered 26,345 doses, while in Everbridge the data showed 27,930 doses. The Board noted some data errors in the phase one report relating to 27 of 67 (40 per cent) participating countries and regions, and the data difference added up to 3,814 doses. For example, for one country, the data of administered doses showed 10,151, which was even higher than the data of received doses, which totalled 8,700.

356. In addition, the Board noted that some key information, including the vaccine brand and batch number, had not been recorded in Everbridge, indicating the incompleteness of data. For example, as of the end of April 2022, the brand name for 35,490 doses that had been administered was not recorded, which may result in the administration rate not reflecting reality.

357. The Board holds that the accuracy, completeness and timeliness of the data will contribute to more stringent tracking and reporting on the status of the vaccines, which will facilitate improved planning and decision-making.

358. **The Board recommends that the Administration make the registration and recording of vaccines in Everbridge easier for country teams to overcome the challenges in accounting for all vaccines allocated to them, track the utilization of all deployed vaccines as accurately as possible, and produce a comprehensive report at the conclusion of the United Nations System-wide COVID-19 Vaccination Programme.**

359. The Administration accepted the recommendations.

(b) Training of requisitioners

360. As stated in chapter 2.4 of the Procurement Manual, all requisitioners must complete the mandatory Umoja training courses designed for this role and are strongly encouraged to complete all the courses in the Procurement Training Campus before assuming responsibilities in the acquisition process.

361. The Board enquired whether all requisitioners in the Secretariat had completed those Umoja training courses. There were four courses not included in Umoja training courses, but which were nevertheless required for any staff performing procurement functions.

362. The Administration provided a list of all requisitioners. The list had 4,369 names, of which 3,333 held the source-to-acquire SA.01 role and an additional 1,036 held the SA.02 role. There was no indication as to whether those requisitioners had all completed the mandatory Umoja training, in accordance with the Procurement Manual. The Administration stated that the date of completion of the mandatory courses was not available in a single repository database under the SA.01 role because the requisitioners had to complete several online courses in Inspira before they were eligible to request a SA role. In line with this, the established process supported built-in checks and balances before requisitioners could be granted a SA role. Security liaison officers and the functional approvers were responsible for ensuring that Umoja role issuances were aligned with required certification processes. Given that staff could complete the certificated training at any time, the request for Umoja roles was treated on a case-by-case basis by security liaison officers through Umoja, with each proof of certification submitted to the security liaison officers (and functional approver if approval was needed) before the Umoja role was granted.

363. The Administration stated that it remained focused on continuous business process improvements to support the current processes with better tools such as the enterprise role to course mapping dashboard. The Administration would also establish a functional subgroup that would be responsible for monitoring Umoja user access, segregation of duty compliance, delegation of authority roles and documentation updates. The group, which was expected to draw membership across the Secretariat, would add rigor to the role-provisioning process.

364. The Board holds that it is essential that each requisitioner complete the mandatory Umoja role certification courses in order to perform the relevant functions in the system. The Administration did not provide documentation that each requisitioner had completed the mandatory Umoja training in accordance with the Procurement Manual before being assigned the role. The Board is therefore unable to assess whether all requisitioners completed their training.

365. **The Board recommends that the Administration ensure and document that each requisitioner has completed all mandatory Umoja training in accordance with the Procurement Manual before being listed as a requisitioner in Umoja.**

366. The Administration accepted the recommendation.

(c) Contract management

367. As stated in section 2.1 of Secretary-General's bulletin ST/SGB/2021/1, the Office of Legal Affairs is the central legal service of the United Nations, including its principal and subsidiary organs. In some specialized areas of the law, the Office engages outside counsel to assist it in fulfilling its responsibilities in "providing legal advice to the Secretary-General, Secretariat departments and offices, funds and programmes and other United Nations organs".

368. The Board noted that one purchase order had been approved in the amount of $387,768 by the Procurement Division (for services to the Office of Legal Affairs) on 19 March 2021 and that $259,499 had been paid out by the Division. Another $100,000 purchase order had been approved in relation to an ECA requirement on 22 December 2021. It is indicated in Umoja that the latter was approved in relation to an ECA requirement on the debt, financing and construction contracts related to a hydropower project in a country and that no payment had been made from that purchase order.

369. The Procurement Unit of ECA had been requested by the Technology, Climate Change and Natural Resources Management Division to procure a service provider for capacity strengthening support to a country. In the process and given the urgency of the needed services that the Division requested, the Unit discovered that there was an existing contract with the vendor recorded in Umoja and mistakenly believed that this was an open long-term agreement with the same vendor for a similar scope of work and that it could be utilized to provide the service.

370. Until it was presented with the Board's findings, the Office of Legal Affairs was unaware that the subject contract had been attempted to be used without authorization by officials at ECA. The Office stated that it was the central legal service and engaged outside counsel when strictly needed in order to assist it in carrying out that responsibility; no Secretariat entity, including ECA, was authorized to engage outside counsel. All such outside counsel must be managed by the Office under appropriate contracts that specify the nature of the legal services to be provided, the quality of counsel to be assigned to provide such services, the costs for the services and the level of performance to be expected.

371. The Office of Legal Affairs stated that it had never authorized the subject contract to be used for legal services to support the debt financing and construction contracts related to a hydropower project in a country. After the Board's findings had drawn the Office's attention to the situation, the Office liaised and was continuing to work with both the Department of Operational Support and the Department of Management Strategy, Policy and Compliance to put in place control measures to prevent the Office's contracts for the use of outside counsel to be engaged by any other entity of the Secretariat or other United Nations organ without the Office's express consent and oversight. It would be working with both Departments to ensure that such control measures were adequate and reliable.

372. **The Board recommends that the Administration establish an internal control mechanism to prevent Office of Legal Affairs contracts for outside counsel to be engaged by any other entity of the Secretariat or other United Nations organ without the Office's express consent and oversight.**

373. The Administration accepted the recommendation.

11. Management reform

374. In his report titled "Shifting the management paradigm in the United Nations: ensuring a better future for all" (A/72/492), the Secretary-General came up with a

vision for management reform in the Secretariat, namely, to decentralize decision-making, align responsibility with authority and simplify policies and processes in order to improve the ability of the United Nations to implement its mandates. The new management paradigm would empower managers to determine how best to use their resources to support programme delivery and mandate implementation, which would also transfer greater responsibility to managers and hold them accountable for the programme and financial performance of their programmes. The vision has become a reality as from 1 January 2019, when a new and strengthened system for the delegation of authority entered into effect, supported by two new departments: the Department of Management Strategy, Policy and Compliance and the Department of Operational Support.

375. In its report (A/76/554), the Advisory Committee on Administrative and Budgetary Questions raised concern about the timely roll-out of the expanded set of key performance indicators and the lack of an accountability mechanism for some heads of entities, and emphasized the need for a comprehensive analysis of the management reform. The Board followed up on those concerns and identified the areas presented below for further improvement.

(a) Delegation of authority

376. Under the new delegation of authority arrangement, all authorities were delegated in the delegation of authority portal, and the following measures had been undertaken to monitor the implementation of the delegated authority: (a) an accountability framework containing an initial 16 key performance indicators; (b) a handbook and policy guidance for delegations and subdelegations; (c) heads of entities received periodic reports from the Department of Management Strategy, Policy and Compliance on the exercise of delegated authority; and (d) the senior managers' compacts included a commitment by senior managers to operating an effective system of delegation of authority.

377. The Board reviewed the accountability framework and noted the areas discussed below in need of further improvement.

(i) Accountability framework for delegation of authority needs to be improved

378. The Board indicated in its previous report that some key risks were not being covered in the existing key performance indicators and recommended the launching of an expanded set of key performance indicators in a timely manner. The Board followed up on the issue and noted that the launch of the expanded delegation of authority key performance indicators remained in progress. In 2021, the Business Transformation and Accountability Division of the Department of Management Strategy, Policy and Compliance enhanced 12 of the existing 16 key performance indicators and established 2 new key performance indicators, relating to procurement and property management, in the fourth quarter of 2021, resulting in 18 key performance indicators. In this regard, the Board is of the view that key and recurring deficiencies identified by the oversight bodies, such as long idle assets, invalid commitments, overuse of low-value acquisitions and the use of consultants and temporary appointments, need to be considered in the expanded key performance indicators of delegation of authority with the aim of having them addressed in an expeditious manner.

379. **The Board recommends that the Administration ensure that the Department of Management Strategy, Policy and Compliance considers including the recurring deficiencies identified by the oversight bodies, such as long-idle assets, invalid commitments, overuse of low-value acquisitions and the**

overuse of consultants and temporary appointments, when finalizing the expanded set of key performance indicators, where applicable.

380. The administration accepted the recommendation but stressed that some issues would be better addressed not by introducing key performance indicators for monitoring but through other approaches, for example, clarifying operational guidance or updating policy.

(ii) Need for concrete action to improve performance against the key performance indicators for monitoring the exercise of delegations of authority

381. The Board reviewed the performance of relevant entities against the established key performance indicators and noted the following deficiencies:

(a) Performance against eight indicators, namely, equitable geographical representation, gender parity, recruitment process, mandatory training for all, timely reporting of human resources exceptions, timely payments to service providers, compliance with the 16-day advance purchase rule and prevention of loss of property, did not meet the expected targets. For example, appointments of staff from unrepresented and underrepresented countries against geographical posts was 20 per cent against a target of 50 per cent, the percentage of mandatory training for all staff was 62 per cent against a target of 100 per cent and the percentage of physical verification of property was 71 per cent against a target of 100 per cent. Performance against four indicators, namely, equitable geographical representation, recruitment process, timely payments to service providers and compliance with the 16-day advance purchase rule had not improved or had become worse, compared with the results in 2020. For example, average days in the recruitment process increased from 163 days in 2020 to 187 days in 2021;

(b) Unsatisfactory results of some individual entities relating to three indicators: cost-recovery sustainability, stand-alone purchases and write-off and disposal of property. For example, the Department of Safety and Security disposed of 90 assets, with an average disposal time of 174 days.

382. The Board noted the lack of a robust mechanism to request the entities to take remedial action to improve their performance in a timely manner and that the Department of Management Strategy, Policy and Compliance encouraged or recommended the entities to investigate the processes only to identify issues that affected performance negatively.

383. The Board is of the view that more robust and proactive action need to be taken to improve the performance against the established key performance indicators so that the key performance indicator system can carry out its envisaged role, towards ensuring the continuous improvement in performance.

384. **The Board recommends that the Administration make further efforts to strengthen the accountability framework for delegation of authority by enhancing the analytical approach to identifying systemic issues hampering the ability of entities to improve their performance against targets and by making concrete recommendations to the relevant entities on ways to improve the Secretariat's performance against the key performance indicators.**

385. The Administration accepted the recommendation.

(iii) Deficiencies in human resources exceptions reporting

386. As from 1 January 2019, the Secretary-General delegates to the heads of entities the authority to grant exceptions to administrative instructions in the area of human resources, provided that the granting of such an exception: (a) is not inconsistent with

the Staff Rules and Staff Regulations of the United Nations or any other decisions of the General Assembly; (b) is agreed to by the staff member directly affected; and (c) is not prejudicial to the interests of any other staff member or group of staff members. All such exceptions approved are required to be documented in full, including the reasons therefor, and reported to the Under-Secretary-General for Management Strategy, Policy and Compliance within four calendar days of the decision.

387. The Board, in its previous audit, had identified such deficiencies as no target set for the timely reporting of human resources exceptions and significant discrepancies between the exceptions reported by the entities and those identified by the Department of Management Strategy, Policy and Compliance.

388. The Board noted the action taken by the Administration, notably the introduction of measurable benchmarks in the key performance indicator on the reporting of human resources exceptions. Compared with 2020, the reporting compliance rate had increased and the number of entities reporting on time in 2021 also increased. However, the Board continued to note that the compliance rate in 2021 for human resources exceptions reporting (i.e., the exceptions reported by the entities divided by the exceptions identified by the Department of Management Strategy, Policy and Compliance) was not satisfactory: 54 per cent initially and 69 per cent after the Department's outreach. In particular, only 2 of the 76 cases regarding temporary appointments without temporary job opening were reported, representing a compliance rate of 3 per cent in 2021.

389. The Administration clarified that, in a number of those situations, the manual linkage that Umoja users must do by adding the temporary job opening number from Inspira in the remarks of the personnel action in Umoja was not done, and the Administration identified the source of the issue only later in the process, following a dialogue with the entity.

390. The Board is concerned that unsatisfactory compliance rates for human resources exceptions reporting could run the risk of authority note being discharged correctly.

391. The Board noted that 143 human resources exceptions had been granted by entities outside their delegated authority. The Board was informed that, when entities made exceptions outside the scope of their delegated authority or their request for exception was sent ex post facto, the Administration would review and take note of the action made by the entities, explain the issue to the entity and remind the entities of the applicable regulatory framework. However, no corrective action had been taken, nor was accountability for incorrectly exercising delegated authority applied, as of the time of the audit.

392. **The Board recommends that the Administration take appropriate action to hold the entities accountable in the exercise of their delegated authority to grant exceptions to human resources administration instructions and to avoid having entities implement exceptions outside their delegated authority in the future.**

393. The Administration accepted the recommendation.

(iv) No delegation of authorities issued for resident coordinators ad interim who are non-Secretariat staff

394. The Board reviewed the delegation of authority viewer, which visualized the organizational structure, role and functional network of the delegation of authority on the basis of graph analysis methodology, and noted that, as at 11 April 2022, 19 resident coordinators ad interim had not been granted the delegation of authority in the capacity of Officer-in-Charge in the delegation of authority online portal.

395. The Administration explained that a new feature of issuing a delegation for Officer-in-Charge at the head of entity level in the portal had been introduced in September 2021. However, the 19 resident coordinators ad interim who were not Secretariat staff cannot receive the delegation of authority in the portal as it stands.

396. **The Board recommends that the Administration review the delegation of authority arrangements for Officer-in-Charge to ensure that proper methods are established so that the authority is delegated properly in resident coordinator offices and make efforts to apply continuous accountability for resident coordinator offices in such situations.**

397. The Administration accepted the recommendation.

(b) Results-based management and accountability

398. In 2017 and 2018, General Assembly adopted landmark resolutions (72/199, 72/236, 72/266 B and 72/279) in which it outlined a road map for United Nations reform and a new management paradigm, which were put forward to enable the Secretariat to more effectively and accountably deliver on its mandates. The Secretary-General aimed to strengthen results-based management, compliance and evaluation capacities at Headquarters to ensure more transparency on operations, oversee accountability throughout the Secretariat and support Secretariat entities in ensuring improved performance and accountability. The Board reviewed the design and implementation of the senior managers' compacts and noted some areas for further improvement, discussed below.

(i) Insufficient assessment and reporting on programme performance

399. In line with a 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 (A/76/644, annex II), the results of programme implementation are to be used as one of the components of the assessment of the performance of senior managers, with an expected implementation during the period from 2019 to 2021. Senior managers and staff would reflect results from programme performance in online dashboards, which would be updated throughout the budget cycle.

400. The Board reviewed the strategic management application model of the Umoja strategic planning, budgeting and performance management solution, which was used mainly to monitor the implementation of the proposed programme and approved strategy, and noted that the information shown on the dashboard was incomplete and that most entities' achieved results or deliverables had not been updated in a timely manner, as requested.

401. The Board is of the view that the achievement of programme results reported in the strategic planning, budgeting and performance management tool should be strengthened in terms of assessing the performance of senior managers, with a view to ensuring that the compacts are used as an important tool to hold senior managers accountable for the mandate of the entity. According to the administration instruction on evaluation in the United Nations Secretariat (ST/AI/2021/3), the Inspection and Evaluation Division of OIOS will conduct its programme and subprogramme evaluations at least once every eight years. The results of evaluations had not been used as an important reference in the performance assessment.

402. The Board is of the view that the consideration of programme implementation in assessing senior managers' performance would contribute to promoting results-based management and fostering a results-oriented culture throughout the Secretariat. Incomplete performance information and backlogs in updating performance in the reporting tool may negatively affect the achievement of this envisaged function.

403. **The Board recommends that the Administration pilot practices for assessing and reporting on programme performance using the results available in the strategic planning, budgeting and performance management solution, as well as any relevant evaluation results of the Office of Internal Oversight Services, using the solution as one of the components for the assessment of the performance of senior managers.**

404. **The Board also recommends that the Administration ensure that entities update performance information in the strategic planning, budgeting and performance management solution in a timely manner to enable programme managers to monitor programme performance and support decision-making.**

405. The Administration accepted the recommendations.

(ii) Material and recurring compliance issues need to be considered in order to assess senior managers' performance

406. The Board noted that, in the senior managers' compacts, compliance had been incorporated as an important commitment. The senior managers committed themselves to exercising the authority delegated to them in compliance with all relevant regulations, rules and policies and guidelines, including the appropriate monitoring of staff working under their supervision to whom such authority may be further delegated.

407. The Board also noted that there was no relevant content in the minutes of the Management Performance Board meeting held in 2021 to demonstrate that senior managers' performance compliance had been adequately assessed.

408. The Board is of the view that compliance is a basic requirement for senior managers to manage their entities. The sufficient assessment and addressing of material and recurring compliance issues, such as idle assets, deficiencies in the creation of fund commitments, budget redeployment and overexpenditure regarding consultants and experts, is critical to ensuring that these functions are carried out properly.

409. **The Board recommends that Administration pilot practices for the consideration of material and recurring compliance issues identified by oversight bodies when assessing senior managers' performance.**

410. The Administration accepted the recommendation.

(c) Benefits management

Management of benefits tracker needs to be updated periodically

411. A benefits management system has been developed to ensure that the benefits of United Nations reforms are properly tracked, realized and reported. The system is intended to address a gap identified by legislative bodies in order to establish, at the outset, a plan for achieving benefits. It consists of a benefits management framework and an online benefits tracker, reflecting a new level of transparency in the Organization. The function of the benefits tracker is to capture and illustrate clearly all improvement initiatives and their benefits.

412. The Board reviewed the benefits tracker and its implementation and noted that performance against some indicators had not been updated in a timely manner. In that regard, performance against 9 indicators had not been updated since 2020, 21 had not been updated since 2021 and 2 had not been updated since 2019. Furthermore, there was no timeline set for the completion of the targets.

413. The Board is concerned that failure to update performance against the established indicators in a timely manner would weaken the benefits tracker as an important tool of benefits management and that backlogs in this regard will result in stakeholders not being provided with timely and dynamic reporting on progress and in corrective action not being taken to address the delays in achieving the envisaged benefits.

414. The Administration informed the Board that the approach to benefits management was under review and that it was considering a way forward regarding the future of the tracker.

415. **The Board recommends that the Administration ensure that, in considering any revised approach to manage the benefits of reform, regular updates be considered.**

416. The Administration accepted the recommendation.

12. Development reform

417. The development system of the United Nations has, since 2016, been centred on the goal of realizing the 2030 Agenda for Sustainable Development, and a series of reforms have been put in place in this regard. At the core of the development reform is a reinvigorated resident coordinator system and a new, strengthened generation of United Nations country teams. Some key efficiency gains initiatives were put forward, including common back offices, common premises and the UN-Info platform, with a total expected savings of $310 million. The Board had been following up on the implementation on the reform initiatives and identified in previous audits some deficiencies in relation to, among others, the funding of the special purpose trust fund, vacancies in the resident coordinator system, and backlogs in the implementation of United Nations Sustainable Development Cooperation Frameworks, common back offices and common premises.

418. The Advisory Committee on Administrative and Budgetary Questions emphasized the importance of monitoring challenges in and benefits of the development reform, raised concern about slow progress made in the implementation of the business operations and considered that the Secretariat should adopt a more concerted, systematic and time-bound approach to expedite the completion of common back offices and common premises. It also stressed the importance of establishing a mechanism to monitor and quantify the benefits realized over time and trusted that an update on the progress made, alongside detailed information on the related costs and efficiency gains, as well as their impact on budgetary requirements, would be provided in the next budget submissions (see A/76/554).

419. The Board followed up on those concerns and noted the efforts made, including measures taken to fill resident coordinator positions expeditiously and the implementation of the United Nations Sustainable Development Cooperation Frameworks. Notwithstanding those efforts and the progress made, the Board also identified the areas noted below that were in need of further improvement, especially those relating to the overreliance on the resident coordinators ad interim and backlogs in the implementation of key efficiency initiatives, including common back offices and common premises.

(a) Deficiencies in the appointment of resident coordinators ad interim to fill positions

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

421. The Board noted that, as at 31 December 2021, there were 130 resident coordinator positions, among which 109 (84 per cent) were encumbered and 21 (16 per cent) were vacant.

422. The Board was informed that, in order to avoid a leadership gap, if the vacancy was fewer than six months, one of the heads of the United Nations country team would usually be appointed as the resident coordinator ad interim; otherwise, a resident coordinator ad interim from outside the United Nations country team would be appointed.

423. The Board noted that, as at 31 December 2021, for the 21 vacant positions, 20 (95 per cent) resident coordinators ad interim had been temporarily appointed to perform the roles and function of resident coordinators. Of those 20 resident coordinators ad interim, 10 had been appointed for fewer than six months from heads of United Nations country teams, while only 1 had come from the resident coordinator pool, and none had experience of serving as resident coordinator or resident coordinator ad interim since 2019.

424. The Board is of the view that a heavy reliance on resident coordinators ad interim may have a negative impact on mandate delivery, especially when a head of a United Nations country team is appointed. In particular:

(a) Frequent turnover may adversely affect business continuity and institutional memory;

(b) Heads of United Nations country teams may neither be resident coordinator pool members nor have resident coordinator experience, resulting in capacity gaps and insufficient qualifications for the position;

(c) Heads of United Nations country teams may not devote all their energy and time to duly performing resident coordinator functions, given that there are also mandates that they have to deliver that are derived from their original entities, and this may also affect their impartiality and independence;

(d) The dual accountability arrangement is not robust enough because heads of United Nations country teams are appraised by their original entities, resulting in them being not being held accountable in a sufficient manner for delivering the expected objectives as resident coordinators.

425. The Board noted that the selection of a resident coordinator was a pool-based approach and that the following deficiencies relating to resident coordinator pool management had contributed to the above-mentioned resident coordinator leadership gaps:

(a) Inability to contribute sufficient candidates for resident coordinator vacancies;

(b) Mismatch between the qualification of pool members and the requirements of vacant resident coordinator positions;

(c) Inactive pool members were retained for a long term in the resident coordinator pool.

426. **The Board recommends that the Administration develop a resident coordinator handbook to provide more guidance to resident coordinators ad interim in delivering the expected results.**

427. **The Board also recommends that the Administration intensify efforts to expand the resident coordinator pool to include more viable candidates and ensure that all the candidates in the pool are active by carrying out regular pool management, with the aim of filling vacancies in an expeditious manner.**

428. The Administration accepted the recommendations.

(b) Permanent performance appraisal system not in place for resident coordinators and mechanism for measuring the performance of United Nations country teams

429. The Secretary-General, in his report on a review of the functioning of the resident coordinator system, reiterated the importance of strengthened oversight and accountability in terms of ensuring the proper functioning of the resident coordinator system, and of the revised management and accountability framework of the United Nations development and resident coordinator systems as a fundamental instrument intended to provide an accountability framework to hold United Nations development system members accountable and to monitor their commitments and contribution towards the achievement of the Sustainable Development Goals (A/75/905, paras. 138–157).

430. The Board continued its review of the permanent system for the appraisal of resident coordinators and United Nations country teams and noted that the permanent system had not been put in place. It was informed that it was to come into effect in 2023, which meant backlogs in its promulgation. Instead of the permanent system, a transitional appraisal system has been in use since 2019 with updates based on the lessons learned and is to be aligned with the revised management and accountability framework, as well as the most recent progress in development system reform.

431. The Board also noted that the performance review of United Nations country teams would no longer be conducted in accordance with the revised management and accountability framework.

432. Considering the dual accountability role of United Nations country teams, namely, being accountable to their original entities and to their resident coordinators, for their contribution to agreed results in line with the United Nations Sustainable Development Cooperation Framework [2] and other inter-agency development agreements, the Board holds that the performance of United Nations country teams in fulfilling mandates needs to be assessed against the targets defined in the Cooperation Framework, and the inability to do so may lead to unsatisfactory performance and shortfalls in mandate delivery that may not be identified in a timely manner in order for remedial action to be taken.

433. **The Board recommends that the Administration expedite the promulgation of the permanent performance appraisal system for resident coordinators and ensure that a new mechanism is in place to properly measure the performance of United Nations country teams for delivering the expected results as defined in the United Nations Sustainable Development Cooperation Framework.**

434. The Administration accepted the recommendation.

(c) Backlogs in implementation of the United Nations Sustainable Development Cooperation Framework

435. The United Nations Sustainable Development Cooperation Framework is the most important instrument for the planning and implementation of United Nations development activities at the country level. It is nationally owned, anchored in national development priorities, the 2030 Agenda and the principles of the Charter of the United Nations, and 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. A target duration is

[2] The United Nations Sustainable Development Cooperation Framework serves as a core accountability tool between the United Nations country team and the host Government, as well as among United Nations country teams, for collectively owned development results. It is supported by mandatory independent, high-quality evaluations and responses by management.

set for each key step of the cycle to accelerate the achievement of goals in the Cooperation Framework. Key stages, activities and enablers include a joint workplan, which is the instrument to operationalize the Cooperation Framework, a joint steering committee monitors progress, challenges and opportunities, and steers the direction of implementation of the Cooperation Framework, among others.

436. The Board continued to review the implementation of the United Nations Sustainable Development Cooperation Framework and reviewed the development of each key step in their cycles as at 31 December 2021 in 42 countries, including 31 whose Cooperation Framework cycle was to be implemented in 2021 and 11 whose Cooperation Framework cycle had been implemented in 2020, and noted the following backlogs:

(a) Common country analysis updates had not been completed in 6 (14 per cent) countries;

(b) The Cooperation Framework and its implementation for 4 (10 per cent) countries had not been entered into the UN-Info platform in full;

(c) Transition of the joint workplans into the Cooperation Framework module in the UN-Info platform for 21 (50 per cent) countries had not been completed;

(d) The Joint Steering Committees had not been duly established in 10 (24 per cent) countries.

437. The Board also noted that, as at 31 December 2021, for the above-mentioned 42 countries, the United Nations Sustainable Development Cooperation Framework for 6 (14 per cent) countries due for completion in 2021 had not been signed off by the host Government. Of 130 countries where the Cooperation Framework was to be implemented by 2025, the Cooperation Framework for 61 (47 per cent) had not been signed off and the joint workplans for 28 (22 per cent) remained under development.

438. The Board is of the view that completing each key step of a United Nations Sustainable Development Cooperation Framework in a timely manner is of vital importance for building consensus among all parties involved regarding the achievement of the shared targets, determining a viable way to achieve the targets and working in a concerted manner towards the realization of the Sustainable Development Goals. It is thus necessary to duly track the process of the key steps and take corrective action in case of backlogs.

439. **The Board recommends that the Administration continue to strengthen its monitoring of the implementation of the key steps in the United Nations Sustainable Development Cooperation Framework in order to address backlogs in an expeditious manner, and work with the remaining countries to roll out the UN-Info platform and facilitate the necessary transition and reporting on the platform.**

440. The Administration accepted the recommendation.

(d) Backlogs in the implementation of and deficiencies in reporting of the efficiency agenda of the United Nations development system

441. On the basis of estimates of potential efficiency gains from various sources, the Secretary-General set the target for the efficiency agenda at a dollar value equivalent to $310 million in savings, which is to be developed and implemented by a wide range of actors within the United Nations system. Specifically, the Secretary-General, in his report on repositioning the United Nations development system to deliver on the 2030 Agenda (A/72/684-E/2018/7), sets six initial but non-exhaustive targets to achieve the target savings: (a) establish common back offices for all United Nations country teams by 2022; (b) ensure compliance with an improved business operations strategy by 2021; (c) increase the proportion of United Nations common premises to 50 per

cent by 2021; (d) explore various options, including the possible consolidation of location-independent business operations into six or seven networks of shared service centres; (e) implement a new generation of gender-balanced and disability-inclusive United Nations country teams; and (f) integrate United Nations information centres into the offices of the resident coordinator.

442. The Board continued to review the implementation of the efficiency agenda and noted some delays, as follows:

(a) Delays in the implementation of common back offices. The Board noted that, as at 31 December 2021, only 2 countries (1.5 per cent) had been approved by the United Nations system for implementation, while the roll-out plan in 18 (13.7 per cent) others was under design. Given this, the target of the establishment of common back offices for all 130 United Nations country teams by 2022 would be hard to achieve. The Board was informed that the root cause thereof was a heavy approval process for the common back offices at the country level and the lack of capacity to facilitate their design;

(b) Delays in the implementation of common premises. The Board was informed that there were 20 countries working on common premises, including with regard to the completion of new common premises arrangements and engaging in ongoing projects to establish new common premises, and noted that, as at 31 December 2021, the percentage of established common premises was 26 per cent, indicating that the target of increasing the percentage of common premises to 50 per cent by 2021 was overdue for achievement owing to the slow progress made in their development, including their design, construction and refurbishment. The Board identified the root causes of the situation. First, there were delays in the data collection and quality assurance process of the common premises platform. The common premises platform development for the stock-taking exercise was completed in May 2021 and rolled out in June 2021. Of the 129 countries that had begun to collect and upload data, 10 (8 per cent) had not completed the data collection exercise and 115 (89 per cent) had not completed quality assurance as at 15 April 2022. Second, there was a lack of a resources and prioritization plan for the roll-out of common premises.

443. The Board was informed that, for the implementation of common back offices, efforts were being made to revise the efficiency road map involving common back offices to focus on 50 prioritized countries and to simplify the approval process.

444. The Board was also informed that, for the implementation of common premises, there was also a need for a revised road map and that the Administration was working on a revised target and approach towards implementing common premises, shifting from a 50 per cent target within the United Nations system by 2021 to implementing common premises in 66 priority countries in the first phase. The next step was to evaluate the prioritized group of countries implementing common premises and to develop a resource mobilization plan, including funding and cost-sharing arrangements within the United Nations country teams.

445. In addition, the Board reviewed the reporting of the efficiency gains and was informed that they were estimated to be $90 million for 2019, $127 million for 2020 and $194 million for 2021, including both quantified time-saving and cost-avoidance estimates in the areas of the business operations strategy, bilateral initiatives and entity-specific initiatives. In that regard, however, the Board noted the following deficiencies:

(a) Efficiency gains relating to the majority of expected gains such as common back offices and common premises were not duly captured and reported. The Board was informed that the majority of expected gains from inter-entity initiatives were still to come. The business operations strategy, common back offices and common premises initiatives remained under implementation, and the scaling of high-impact solutions remained to be realized. Data on efficiency gains relating to the common back offices and common premises were not yet available to be incorporated into the efficiency gains statistics;

(b) Lack of detailed supporting documentation substantiating the estimated efficiencies gains of $194 million in 2021. The efficiency statistics used by the efficiency task team were gathered from different data sources, including the business operations strategy platform and the templates of entity-specific and bilateral initiatives of those entities. The entities reported their initiatives' efficiency gains relating to the reform but had not been required to submit the supporting documentation for due diligence reviews of estimated efficiency gains and for audit trails to validate those gains.

446. The Board is of the view that the revised efficiency road map needs to be enhanced and a detailed implementation plan needs to be implemented in conjunction with the road map to ensure that the expected quantified efficiency gains are delivered in a timely and accountable manner. The Board was informed that the governing bodies supported by the Administration were planning to revise the efficiency road map in which the main areas of efficiencies would be subject to change, with a focus on some prioritized United Nations country teams rather than on all of them.

447. **The Board recommends that the Administration call upon the related governing bodies to ensure that the revised efficiency road map is approved in an expeditious manner and clearly indicates the mainstreaming of efficiencies with duly defined efficiency targets and the methodology to capture, calculate and report on the efficiency gains.**

448. **The Board also recommends that the Administration call upon the related governing bodies to ensure that the accountability system and a tracking mechanism are well in place so that the expected efficiency agenda is achieved in a timely and accountable manner.**

449. **The Board further recommends that the Administration call upon the related governing bodies to ensure that all efficiency gains achieved from the bilateral and inter-entity initiatives, including common back offices and common premises, are fully and duly captured and reported.**

450. The Administration accepted the recommendations.

13. Operations related to peace and security affairs

451. 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 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.

452. 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 concern about the reform of the peace and security pillar in relation to benefits management, organizational culture, regional effectiveness and coherence, alignment with the development pillar and the continuous improvement mechanism. In another report, the Advisory Committee raised concern about the reform of the peace and security pillar in relation to the continuous improvement mechanism and the business reengineering process (see A/76/554). The Board followed up on those concerns and noted that efforts had been undertaken by the Administration to develop a mechanism for continuous improvement, improve reform-related change

management, enhance performance management and develop regional strategies to allow for an integrated response to peacemaking, peacekeeping and peacebuilding at the global, regional and country levels. The Board, however, also identified the deficiencies below in need of improvement.

(a) Progress in peace and security reform

(i) Deficiencies in benefits management of peace and security reform

453. 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. In its report (A/75/596), the Advisory Committee on Administrative and Budgetary Questions also highlighted the importance thereof.

454. The Board reviewed benefits management and progress made in the establishment of the continuous improvement mechanism towards achieving the four major objectives of the peace and security reform and noted that a reform implementation plan developed by the Department of Political and Peacebuilding Affairs and the Department of Peace Operations to monitor reform-related action and commitments from various sources and to serve as a mechanism for continuous improvement was not yet finalized, which could result in challenges in improving delivery on the envisaged benefits of the peace and security reform, as well as in tracking and monitoring the reform objectives in the long term.

455. **The Board recommends that the Administration expedite the finalization of the reform implementation plan and ensure annual reporting against the ongoing milestones established therein to ensure continuous improvement.**

456. The Administration accepted the recommendation.

(ii) Slow progress made in fostering a new organizational culture and process re-engineering

457. The key objective of peace and security reform is to address fragmentation through a "whole-of-pillar" approach and to continue to make the peace and security pillar more coherent, nimble and effective. An important element in advocating the "whole-of-pillar" approach is the development of a unified business reengineering process, ensuring coherence and consistency across the pillar, which helps to foster a change in mindsets and behaviours through adaptation.

458. The Board noted that, in the 2019 staff engagement survey, the staff satisfaction rate in the Department of Political and Peacebuilding Affairs and the Department of Peace Operations did not meet or exceed the Secretariat-wide average, while in 2021 the favourable percentages of all 13 key metrics were all below the Secretariat-wide average. Specially, the favourable percentage in terms of anti-racism, ethics and integrity, career satisfaction and pride/engagement were 19, 17, 17 and 17 per cent, respectively, significantly lower than the Secretariat-wide average. The unfavourable percentage in career satisfaction was 41 per cent.

459. The Board is of the view that the continuous results of the staff engagement survey showing staff dissatisfaction may indicate that efforts are needed to further improve internal processes and foster changes in mindsets so that staff can better adapt to organizational changes.

460. In addition, the Board identified backlogs in the administrative processes in its previous audit and recommended 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. The Board continued to review the progress made in administrative process

improvement in 2021 and noted that, of the 10 pending processes in 2020, 3 remained under development and another 3 had recently been identified for process improvement. The six pending processes were to be completed by the end of 2022, which may have a negative effect on coherence and consistency across the pillar.

461. The Administration explained that the Department of Political and Peacebuilding Affairs and the Department of Peace Operations would continue to enhance collaboration between policy and thematic capacities across the pillar, in line with the call of the Secretary-General to examine ways to ensure greater consistency in their approach and optimize collaboration and utilization of resources in both Departments.

462. The Board is of the view that backlogs in developing administrative processes and in fostering a culture of adaptation and integration may result in process inefficiencies and fragmentation, as well as create challenges in the efficient achievement of the "whole-of-pillar" approach.

463. **The Board recommends that the Administration develop an action plan to continue to promote adaptation and integration in order to facilitate the efficient achievement of the "whole-of-pillar" approach.**

464. The Administration accepted the recommendation.

(b) Mandate implementation

(i) Insufficient use of the sanctions monitoring expert roster and underperformance of recruited experts

465. The Department of Political and Peacebuilding Affairs supports the establishment of expert groups and the identification of suitable candidates to serve on the sanctions monitoring expert roster who assist the sanctions committees of the Security Council in overseeing sanctions regimes. The Board identified weakness in roster management relating to gender and geographical representation in its previous audit.

466. The Board reviewed 59 sanctions monitoring experts recruited in 2021 and noted that 37, or 63 per cent, had not been selected from the roster, even though the roster had candidates meeting the required expertise. In addition, only 3 of the 59 experts had been rated as "excellent" (there are four classes of performance rating: "unsatisfactory", "satisfactory", "good" and "excellent"), and 19, or 32 per cent, were rated as "satisfactory", indicating significant room for improvement.

467. **The Board recommends that the Administration intensify efforts to ensure greater use of the roster in the recruitment of experts and make efforts to improve the performance of the recruited experts.**

468. The Administration accepted the recommendation.

(ii) Inactive engagement of mediation roster members

469. Providing mediation support is a core mandated activity of the Mediation Support Unit of the Department of Political and Peacebuilding Affairs, which is substantially and principally carried out by its staff members. As a complement to in-house capacities, the Standby Team of Senior Mediation Advisers will be employed so that certain types of expertise that are not available within the United Nations system can be drawn on both by the system and partner entities with mediation and facilitation mandates. The mediation experts who served on the Standby Team were recruited from the roster of approved Standby Team Advisers. In addition to being selected in a given year to serve as a full-time Standby Team Adviser, members of this roster can be offered short-term assignments on an as-needed basis.

470. The Board reviewed the roster of approved Standby Team Advisers and noted that, as at 7 March 2022, there were 50 members in total, of whom 9 had not yet been engaged to serve on the Standby Team since being rostered in 2008. In addition, 12 members had been recruited only once or twice and remained inactive on the roster for more than 10 years since then. Furthermore, only two new experts were added to the roster in 2021.

471. **The Board recommends that the Administration engage the rostered experts more proactively in supporting mediation tasks and intensify efforts to further expand the roster.**

472. The Administration accepted the recommendation.

(c) Peacebuilding Fund

(i) Underachievement of the strategic objectives of the Peacebuilding Fund

473. A robust financing arrangement and adequate allocation of projects are key to the sustainability of the Peacebuilding Fund and related programmes to deliver the entrusted mandate of sustaining peace globally. The Board identified deficiencies in the financing of the Fund in its previous audit and recommended that the Administration develop a more comprehensive financing plan and expand the donor base in order to achieve funding targets. The Board continued to review the achievements of the strategic objectives of the Fund and the financing and reserve of the Fund and identified the following:

(a) The Fund had failed to meet 8 of 24 targets in 2021. Specifically, actual annual financial contributions to the Fund were $195 million, less than the target of $220 million, and the actual annual amount approved was $195 million, compared with the target of $210 million;

(b) Need for using Fund balances more proactively. The balance of Fund was $96 million, $100 million and $92 million in 2019, 2020 and 2021, respectively. The ratio of the end-of-year cumulative cash balance to annual voluntary contribution for 2021 was 52 per cent and the ratio of the end-of-year cumulative cash balance to fund transfers for 2021 was 48 per cent.

474. The Board is concerned that underachievement of financial contributions, as well as relatively high fund balances, may have a negative impact on the achievement of the expected objectives of the Peacebuilding Fund strategy.

475. **The Board recommends that the Administration conduct an assessment to determine the most appropriate reserve rate for the Peacebuilding Fund funding balances, taking into consideration maintaining a safe level of funding balances to meet unexpected resource requirements and ensure that funding balances are used more efficiently to achieve the Fund's programme objectives.**

476. The Administration accepted the recommendation.

(ii) Deficiencies in implementing partner management

477. The Peacebuilding Fund plays a critical role in enabling partnerships based on comparative advantages and complementarity, understanding that no actor can make a significant difference alone. To facilitate partnerships essential for catalytic effects and broader coalitions for peace, the Fund integrates regional organizations into the development and implementation of peacebuilding strategies and provides programme support directly or through United Nations partners to facilitate a greater role for these bodies. The Board reviewed the management of implementing partners and identified the following weakness:

(a) Insufficient catalytic effects for projects. The Board noted that, as of the end of November 2021, there were 83 ongoing projects with an approved end date in 2021. Of those 83 projects, 28 (34 per cent) were deemed to have generated no catalytic effects to date, while 13 (16 per cent) had no information on catalytic effects. The Board is of the view that it is of great importance to identify those projects that may generate catalytic effects and follow up closely therewith to ensure that the envisaged catalytic effects can be duly delivered;

(b) Low participation of civil society organizations in project implementation. The Board noted that 102 projects with a total amount of $195.07 million had been approved in 2021, of which 21 (21 per cent) with $22 million in project value (11 per cent) were implemented by the United Nations and civil society organizations jointly and by civil society organizations only. The participation of civil society organizations in project implementation in both contexts was therefore still low.

478. The Board is concerned that insufficient catalytic effects may not fill strategic financing gaps where other resources are not readily available. In addition, insufficient catalytic effects may not catalyse vital peacebuilding processes and/or financial resources to support new initiatives or test innovative or high-risk approaches that other partners cannot support.

479. The Board is also concerned that the direct participation of civil society organizations in project implementation remains relatively low and that relying mainly on United Nations organizations may lead to the Organization being unable to reach areas where United Nations access and presence is restricted, and an overreliance on the United Nations implementation partner will not be conducive to the enhancement of national capacity in this regard.

480. **The Board recommends that the Administration conduct an analysis to better understand how to calculate catalytic effects and anticipate where these should be realized throughout the implementation of projects, and take measures to increase funding entrusted to local civil society and community organizations directly to improve national capacity.**

481. The Administration accepted the recommendation.

(iii) Strategic results frameworks not completely established at the country level

482. The Peacebuilding Fund allocates funds through two funding facilities, namely, the Immediate Response Facility and the Peacebuilding Recovery Facility. According to the terms of reference for the Peacebuilding Fund and the rules of procedures for the Joint Steering Committee, the Committee, at the country level for the Peacebuilding Recovery Facility allocations, is responsible for establishing associated strategic results frameworks, which would provide guidance for project design and allocations at the country level. At the country level for Immediate Response Facility allocations, although there was no requirement for establishing strategic results frameworks, a guidance document is also needed to provide strategic guidance and direct decisions on the allocations at the country level.

483. The Board noted that a strategic results frameworks had been established in 3 of 25 countries due for its establishment and an additional six frameworks would be developed in 2022, while the remainder would be finalized in the coming two to three years, depending on the national context.

484. The Board also reviewed the project portfolio at some countries and noted some weaknesses with respect to project design, monitoring and evaluation capacities. For example, in 2021, neither Chad nor Guinea had received funding from the Gender and Youth Promotion Initiative, even though it was a priority in the strategy. The Administration explained that the Initiative was a competitive call and that the

proposals from countries such as Chad and Guinea were not of a high-enough quality, compared with other countries' proposals. The Board is of the view that strategic guidance for project design at the country level needs to be strengthened to ensure that all eligible countries can benefit from the Initiative.

485. The Board is concerned that a lack of guidance, such as strategic results frameworks or the equivalent at the country level may lead to weaknesses in project design.

486. **The Board recommends that the Administration ensure that strategic results frameworks are duly established, where applicable, at the country level in an expeditious manner in Peacebuilding Recovery Facility recipient countries and intensify efforts to strengthen project design in countries without strategic results frameworks.**

487. The Administration accepted the recommendation.

(iv) Deficiencies in project allocation and management

488. According to the Peacebuilding Fund performance framework (2022 draft), the Board noted that the Fund had failed to meet four objectives concerning project management and allocation in 2021, especially the target relating to project allocation in priority windows, as well as the target relating to project monitoring, evaluation and learning systems. For example, the percentage of projects allocated to cross-border initiatives was 14 per cent, which failed to meet the target of 20 per cent in 2021.

489. The Board also noted that each project would be evaluated as on track or off track in June and November every year, and that 46 of 214 projects in November 2021 had been evaluated as off track and the overall off-track rate was 22 per cent, compared with 15 per cent in November 2020. Specifically, 2 projects had been off track for three consecutive evaluation periods, in November 2020, June 2021 and November 2021, and 34 had been off track for two consecutive evaluation periods, namely, in June 2021 and November 2021.

490. The Administration explained that it had continuously followed up on projects that were not performing as expected and worked with the fund recipients and guided them in getting back on track, which resulted in 48 off-track projects going back on track in the financial year under review. The Administration also explained that, as a risk-taking fund, a record of too many on-track projects might indicate that the Fund was too conservative and not fulfilling its mandate.

491. **The Board recommends that the Administration undertake an assessment to determine what is a reasonable level of "off-track" versus "on-track" projects in order to strengthen project management.**

492. **The Board also recommends that the Administration intensify efforts to ensure that projects are allocated and approved in accordance with the priority windows, specifically the cross-border window.**

493. The Administration accepted the recommendations.

14. Humanitarian affairs

494. 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 and for managing country-based pooled funds and the Central Emergency Response Fund. The Office carries out its functions at Headquarters in New York and Geneva, 5 regional offices and 32 country offices and it includes 20 humanitarian advisory teams.

495. In the report of the Advisory Committee on Administrative and Budgetary Questions (A/76/554), the Committee expressed concern over the widespread issues

relating to implementing partners and the considerable related risks, which had been exacerbated by the COVID-19 pandemic. In response to the concern of the Committee, the Board continued its review of the monitoring over projects and implementing partners, as well as the fundraising and allocation of both the country-based pooled funds and the Central Emergency Response Fund, and noted the issues presented below.

(a) Deficiencies in resource mobilization for humanitarian activities

(i) Significant variance in funding performance among the country-based pooled funds

496. The Board noted that the overall funding targets for country-based pooled funds had not been achieved from 2019 to 2021. Contributions received by country-based pooled funds globally totalled $945.69 million in 2019, $863.46 million in 2020 and $1.13 billion 2021, with a related achievement rate of 55, 47 and 62 per cent, respectively. Through further structural analysis, the Board noted significant variances in the achievement of funding targets among various funds as of early April 2022, ranging from 12 to 319 per cent, of which two had achieved more than 80 per cent consecutively from 2019 to 2021 and three had achieved more than 100 per cent in 2021. However, another three funds achieved only approximately 30 per cent from 2019 to 2021 with the lowest, at 12 per cent, for one fund in 2021. Details are shown table II.21.

Table II.21
Achievement of funding targets of country-based pooled funds, 2019–2021 (as of early in April 2022)
(Percentage)

Fund	*2019*	*2020*	*2021*
Afghanistan	135	86	319
Burkina Faso (regionally hosted pooled fund)	–	–	134
Lebanon	66	111	108
Syria Cross-border Humanitarian Fund	85	98	93
Ethiopia	64	64	84
Ukraine	67	72	81
Niger (regionally hosted pooled fund)	–	–	79
Myanmar	79	61	74
Occupied Palestinian Territory	70	76	66
Central African Republic	70	67	59
Sudan	71	80	51
Democratic Republic of the Congo	64	53	47
Somalia	43	35	47
Venezuela	–	47	42
Yemen	45	18	33
Nigeria	25	38	33
Syrian Arab Republic	45	55	32
South Sudan	38	39	30
Iraq	30	24	27
Jordan	55	101	23
Pakistan	100	99	12

Source: Based on data from the pooled funds data hub of the Office for the Coordination of Humanitarian Affairs.

497. The Board also noted that, for one fund with a low fundraising performance in both 2020 and 2021, the Humanitarian Response Plan of a designated country appealed for $762 million in 2020 and $708 million in 2021, while the rate of achievement was only 22 per cent in 2020 and 38 per cent in 2021. In this case, a large amount of the humanitarian needs of the identified 4.50 million most vulnerable people in that country, including food security, shelter, energy and non-food items, and education, had not been sufficiently addressed.

498. Although the promotion of prioritized fundraising efforts for the underfunded funds has already been integrated into the corporate resource mobilization strategy, the Board is of the view that the Office for the Coordination of Humanitarian Affairs needs to implement it better and pay more attention to those underfunded funds with humanitarian emergencies.

499. **The Board recommends that the Administration update the priority list for country-based pooled funds on an annual basis, in accordance with the most recent funding levels and humanitarian needs in country, and bring the chronically and severely underfunded funds to the attention of donors.**

500. The Administration accepted the recommendation.

(ii) Humanitarian financing key performance indicators for the Office for the Coordination of Humanitarian Affairs strategic plan not achieved

501. The Office for the Coordination of Humanitarian Affairs, in its strategic plan for the period 2018–2021, identified a strategic objective to build an effective, innovative humanitarian financing system that met the needs of crisis-affected people. The Office also set five key performance indicators for strategic monitoring of that objective.

502. The Board noted that, of the five key performance indicators, three had not been achieved from 2019 to 2021. In particular, the percentage of Humanitarian Response Plans sufficiently funded had declined significantly, from 86 per cent in 2019 to 32 per cent in 2021, as detailed in table II.22.

Table II.22
Humanitarian financing key performance indicator targets and achievement
(Percentage)

Total humanitarian appeals requirements met

	2019	*2020*	*2021*
Key performance indicator target	64	67	70
Achieved	61	50	48
Achieved as percentage of target	95	75	69

Humanitarian Response Plans that are sufficiently funded

	2019	*2020*	*2021*
Key performance indicator target	35	45	50
Achieved	30	11	16
Achieved as a percentage of target	86	24	32

Central Emergency Response Fund fundraising target met

	2019	*2020*	*2021*
Key performance indicator target	100	100	100
Achieved	83	62	64
Achieved as percentage of target	83	62	64

Source: Based on the data provided by the Office for the Coordination of Humanitarian Affairs.

503. The Board is of the view that the strategic plan presents a clear vision for how the Office for the Coordination of Humanitarian Affairs will contribute to more effective and principled humanitarian action for affected people, and that achieving the strategic objectives, especially those relating to financing activities, established in the strategic plan will further enhance global humanitarian efforts and benefit a greater number of people in need.

504. **The Board recommends that the Administration set more reasonable key performance indicator targets, giving due consideration to the humanitarian requirements and the practice of fulfilling responsibilities, and take measures to improve its humanitarian financing performance.**

505. The Administration accepted the recommendation.

(b) Insufficient documentation for allocations for underfunded emergencies for the Central Emergency Response Fund

506. According to Secretary-General's bulletin (ST/SGB/2020/5), one third of the Central Emergency Response Fund's grant element shall be utilized to provide grants to address core emergency humanitarian needs in chronically underfunded emergencies.

507. From 2019 to 2021, $564.59 million had been allocated to underfunded and neglected crises in 34 countries and regions through five rounds of underfunded emergencies allocations. The allocation process is comprised of two stages: (a) on the basis of an analysis of funding and needs and vulnerability data, as well as consultations with relevant stakeholders, the Central Emergency Response Fund secretariat develops a decision note for the Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator with recommendations on the selection of countries; and (b) the Emergency Relief Coordinator makes the final decision on which countries will be included in the round of underfunded emergencies allocations.

508. The Board noted that the information supporting the Emergency Relief Coordinator's final decisions in the first round of underfunded emergencies allocation, totalling $135 million in 2021, had not been comprehensively recorded. For example, the Emergency Relief Coordinator excluded 4 countries from the initial 12 shortlisted by the Central Emergency Response Fund secretariat as most highly recommended and added another 4 to the list, of which 1 was not recommended as highest priority by the secretariat, 1 was not supported by stakeholders and 2 were considered borderline with respect to being included in the highly recommended list by the secretariat. The Office for the Coordination of Humanitarian Affairs did not provide formal documentation to justify the final decision of the Emergency Relief Coordinator. Similar cases were also observed in the first round in 2020 and the second round in 2019.

509. The Administration explained that, in 2021, the Central Emergency Response Fund secretariat had presented the Emergency Relief Coordinator with an analysis of 33

countries organized into four categories according to its proposed prioritization and recommended the Emergency Relief Coordinator to prioritize primarily the most highly ranked countries in the analysis and to consider all 33 countries for potential selection, informed by the Emergency Relief Coordinator's assessment of global requirements.

510. **The Board recommends that the Administration keep the rationale for the final decision of the Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator regarding the allocations for underfunded emergencies well documented.**

511. The Administration accepted the recommendation.

(c) Insufficient monitoring of projects and implementing partners

(i) Insufficient remedial action taken for country-based pooled fund projects and their implementing partners with critical risks

512. The Board noted that, in 2021, of 785 audit reports on country-based pooled fund projects, 102 (13 per cent) highlighted 268 critical risk findings. On a sample basis, the Board reviewed 289 audit reports on the top four funds and noted that 84 had disclosed 212 critical risk findings. Similar observations were also made in 2020 and 2019 audit reports. For example, 93 per cent of the audit reports issued on one fund in 2019 contained 110 critical risk findings.

513. With regard to those findings, the Office for the Coordination of Humanitarian Affairs had not taken sufficient remedial action in a timely manner on the above-mentioned projects and their implementing partners, such as: (a) preparing a plan of action and time frame within 30 days to address critical risk findings; (b) suspension from future funding from the country-based pooled fund in the country if the aforementioned planned action was not implemented; and (c) further measures if no action were taken within 60 days, as required under the operational handbook for country-based pooled funds.

514. On a sample basis, the Board reviewed the remedial action taken for 11 projects implemented by three implementing partners and noted that: (a) for 4 projects carried out by implementing partner A, although the audit reports with critical risk findings had been issued during the period from November 2020 to September 2021, no action plan had been made as at 5 May 2022; and (b) for 4 projects carried out by implementing partner B and 3 projects carried out by implementing partner C, action plans were prepared on 25 and 26 April 2022, respectively, after the Board had pointed out the issue, exceeding the timeline of 30 days, with the longest period being eight months after the audit report had been issued.

515. The Administration explained that the compliance measures as originally envisaged when the handbook was issued had been found to be of limited applicability. Instead, a performance index, one part of the accountability framework, had been used for periodic updating of each partner's assigned risk level, including potential ineligibility due to poor performance.

516. The Board is of the view that the compliance measures, as part of the accountability mechanism, are different from the performance index and are used for addressing non-compliance issues according to the operational handbook published in 2017. Given that the handbook is an applicable guideline for the management and operations of country-based pool fund projects, it needs to be complied with and updated in a timely manner if some provisions are no longer feasible or practicable.

517. The Board is concerned that insufficient remedial action on the critical risk findings highlighted in the audit reports may expose the projects and relevant funds

to potential risks of fraud, misuse and loss of funds for the Office for the Coordination of Humanitarian Affairs.

518. **The Board recommends that the Administration revise the operational handbook to have it include applicable compliance measures, including remedial action on critical risk findings.**

519. **The Board recommends that the Administration take systematic remedial action on the critical risk findings to mitigate the risks and improve the performance of funds in accordance with the revised operational handbook.**

520. The Administration accepted the recommendations.

(ii) Lack of follow-up measures for country-based pooled fund projects and their implementing partners with widespread and recurring issues

521. On a sample basis, the Board reviewed 50 audit reports on the top four funds issued during the period from 2020 to 2022 and noted that some risks had been brought up repeatedly, as detailed below:

(a) Widespread issues among projects. For example, non-compliance with local or tax laws and excessive use of cash appeared in 20 projects, issues of staff and expenditure management appeared in 19 and 17 contained details on procurement and tendering issues;

(b) Recurrence in the same implementing partners. For example, procurement issues had been disclosed in all three audit reports on implementing partner A, such as procurement split among various vendors, the same vendors selected for most contracts, vendors and purchasers owned by the same person, and conflict of interest form not filled by the procurement committee; issues regarding the excessive use of cash payments and deficiencies in tendering procedures occurred in all four projects carried out by implementing partner B; and issues relating to inadequate procurement processes and documentation repeated in all four projects carried out by implementing partner C.

522. However, the Office for the Coordination of Humanitarian Affairs had not taken follow-up measures regarding those widespread and recurring issues to address them and to avoid their future recurrence.

523. The Administration explained that some of the recurring issues identified were a feature of the external environment and were therefore beyond the immediate control of the Administration to address.

524. The Board is of the view that the recurring issues in different projects carried out by the same implementing partner in various funds and over some years may indicate the entrenched nature of such issues. It may bring systemic risk if no effective follow-up action is taken by the Administration.

525. **The Board recommends that the Administration conduct reviews and analyses of audit findings on a regular basis and take concrete and proactive action to address widespread and recurring issues, with a view to avoiding any systematic risk therein.**

526. The Administration accepted the recommendation.

(iii) Deficiencies in financial spot checks and audits for selected country-based pooled fund projects

527. In line with the operational handbook for country-based pooled funds, project financial spot checks and audits are two essential components of the established accountability framework. After clearance of the final financial report, projects will

be audited within two months and partners must submit the final financial report within two calendar months after the end of the project implementation. Once the final financial report has been received, it will be pre-cleared by the fund manager and cleared by the Office for the Coordination of Humanitarian Affairs within one month. Financial spot checks by the Humanitarian Financing Unit and audits by audit firms are conducted on a routine basis, and a financial spot check is to be performed only for ongoing projects, given that the closed or implemented projects are subject to an external audit.

528. On a sample basis, the Board reviewed the financial spot checks and audits conducted on 11 projects, and noted the following:

(a) Non-compliance with the audit time frame and final financial report clearance timeline. Of 11 projects implemented by three implementing partners, the audit of 3 had been carried out before clearance of the final financial reports, 7 had not been audited within two months after the clearance of the final financial report and the one-month time frame for the final financial report clearance of 4 others had not been adhered to strictly, with the longest clearance period reaching 225 days;

(b) Deficiencies in financial spot checks. A financial spot check is carried out before the audit of a project, and issues identified in the previous audit reports could be referenced in the financial spot check, especially for projects carried out by the same implementing partner. The Board noted that some financial spot checks were not sufficiently effective. For example, no observations were made in the financial spot check of project A, although issues such as a deficiency in tendering procedures had been disclosed in the audit reports of previous projects implemented by the same partner. However, those issues were highlighted again in the audit report of project A, which demonstrated that the issues still existed.

529. The Administration explained that longer delays were due to a prolonged process in clearing the financial reports to an acceptable quality, which involved clarifications with the partner, and that, while not in conformity with the operational handbook, three audits had been triggered before the final clearance of financial reports with the intention of expediting the audits. With regard to the observations related to the excessive use of cash, the Administration explained that, in some operational contexts, this was beyond the immediate control of the partners and was a result of the external environment and limited availability of conventional banking services.

530. The Board is of the view that financial spot checks and external audits are critical to ensure effective programme and financial management, as well as the accountable use of country-based pooled fund resources.

531. **The Board recommends that the Administration conduct project audits within the time frame prescribed in the operational handbook for country-based pooled funds and carry out the financial spot checks in an effective manner by referring to the previous financial spot check and external audit outputs.**

532. The Administration accepted the recommendation.

(iv) Incomplete review of narrative report for selected Central Emergency Response Fund projects with underperformance indicators

533. In accordance with Secretary-General’s bulletin (ST/SGB/2010/5) and the letter of understanding between the Office for the Coordination of Humanitarian Affairs and recipient organizations, an annual narrative report at the field level is the substantive reporting tool used by the Central Emergency Response Fund. In the Fund’s handbook, it is requested that the Fund secretariat review the draft narrative

report, providing comments and requesting clarifications or missing information, whenever required.

534. The Board noted that there were no clear provisions for the responsibilities of the Office for the Coordination of Humanitarian Affairs with regard to reviewing the annual narrative reports in the reporting and monitoring guidance for Central Emergency Response Fund projects. On a sample basis, the Board reviewed 15 narrative reports on the 27 projects funded through the Fund completed in 2020, along with review notes by the Office. The Board selected 55 output indicators that had not been achieved in full, of 500 for further review and noted that 26 for 17 projects had been achieved at less than a 50 per cent rate. Of the 26 output indicators, 2 underperforming indicators relating to two projects achieved 0 and 14 per cent and had no related explanations. Furthermore, another two underperforming indicators (with a rate of achievement of approximately 60 per cent) had no specific or explicit explanations. However, the Office did not seek missing and indefinite explanations from the recipient organization for the significant underperformance of those four indicators to better document project performance.

535. The Board is of the view that, as an important tool for oversight of Central Emergency Response Fund projects, information in narrative reports illustrates the rate of implementation and the outputs achieved by project. Accordingly, a review of narrative reports is of great importance in providing detailed and valuable information to stakeholders regarding the performance of projects as a whole, especially in terms of providing explanations of significant variance in underperformance.

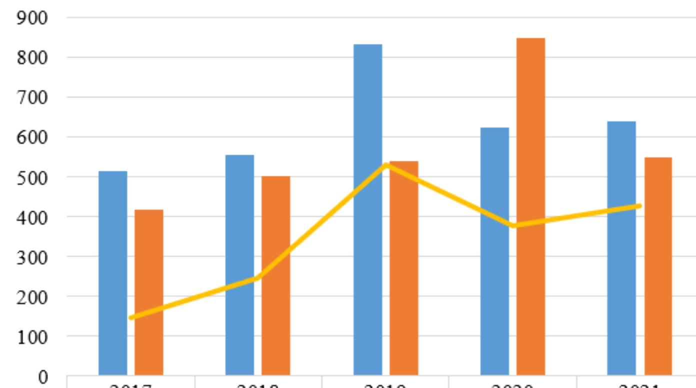
536. **The Board recommends that the Administration update relevant reporting guidance on the Central Emergency Response Fund through definitions of clear and specific roles and responsibilities of the Office for the Coordination of Humanitarian Affairs when reviewing narrative reports, and take effective follow-up action on significant variance in underperformance.**

537. The Administration accepted the recommendation.

(d) Variances between cash balance for 32CER and underfunded emergencies allocations

538. As at 31 December 2021, the cash balance of the Central Emergency Response Fund (32CER) totalled $427.64 million, nearly three times the amount at the year end of 2017, as detailed in figure II.VII.

Figure II.VII
Trend of Central Emergency Response Fund contributions, allocations and cash balance, 2017–2021
(Millions of United States dollars)



	2017	2018	2019	2020	2021
Contributions	514.63	555.33	831.38	624.05	638.45
Allocations	418.21	500.51	538.67	848.15	548.05
Cash balance as of the year end	147.78	246.67	529.09	377.86	427.64
Cash balance as a percentage of allocations in the same year	35	49	98	45	78

Source: Based on data from the Office for the Coordination for Humanitarian Affairs and the information system of the Central Emergency Response Fund.

539. However, there was a significant decline in allocations for underfunded emergencies and countries covered in 2021 (i.e., allocations were only 59 per cent of the amount allocated in 2020, while the number of countries covered was 60 per cent of the amount covered in 2020), as detailed in table II.23.

Table II.23
Cash balance, contributions and allocations for the Central Emergency Response Fund, 2019–2021
(Millions of United States dollars)

			Allocation						
				Rapid response		*Allocation for underfunded emergencies*			
	Cash balance at beginning of year	*Contribution*	*Total*	*Countries/ regions*	*Amount*	*Countries/ regions*	*Amount*	*Percentage of total*	*Cash balance at year end*
2019	246.67	831.38	538.7	34	338.77	21	199.90	37	529.09
2020	529.09	624.05	848.2	40	618.45	20	229.70	27	377.86
2021	377.86	638.45	548.1	29	413.05	12	135.00	25	427.64

Source: Cash balance at the beginning of the year and balance as of the year end was based on data from the Enterprise Core Component in Umoja. Annual contributions and allocations were based on data from the information system of the Central Emergency Response Fund.

540. The Administration explained that the high level of cash at the end of 2019 was attributable to one extraordinarily large contribution received in December 2019, which, together with the contributions in 2020, helped to allocate a larger amount in 2020. With regard to the first round of allocations for underfunded emergencies and the potential emergencies in the first quarter of the following year, the Fund typically aimed

to retain approximately $150 million at year end. The actual balance could be higher owing to unpredictable year-end top-ups. The Administration had to balance providing funding to respond to new humanitarian needs and to some of the most neglected crises.

541. The Board is of the view that allocations for underfunded emergencies is initiated by the Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator and utilized to provide grants for chronically underfunded emergencies, which is different from the field-driven and emergency-based rapid response allocation (the other allocation mechanism under the Central Emergency Response Fund). Considering the huge cash balance of 32CER and underfunded humanitarian needs (with the overall fundraising rate of 54 per cent for all Humanitarian Response Plans in 2021), it would be necessary to maintain the cash balance at a more reasonable level and make the best use of fund balances to better achieve humanitarian assistance goals.

542. **The Board recommends that the Administration carefully monitor the cash balance of the Central Emergency Response Fund and make allocation decisions that take into account humanitarian emergency requirements, cash on hand and income projections.**

543. The Administration accepted the recommendation.

15. Information and communications technology

544. One of the key initiatives of the management reform is to establish ICT as a unified pillar with the vision that the Secretariat's future systems will be secure, cost-effective, standardized and supported by interoperable platforms, in compliance with centralized ICT architecture policies and governance. To achieve this vision, policies and standards shall be established covering infrastructure, hardware, software and methodologies to ensure that ICT-related functions are performed in a consistent manner across the Organization. To protect the Organization from reputational, financial and operational risks, a robust ICT governance framework needs to be put in place to support efforts to ensure that ICT infrastructure, applications and services are designed, built, maintained and operated in compliance with United Nations policies, architecture and standards.

545. As an important part of the initiative, the Office of Information and Communications Technology was established in 2019 through the consolidation of the Office of Information and Communications Technology in the Department of Management and the Information and Communications Technology Division in the Department of Field Support. The Office of Information and Communications Technology performs the functions of strategy development, policy and standard establishment and delivery of operational support to clients throughout the Secretariat. The Office is led by the Assistant Secretary-General, Chief Information and Technology Officer, with a dual reporting line to the Under-Secretaries-General of both the Department of Management Strategy, Policy and Compliance and the Department of Operational Support.

546. In its recent reports (A/75/564 and A/76/554), the Advisory Committee on Administrative and Budgetary Questions concurred with the recommendation of the Board on idle ICT assets and stressed the importance of concerted and proactive measures to avoid further waste, obsolescence and additional costs; expressed concern regarding the persistent non-compliance relating to the review of ICT budgets; stressed the need for greater transparency, oversight and predictability with regard to costs and requirements associated with ICT; and requested comprehensive information with regard to the services procured from UNOPS to improve transparency, strengthen accountability, achieve collaboration and reduce fragmentation. The Board followed up on the concerns raised and noted the issues below in need of improvement.

(a) Deficiencies in information and communications technology governance

547. The Board was informed that the current main structure of ICT governance structure was composed mainly of three layers: (a) a governance framework, including decision-making bodies with defined roles and responsibilities, which shall align business targets with ICT governance and ensure the usage of centralized ICT normative guidance; (b) a centralized ICT normative framework, including United Nations policies, architecture and standards, among others; and (c) Office of Information and Communications Technology staff acting as interfaces or liaisons between the Office and other United Nations entities, to promote the adoption of ICT governance and to facilitate the implementation of an ICT normative framework at the entity level. The Board reviewed the ICT governance structure and its implementation and identified the deficiencies below that are in need of further improvement.

(i) Deficiencies in information and communications technology governance framework

548. The current Secretariat-wide ICT governance framework comprises: (a) an ICT steering committee, which ensures that the implementation of the ICT strategy is business-driven, aligned with business priorities and helps to catalyse further operational improvements; (b) a project Review Committee, which considers new ICT initiatives on the basis of thresholds defined by the ICT steering committee to ensure that ICT projects are aligned with organizational and ICT priorities, that duplication is mitigated and interoperability is supported, and that policy, standards and enterprise architecture are uniformly applied at the onset of new initiatives; and (c) four ICT technical committees, including the Architecture Review Board, the ICT Policy Committee, an information security board and a technology innovation governance committee.

549. The Board noted the deficiencies in the governance framework and recommended that the Office of Information and Communications Technology 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 (A/75/156, para. 50) and develop a fit-for-purpose governance framework to oversee the strategic development of ICT across the United Nations (A/67/651, para. 68). The Board continued its review of the ICT governance framework and noted that the existing ICT governance framework did not make clear the roles and duties of Chief Information Technology Officer as the key figure of ICT governance, and that there were no governance bodies responsible for cross-cutting issues such as ICT asset management, global sourcing, and cybersecurity.

550. The Board also noted that the entity-level ICT governance arrangement was not made clear and that there were no guidelines on the establishment of ICT governance at the entity level. During 2021, all new ICT initiatives were reviewed by either the top-level ICT steering committee or entity-level local ICT committees. The Project Review Committee, which was set up to review new ICT initiatives, had not reviewed any initiatives in 2021.

551. The Administration explained that the Office of Information and Communications Technology, the Department for General Assembly and Conference Management and the Department of Safety and Security had collaborated to establish entity-level governance bodies to embrace the established ICT governance, architecture and policies. Lessons learned and experiences gained will be incorporated into the guidance, as recommended by the Board.

552. **The Board recommends that the Administration draw experiences and lessons from Department for General Assembly and Conference Management**

and the Department of Safety and Security collaboration and develop guidance on the establishment of ICT governance bodies at the entity level.

553. The Administration accepted the recommendation.

(ii) Information and communications technology normative guidance review and revision had not been completed

554. The Board noted that 9 of 23 ICT policies and technical procedures due for review and revision had not been completed, among them 6 key information security policies and technical procedures (i.e., on access control for the United Nations Secretariat, minimum security requirements for public websites of the United Nations, intrusion detection, remote access, system monitoring and log management, and disaster recovery planning), as well as 3 key ICT infrastructure technical procedures, including the security incident response procedure.

555. The Board is concerned that not updating the normative policies in a timely manner may run the risk of said policies not being well aligned with the current ICT landscape and of having insufficient guidance for ICT-related activities.

556. For example, the disaster recovery planning technical procedure was published in 2014. Since its inception, an increasing number of applications, websites and ICT equipment have expanded the scope of critical ICT services and applications, while the technical procedure has not been updated to reflect these critical changes accordingly.

557. **The Board recommends that the Administration review and update normative guidance in a timely manner and release new policies and guidelines, where needed.**

558. The Administration accepted the recommendation.

(iii) Lack of independent monitoring and accountability framework to enforce information and communications technology governance

559. The Board noted that there was no independent monitoring and accountability mechanism to facilitate the enforcement of ICT governance. The Board is concerned that the absence thereof may result in ICT governance not being properly enforced. One instance in this regard is the Office of Information and Communications Technology not reviewing the ICT budgets of Secretariat entities. Repeated requests from governing bodies notwithstanding, only 10 entities submitted their ICT budget to the Office for review during the period 2016–2020. In 2021, only the United Nations Office at Geneva and the United Nations Office at Nairobi consulted the Office of Information and Communications Technology regarding their programme budget for 2022.

560. **The Board recommends that the Administration ensure that an independent monitoring and accountability mechanism is in place to enforce ICT governance, policies and standards.**

561. The Administration accepted the recommendation.

(b) Deficiencies in information security management

562. The Secretary-General, in his report on the status of implementation of the ICT strategy for the United Nations (A/70/364), 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. In its fourth annual progress report on the implementation of the ICT strategy, the Board noted that there was no concrete progress made in that regard (A/75/156, para. 79). 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.

563. The Board reviewed the implementation of 10-point action plan and its successor, a 7-point action plan, and noted the following deficiencies: (a) 25 per cent of applications and 11 per cent of websites were not in full compliance with security requirements; (b) 47 per cent of security advisories sent by the Office of Information and Communications Technology were still not acknowledged by 106 participating entities; (c) 19 per cent of active staff had not completed a mandatory security training course; (d) security updates had not been installed at 386 servers and workstations in a timely manner; and (e) the network segmentation project did not generate solid progress and the newest target finish date had been postponed to the middle of 2023.

564. The Board also noted that the risks of and damages caused by cyberattacks were worsening owing to recurring critical cybersecurity incidents not being addressed in a timely manner. For example, the Cobalt Pipe Strike was first reported in May 2021, resulting in multiple machines being compromised at one United Nations entity. The attack was not mitigated and recurred in the following months, causing multiple equipment infections at another United Nations entity.

565. The Board reviewed cybersecurity management and noted the following deficiencies: (a) a lack of an overarching cybersecurity framework with clear definitions of the roles and responsibility of key enablers of cybersecurity, including the Office of Information and Communications Technology, the United Nations Global Service Centre and relevant entities; and (b) the Office did not have centralized responsibility for monitoring entities regarding cybersecurity risk prevention and security compliance, while entities were responsible for cybersecurity management on their own. The Board is of the view that such a fragmented approach towards cybersecurity is not sufficiently robust to address the escalating cybersecurity risks.

566. The Administration explained that the Office of Information and Communications Technology had limited control over entities for addressing cybersecurity non-compliance issues. Under the context of the delegation of authority, each entity is responsible for addressing cybersecurity non-compliance deficiencies. In addition, the Office does not have the authority to centrally monitor entities regarding cybersecurity compliance. The current mechanism relies mainly on the annual self-assessment of each entity. Although this mechanism requires the application or system owner to provide an integration plan to address non-compliance issues, it is obviously insufficient and not conducive to addressing the fragmented approach towards cybersecurity.

567. **The Board recommends that the Administration amend the existing ICT governance structure to integrate information security, indicating clearly, among others, the ownership of processes, roles and responsibilities of relevant entities and reporting lines.**

568. **The Board also recommends that the Administration ensure that all the stakeholders across the Secretariat commit themselves to the implementation of the seven-point information security action plan in an expeditious manner.**

569. **The Board further recommends that the Administration enhance centralized technical monitoring of ICT security at the entity level and establish accountability mechanisms to ensure full compliance with the security-related policies and standards.**

570. The Administration accepted the recommendations.

(c) Weakness in data centre management and disaster recovery planning

(i) Absence of policies for data centre management and disaster recovery planning

571. Data infrastructure such as power and precision cooling are critical to data centre operations. An uninterruptible power supply is key to maintaining uptime, and cooling systems for temperature and humidity regulation are essential to ensure that servers and network equipment operate in favourable conditions.

572. After reviewing the existing policies and standards regarding data centres, the Board noted that there was no policy for data management that would define roles, responsibilities, coordination mechanisms and required outputs for key stakeholders in terms of data centre operation, maintenance and emergency response.

573. The Board reviewed disaster planning and rehearsal at the Secretariat and noted that there were no disaster recovery plans in place for critical applications such as customer relationship management, the main United Nations website and the websites of departments and offices.

574. The Board is concerned that the lack of relevant policies and standards could negatively affect business continuity and the physical security of data and could even result in incremental losses resulting from data-related incidents. Such a concern was substantiated in the power outage incident at the United Nations Headquarters data centre on 19 February 2022. Critical ICT services and the United Nations global communications portal, that is, the United Nations main website, as well as other critical departments' sites, were offline for three days, which is beyond the 24-hour recovery time objective outlined in the disaster planning technical procedure. Moreover, it took the Office of Information and Communications Technology seven business days to recover the entire system.

575. A further analysis indicated that the incident was due in part to the following deficiencies: (a) a lack of coordination across key stakeholders in maintaining data infrastructure, given that jurisdiction over infrastructure had been handed over in full to the Department of Operational Support and the Department of Safety and Security as part of the capital master plan in 2015; and (b) no efforts had been made to coordinate a full-scale disaster recovery exercise at the United Nations Headquarters data centre since then.

576. **The Board recommends that the Administration establish policies, procedures or mechanisms to clarify the roles and responsibilities in data centre operations, update the disaster recovery technical procedure in a timely manner and improve its emergency response coordination mechanism.**

577. The Administration accepted the recommendation.

(ii) Lack of efficient review and monitoring processes in the event of unauthorized access to the data centre

578. According to the United Nations Secretariat ICT technical procedure on data centre access, the data centre manager should: (a) continually update and monitor the access lists to ensure that those who no longer require access to the data centre have their access terminated, and prepare, document and maintain a set of access control, management, incident reporting and escalation procedures for the data centre; (b) review data centre access records on a quarterly basis, report unauthorized or suspicious access to the information security officer (or designated official) and take appropriate action according to the security incident response procedure; and (c) provide ICT providers with monthly logs of access to data centres, whenever required.

579. With regard to data centre access management at Headquarters, the list and logs were maintained by the Security and Safety Service. The Board reviewed the lists of authorized personnel to enter the data centres as at 10 December 2021 and observed the following: (a) the list of authorized personnel included a staff member who had been separated from the Office of Information and Communications Technology in December 2020; and (b) the list included five staff members who did not belong to the Information Technology Service operations unit of the United Nations Office at Vienna.

580. The Board is of the opinion that the Information Technology Service data centre manager not having the data centre access logs on a regular and timely basis would hinder an efficient review and monitoring process by the Information Technology Service in the event of unauthorized access by individuals to the data centre. Moreover, not maintaining an updated list of authorized personnel may represent a risk to the protection of information technology infrastructure and resources.

581. **The Board recommends that the Administration ensure that data centres' access logs are reviewed and monitored by the Information Technology Service data centre manager on a quarterly basis, or more often, if necessary.**

582. **The Board recommends that the Administration carry out periodic control measures in order to keep the list of personnel authorized to have access to the data centre updated.**

583. The Administration accepted the recommendations.

(d) Deficiencies in data protection and privacy

584. The Board noted that there was no normative guidance on data extraction from Umoja, thereby posing a risk of data exposure and leakage in the current hybrid cloud environment. For example, at UNEP in January 2021, a misconfiguration of its server was exposed and two potential leakage data sets were discovered. The data files were extracted from Umoja to support the testing and development of the travel mission report module for UNEP, which had remained unprotected for three years. The data scope involved historical travel and personal information of current and former staff of both UNEP and the United Nations Secretariat from 2015 to 2018.

585. The Administration explained that the Department of Management Strategy, Policy and Compliance and the Office of Legal Affairs, with support from the Office of Information and Communications Technology and other Secretariat entities, were responsible for policy development for data protection and privacy. On the basis of the Data Strategy of the Secretary-General for Action by Everyone, Everywhere, the Secretariat is developing a comprehensive policy concerning data protection and privacy for the Secretariat, including all its activities at Headquarters and away from Headquarters.

586. The Board is concerned that weaknesses in relation to coordinating data-related policy across the United Nations system to guide data classification, personal privacy and application programming interface control, among others, as well as its enforcement, might result in data and privacy exposure and leakage.

587. **The Board recommends that the Administration expedite the development of a comprehensive policy concerning data protection and privacy for the United Nations Secretariat.**

588. **The Board also recommends that the Administration provide privacy-enhancing mechanisms in coordination with data stewards to ensure that only those nominated by the relevant entities are authorized to have access to the data under their purview.**

589. The Administration accepted the recommendations.

(e) Deficiencies in information and communications technology asset management

590. Global asset management and sourcing through enhanced and strengthened ICT governance was raised in the Data Strategy of the Secretary-General for Action by Everyone, Everywhere, and the aim thereof is to create stronger controls and accountability in respect of all ICT assets through centralized monitoring and coordination among entities across the Secretariat, in order to improve the stewardship of ICT assets and avoid waste, obsolescence and loss. The Board reviewed the implementation of the initiative and noted the deficiencies below.

(i) Lack of clarity regarding the roles and responsibilities of relevant parties in global information and communications technology asset management and sourcing, and the absence of a road map for implementation of the Data Strategy of the Secretary-General for Action by Everyone, Everywhere

591. The Board noted that there was no clear road map to indicate clearly: (a) how the Data Strategy of the Secretary-General for Action by Everyone, Everywhere could be implemented in the context of management reform under which each department, office, entity or field operation is responsible for the management of ICT assets owing to the delegation of authority; (b) the roles and responsibilities of key enablers involved, including the Chief Information Technology Officer, the Office of Information and Communications Technology, the United Nations Global Service Centre, the Office of Supply Chain Management and the Department of Operational Support; and (c) the key milestones.

592. The Administration stated that the relevant offices' property record custodians were responsible for updating equipment location values and that there were no mechanisms to enforce the upkeep of property records of other entities for the Office of Information and Communications Technology. It also stated that the Secretary-General, in his report on the status of implementation of the ICT strategy for the United Nations (A/70/364), defined an objective, not mechanisms or roles. Currently, there is no role for a global ICT asset "manager". Each office or entity is responsible for appointing a designated property record custodian who is accountable for asset management.

593. **The Board recommends that Administration develop a concept note for implementing global ICT asset management and sourcing and a road map for implementing this initiative, and clearly define the roles and responsibilities of the entities involved.**

594. The Administration accepted the recommendation.

(ii) Information and communications technology equipment records in Umoja are defective, and records showed purchases with idle ICT assets already in stock

595. The Board extracted data on ICT assets from Umoja and conducted an analysis of the records of entities' ICT assets. It noted that key information on ICT assets in Umoja, including price and location, was absent or inaccurate.

596. The Board also noted that inter-departmental inventory inspections and transfers had not been conducted before ICT asset procurement. On a sample basis, the Board noted that $9.12 million in ICT equipment had been purchased in 2021, with existing holdings of the same type at the same location remaining idle, indicating a high risk of waste.

597. The Administration stated that the relevant offices' property record custodians were responsible for the function of updating equipment location value.

598. The Board is of the view that internal controls and accountability in respect of ICT asset management could be improved only through strengthened visibility of both

tangible and intangible assets, and that ensuring the completeness, accuracy, timeliness and reliability of ICT data in Umoja will be conducive to achieving economies of scale.

599. **The Board recommends that the Administration ensure that ICT assets are properly recorded in Umoja for greater visibility and reliability to ensure improved monitoring and controls.**

600. **The Board also recommends that the Administration develop detailed guidelines for ICT asset and inventory management for Secretariat entities to support their effective and efficient management of ICT assets management and sourcing.**

601. The Administration accepted the recommendations.

(f) Improvement needed in the business model with the United Nations Office for Project Services for the use of personnel

602. The Board noted that, for 2021, 246 positions (182 under the regular budget, 52 under other assessed and 12 under extrabudgetary resources) had been approved for the Office of Information and Communications Technology, whereas the actual number of staff on board was 227. The Board also noted that the Office relied heavily on the institutional contractor modality based on the financial agreements with UNOPS for contracting personnel with required expertise. As of the end of 2021, 154 positions (139 encumbered, 5 under recruitment and 10 vacant) had been provided by UNOPS on the basis of seven financial agreements signed under the framework of the umbrella memorandum of understanding between the United Nations Secretariat and UNOPS.

603. Extra personnel were also contracted from other ICT services providers such as Trigyn Technologies, and Mason Technologies using approved funding for ICT. The Office of Information and Communications Technology is also outsourcing ICT services to the United Nations International Computing Centre. In fact, at the Office, the outsourced workforce outnumbered the approved staffing strength.

604. The Administration explained that the scale, complexity and usage of ICT had increased over the past decade, while the staff resources available had changed very little. Therefore, the use of contractual services such as UNOPS for additional personnel was integrated into the operating model of the Office of Information and Communications Technology under the existing fund envelope for ensuring sufficient staffing to maintain business continuity.

605. The Board reviewed the modality of using personnel under the financial agreements with UNOPS and noted the following deficiencies:

(a) A reliance in large part on UNOPS personnel to perform some Office of Information and Communications Technology core activities, and for long periods of time. Of the 139 personnel in place by the end of 2021, more than 100 were performing Office of Information and Communications Technology core functions and more than 70 per cent of the 139 personnel had been working for the Secretariat for more than five years. The Office explained that it could maintain a stable and long-term workforce, but which was also scalable when flexibility was needed;

(b) Financial agreements were signed for unusually short periods of time. The Office of Information and Communications Technology used to sign annual contracts as a regular practice, which was adopted by other Secretariat entities. However, the seven financial agreements were signed initially for only four months and then extended every four to six months, allowing the Office to make frequent changes. This, in turn, created uncertainty among the workforce. The Board also noted that, during 2021, 51 of an original 205 positions provided by UNOPS for ICT services were either abolished through mutual agreement, or the incumbents resigned or were transferred to other United Nations entities to provide ICT services;

(c) Project budgets were presented in the annex to the financial agreements after all services had been provided. The estimated budget prepared by UNOPS was attached as an annex and then presented to the United Nations Controller for signing after the end date of each service period. The breakdown in the related costs was not sufficiently disclosed;

(d) Workforce planning for 2022 was yet to be completed. The Office of Information and Communications Technology was reviewing workforce requirements for the second half of 2022, and the number and scope of financial agreements to be signed were still not determined, notwithstanding the fact that the seven financial agreements had expired on 30 April 2022.

606. The Board is concerned that: (a) engaging UNOPS personnel on contracts of a long duration may result in an expectation of continuous employment; (b) uncertainty and a periodic reduction in the workforce could negatively affect staff morale and workforce efficiency; (c) there could be a loss of key ICT skills and an interruption in ICT operations without a proper plan for operational business continuity; and (d) these deficiencies may negatively affect the ongoing efforts of the Office of Information and Communications Technology to conduct a holistic review and presentation of its resource requirements in order to deliver its core functions.

607. The Board is of the view that, in order to ensure business continuity of core ICT functions, it is necessary for the Office of Information and Communications Technology to re-evaluate the current business model of using personnel through UNOPS financial agreements and other ICT service providers, in order to demonstrate value for money and to identify the potential risks that should be duly dealt with.

608. **The Board recommends that the Administration ensure that the Office of Information and Communications Technology conduct a cost-benefit analysis of the use of the personnel under the financial agreements with UNOPS and conduct comprehensive workforce planning to identify demands, key resources and potential risks.**

609. **The Board also recommends that the Administration ensure that the Office of Information and Communications Technology performs an overall evaluation for the current business model with UNOPS and evaluates the effectiveness and efficiency of the current budget and payment modality, as well as the current business model, with the aim of identifying the best modality for the interests and needs of the Office, and improving transparency regarding its contractual services requirements in budget proposals.**

610. The Administration accepted the recommendations.

C. Disclosures by management

1. Write-off of losses of cash, receivables and property

611. The Administration informed the Board that it had formally written off accounts receivable and advances of $1.11 million, and property (i.e., equipment) with a net cost of $3.72 million.

2. Ex gratia payments

612. The Administration reported that, in accordance with financial regulation 5.11, an amount of $2,254 had been paid as an ex gratia payment during the year ended 31 December 2021.

3. Cases of fraud and presumptive fraud

613. 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/OIOS/Office of Human Resources and reviewed them for consistency and completeness before the final report was compiled to ensure accuracy in reporting.

614. For 2021, the Administration reported 92 cases of fraud or presumptive fraud, with an estimated amount of $11.31 million in 24 cases, as shown in table II.24. For the rest of the cases, the estimated amount was categorized as "undetermined or not applicable" in the report provided to the Board.

Table II.24
Cases of fraud and presumptive fraud

Item	*Fraud*	*Presumptive fraud*
Number of cases	13	79
Number of cases in which investigation was completed	13	7
Number of cases pending/under investigation	–	72
Number of cases in which amount of fraud/presumptive fraud was estimated	9	15
Estimated amount of fraud/presumptive fraud (millions of United States dollars)	0.12	11.19

Source: Based on data provided by the Administration.

615. The Board reviewed the reports and noted that some cases had been reported late. For example, some cases in 2018 to 2020 were reported in 2021.

616. 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

617. 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

21 July 2022

Annex I

Status of implementation of recommendations up to the year ended 31 December 2020 (volume I)

No.	*Audit report year/ biennium*	*Report reference*	*Board's recommendation*	*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.	Steady progress has been made over the years towards preparing the Meetings Planning System (gMeets) for integration with Umoja. The Department for General Assembly and Conference Management will then proceed with a business analysis of the requirements for integrating gMeets with Umoja in 2022, barring any unforeseen resource reduction, and then complete the integration in 2023.	Given that the interface with Umoja has been set up, the Board considers this recommendation implemented.	X			
2	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 and guidance were issued on 30 December 2021. The policy document was uploaded to the Knowledge Gateway site.	Given that the comprehensive policy document and guidance were issued on 30 December 2021, the Board considers this recommendation implemented.	X			
3	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 schemes.	The request for proposals for the provision of audit services was signed on 30 November 2021 and published on 2 December 2021.	Given that a cost analysis on administration fees was conducted by the Health and Life Insurance Section and the Procurement Division and presented to the Headquarters Committee on Contracts at a meeting concerning the renewal of existing	X			

No.	Audit report year/ biennium	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
					agreements with medical insurance administrative service providers, the Board considers this recommendation implemented.				
4	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 complied with their contractual obligations. The inspection rights under those contacts should be exercised regularly in future.	The technical matrix was finalized in time and the request for proposals for the provision of audit services was signed on 30 November 2021 and published on 2 December 2021.	Given that the request for proposals for the provision of audit services has been signed and the audit services contract is expected to be awarded, the Board considers this recommendation to be under implementation.		X		
5	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.	An additional requirement was identified during testing which requires further development. The deadline for implementation has been revised to the third quarter of 2022.	Given that the recommendation predated the implementation of Umoja, in which leave information is centrally recorded, the Board considers this recommendation as having been overtaken by events.				X
6	2014	A/70/5 (Vol. I), chap. II, para. 98	The Board recommended that 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	During the fourth quarter of 2020, enhancements to the management dashboard for the performance management status of document completion were released for review and comments by entity users, including graphs of the number of staff in each stage of the	Given that the review report and supporting documents the recent work of the Office of Human Resources with the Business Transformation and Accountability Division		X		

No.	Audit report year/ biennium	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			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.	e-performance cycle with completion numbers and percentage by grade level. The Office of Human Resources will review all comments received with a view to finalizing the availability of other performance management data for entities on the dashboard.	on the United Nations business intelligence project, which would enhance heads of entities' performance data availability, were not provided by the Administration, the Board considers this recommendation to be under implementation.				
7	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 the Office of Internal Oversight Services (OIOS).	The case management tracking system has been developed and was launched in 2021. It is 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.	Given that the case management tracking system has been developed and was launched in 2021 to enable the reporting, tracking and management of all reports of misconduct in the Secretariat, from the reception of complaints to the completion of disciplinary actions, the Board considers this recommendation implemented.	X			
8	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,	Additional modules to the case management tracking system include a dedicated sexual exploitation and abuse module, for additional data collection and use in reporting, and a disciplinary and appeal module, which incorporates into the case management tracking system data and case management information previously handled through other systems. This will help the Office of Human Resources to track and monitor	Given that the strategic management application has been put into use, the Board considers this recommendation implemented.	X			

No.	Audit report year/ biennium	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			defining clear responsibilities and resources.	matters referred to it from the time of receipt of a matter until resolution. The key performance indicator that has been measured by the Disciplinary Team since 2010 is that a first action is taken within three months of referral of a case to the Office for possible disciplinary action. In the previous five annual periods, the first action has been taken in almost 100 per cent of cases.					
9	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 Department of Management Strategy, Policy and Compliance continues to analyse the workload statistics and resource requirements, as well as processes, to ascertain opportunities for expediting the resolution of cases, noting the need to adhere to the legal framework currently in place, and ensure the due process rights of staff throughout the disciplinary process.	Given that the system has been put into use and that performance measures for each subprogramme have been included in the programme budget starting from 2021, the Board considers this recommendation implemented.	X			
10	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 entities provided the market surveys for rental charges and documents, such as invoices and memorandums of understanding, confirming the application of market rates. Please note that the market survey for rental charges was performed for the main United Nations duty stations in New York, Geneva, Nairobi, Bangkok, Santiago and Addis Ababa. It should be noted that United Nations Office at Vienna and the Economic and Social Commission for Western Asia (ESCWA) offices and facilities are provided by host countries and do not have lease-out	Given that the Administration finished the survey and updated the memorandum of understanding, the Board considers this recommendation implemented.	X			

No.	Audit report year/ biennium	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				processes. Therefore, the United Nations Office at Vienna and ESCWA were not requested to conduct market surveys. The Administration considers this recommendation implemented and requests its closure.					
11	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. Initial key performance indicator definitions have been identified and are being developed. Additional required data and elements have been identified for design and implementation. The Administration is still developing to facilitate the definition of key performance indicators and the implementation of the relevant tools (Umoja business intelligence) required for the data quality exercise.	Given that the Administration has not yet completed development of the relevant key performance indicators and the implementation of relevant tools (Umoja business intelligence) required for the data quality exercise, and that it has suggested revising the target date to December 2022, the Board considers this recommendation to be under implementation.		X		
12	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 entities provided their space utilization studies. The related documentation is available. Please note that utilization study was performed only for the United Nations-owned premises. The 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 (ECLAC) and the Caribbean were submitted through reports of the Secretary-General. The utilization study for the	Given that most of the entities have finished their utilization studies, the Board considers this recommendation implemented.	X			

No.	Audit report year/ biennium	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				Economic Commission for Africa was submitted as a separate document, since the Africa Hall project is not for 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. The Administration considers this recommendation implemented and requests its closure.					
13	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 working on 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		
14	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 to benchmark performance across each duty station.	Initial performance metrics have been defined and initial reports generated. Due to the uniqueness of each entity, individual assessments, analysis and alignments are required and ongoing. Consideration of migration of Umoja business intelligence to Umoja Analytics is ongoing; additional time and resources will be required. This is related to common metrics, such as utilization rates and cost of the estate. Strictly operational data (incidents, professional estates managers, user satisfaction) cannot be collected and analysed utilizing enterprise systems	Given that individual assessments, analysis and alignments are required and ongoing, the Board considers this recommendation to be under implementation.		X		

No.	Audit report year/ biennium	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
				(Umoja, iNeed). Therefore, it is not under the remit of the Global Asset Management Policy Service, which cannot assess or respond on this directly. Considering the uniqueness and specifics of each entity, a further extension will be required.					
15	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.	Closure of this recommendation is requested, as it has been overtaken by events. The recommendation was made in 2015, and the subsequent United Nations management reform separated strategy, policy and guidance from operational management and further extended the delegation of authority to individual entities. Following this reform, the Department of Management Strategy, Policy and Compliance, the Office of Programme Planning, Finance and Budget, the Field Operations Finance Division and the Global Asset Management Policy Service are responsible for providing policy and guidance, while responsibility for operational management lies within each individual entity, which is responsible for defining and managing its own performance. The requested common set of performance measures relates to recording and reporting on the "quality and timeliness of facilities services", and it is derived from specific service cases in individual entities. It is therefore not within the scope of policy and guidance oversight, but falls within the micromanagement tasks of each entity. In addition, there is no common tool or system that would	Given that the requested common set of performance measures relates to recording and reporting on the "quality and timeliness of facilities services", and that it is derived from specific service cases in individual entities after management reform, the Board considers this recommendation as having been overtaken by events.				X

No.	Audit report year/ biennium	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				bring together records or requested statistics for the whole United Nations system, so coordination of reporting and data collection would require additional resources.					
16	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, under section 33 of budget submissions. This is a regular, controlled process and effectively comprises the required elements of an estates management strategy. Therefore, the Global Asset Management Policy Service considers that both requests on global and local estates strategies are answered through the strategic capital review establishment, and through annual exercises within section 33 budget submissions and reviews. This includes relevant preparatory activities, such as project proposals, that justify entities' submissions. Along with local reviews and submissions, global submissions review and approvals reflect totality of estate strategy, both globally and locally. The Administration considers this recommendation implemented and therefore requests its closure.	Given that the strategic capital reviews are performed annually, the Board considers this recommendation implemented.	X			
17	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	Key performance indicators for items (a) and (b) exist based on the data available. A key performance indicator for item (c), case durations, is not useful given the number of external factors that affect this timeline. In fact, this might be a possible key performance indicator for heads of departments who are tasked in their compacts with the Secretary-General with taking quick action when faced with such matters. As for an indicator for	Given that the current key performance indicators do not cover the overall case duration, the Board considers this recommendation to be under implementation.		X		

No.	Audit report year/ biennium	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			support improvements in the processes for referring and handling cases.	item (d), case outcomes, this is more aspirational, and lessons learned from disciplinary matters are already taken into consideration for future policy improvements. Moreover, in the annual report on disciplinary matters, the outcomes of cases are reported to Member States and similar information is made available to staff members, thus serving as a deterrent to staff engaging in misconduct and enabling them to understand what actions constitute misconduct. As a result, it is the view of Administrative Law Division that this long-outstanding recommendation can be closed.					
18	2015	A/71/5 (Vol. I), chap. II, para. 186	The Board recommended that 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 duty 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 movement between different categories to better realize the organizational goals linked with mobility.	This recommendation has been overtaken by the management reform. The report to the General Assembly on the new approach to mobility was submitted to the seventy-fifth session; however, the Assembly decided to defer consideration of the agenda item to the resumed part of its seventy-sixth session, in March 2022. The Administration requests the closure of this recommendation.	Given that the new mobility framework is still under review by the General Assembly and may be subject to changes, the Board considers this recommendation as having been overtaken by events.				X

No.	Audit report year/ biennium	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
19	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 Administration requests that the recommendation be closed, as the Secretary-General formally introduced a legal framework around the granting of funds, although it was not accepted by the Board. The Office of Programme Planning, Finance and Budget is evaluating the appropriate timing to submit another proposal for consideration by the General Assembly.	Given that the new proposal has not been prepared for consideration by the General Assembly, the Board considers this recommendation to be under implementation.		X		
20	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 end-to-end review of the project management life cycle, including consultations with key stakeholders and a review of all current practices.	A common policy framework is under development and is at the stage of internal consultation.	Given that the Administration is continuing to refine the common policy framework, the Board considers this recommendation to be under implementation.		X		

No.	Audit report year/ biennium	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
21	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 United Nations Partner Portal was deployed in the third quarter of 2021. Observations and information relating to due diligence and the performance of partners can be shared with participating United Nations agencies and departments and offices of the Secretariat.	Given that the United Nations Partner Portal was deployed and that the memo from the Controller thereon has been issued, the Board considers this recommendation implemented.	X			
22	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.	Given that the approved data on the liquidation amounts and refunds and the reports from the country-based pooled fund grant management system is still manually entered into Umoja, the Office for the Coordination of Humanitarian Affairs agrees that the recommendation should be considered as under implementation. The Office for the Coordination of Humanitarian Affairs is of the view that a tool such as a bridge between the grant management system and the Umoja grant management module would help to avoid or minimize the manual entry of data from the grant management system into Umoja grant management module.	Given that the approved data on the liquidation amounts and refunds and the reports from the country-based pooled fund grant management system is still manually entered into Umoja, the Board considers the recommendation to be under implementation.		X		
23	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 does not maintain a residual value on assets and, therefore, assets become fully depreciated when their useful lives are exceeded and they remain in use. With reference to the report of the Board of Auditors of 2016 (A/71/5 (Vol. II), para. 40), the Administration stated that a formal review of the useful lives of all assets was being undertaken by the Organization. It will be	Given that the formal review of the useful lives of all assets is still in progress, and that the useful lives and residual values have thus not been updated accordingly, the Board considers this recommendation to be under implementation.		X		

No.	Audit report year/ biennium	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				implemented in conjunction with the new operational useful life parameter on all equipment records, which will allow the Organization to manage its asset replacement activities and assist in the reduction of future instances of fully depreciated assets remaining in use.					
24	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.	The Administration will substantially improve the census data by capturing all employee and retiree data outside Umoja.	Given that efforts to improve the census data on employees and retirees are ongoing, the Board considers the recommendation to be under implementation.		X		
25	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.	This recommendation has been fully implemented in accordance with the Board's recommendation; the Board is requested to close this recommendation.	Given that the new clauses were introduced into the template agreement with implementing partners and that transfers of conditional grants to the implementing partners were recognized appropriately in line with the IPSAS provisions, the Board considers this recommendation implemented.	X			

No.	Audit report year/ biennium	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
26	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 Administration reiterates its position that volume II is purely for those peacekeeping operations which are financed by assessed contributions. The Administration would like to explore the possibility of a suitable disclosure in the volume I financial statements of 2022.	Given that no further improvements have been made regarding the consolidation scope, the Board considers this recommendation to be under implementation.		X		
27	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 be devised, including for segregating long-term and short-term assignments, so that long-term mobility patterns and short term moves are identified.	This recommendation is still under implementation, since Umoja functionalities for recording mobility assignments will need to be aligned with the requirements of a potential new mobility system, which is still under review by the General Assembly. The Assembly decided to defer consideration of the agenda item to the resumed part of its seventy-sixth session, in March 2022.	Given that the reporting on geographical moves mentioned by the Administration is still under development, the Board considers this recommendation to be under implementation.		X		
28	2016	A/72/5 (Vol. I), chap. II, para. 192	The Board recommended that the Administration consider necessary adjustments in the strategy to address work days 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 Department of Operational Support have reviewed its occupational safety and health strategy in line with the recommendation to expedite the implementation of the occupational safety and health management framework. It will include mental health aspects. To date, the full implementation of the system has been deferred pending review of a resourcing proposal; however, given the delays and the likelihood that additional resources will not be available, a condensed occupational safety and health management	Given that the condensed occupational safety and health management framework has not yet been introduced, the Board considers this recommendation to be under implementation.		X		

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				framework will be introduced by the end of 2022, but it will limited to those duty stations which have full-time professional safety officers.					
29	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.	An alternate proposal to establish technical supervision by a health-care practitioner registration mechanism is being drafted. A draft will be ready by mid-2022, but is expected to require considerable consultation, given that it has significant implications for the Medical Directors' technical supervision dependencies. Regarding oversight of medical standards system-wide, in terms of the recommendations of the High-level Independent Panel on Peace Operations, the Health-Care Management and Occupational Safety and Health Division has standardized critical aspects of health-care quality management and patient safety by implementing common operational standards in all medical facilities in peacekeeping missions. This includes United Nations Health-care Quality and Patient Safety Standards manuals for level 1, level 1+, level 2 and level 3 facilities. The Division developed web-based training for hospital commanders and health-care workers in the field on the implementation of those standards in their health facilities in peacekeeping missions. Since 2020, the Division has trained 63 hospital commanders covering all hospital rotations. In addition, it has trained	Given that the Administration is currently drafting the role of the Medical Services Division, the Board considers this recommendation to be under implementation.		X		

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				chief medical officers as assessors to evaluate implementation of standards in health facilities in field missions and referral hospitals. The self-sustained training and assessments of the compliance of health-care facilities will continue for years to come. The Administration requests the Board to consider the efforts taken to implement the recommendation and requests its closure.					
30	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.	The Administration has once again reviewed the criteria outlined in A/58/708 and noted in General Assembly resolution 59/287, and it considers that they provide adequately clear and detailed criteria for determining high risk and complex investigations.	Given the review of the current criteria taken by the Administration, especially by OIOS, the Board considers this recommendation as having been overtaken by events.				X
31	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 information and communications technology (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.	The ICT standards and technical clearance for hardware and software procedures establish the Organization-wide standard moves towards consolidating ICT assets, systems and services for the Secretariat. Standardization creates efficiencies, accelerates deployment and enables integration between systems. Adopting ICT standards introduces new technologies in a structured, well-defined and transparent manner. Moreover, in collaboration with the Office of Supply Chain Management, the Office of Information and Communications Technology finalized the end-user technology and server, network and storage, and the ICT professional strategies. Developing the category strategy covers trends, contracts	Given that the final scope of requirements and the solicitation process are being developed, the Board considers this recommendation to be under implementation.		X		

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				and expenditure analysis by all the entities. The oversight governance body, represented by the category management steering committee, met in March and May 2021 and approved the categories mentioned above. The final scope of requirements and the solicitation process, followed by the awarding of contracts for the end-user technology, and server, network and storage and ICT professional strategies, are being developed. The Office of Information and Communications Technology is also working on the remaining ICT categories, including enterprise solutions, communications services, communications infrastructure and radio systems, and geospatial information systems (A/76/307).					
32	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 budget formulation process entails the use of realistic assumptions that factor in past trends. The Administration collected information that demonstrates the use of more realistic assumptions that factor in past trends. For example, in the context of the proposed programme budget for 2022, additional resources for contribution to after-service health insurance, under section 32, take into account a past trend in the number of participants and after-service health insurance costs. Reduced resources under section 5 (United Nations Truce Supervision Organization), for military observer requirements, reflect their actual utilization in the previous year. Similarly, proposals	Given that the budget formulation module of Umoja continues to be developed for the preparation of the budget process, and that a consistent pattern of overexpenditure still existed in the present audit, the Board considers this recommendation to be under implementation.		X		

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				entailing lower provisions under travel and consumable supplies across many budget sections reflect lower consumption patterns under these budget lines.					
33	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.	Automation of segment reporting for volume I was implemented for 2020 reporting. The Administration is in the process of implementing additional automation of the module's eliminations as part of the 2021 year-end closure process.	Given that further automation of business planning and consolidation is in progress, the Board considers this recommendation to be under implementation.		X		
34	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 request for proposals for the provision of audit services was signed on 30 November 2021 and published on 2 December 2021.	Given that similar issues have been noted in recent audits and that the Board reiterated this recommendation in the present audit, the Board considers this recommendation as having been overtaken by events.				X
35	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 written agreements for the participation of different entities in the main cash pool are under review by the Office of Legal Affairs, the Board considers this recommendation to be under implementation.		X		
36	2017	A/73/5 (Vol. I), chap. II, para. 89	The Board 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 and guidance were issued on 30 December 2021. The policy document can be found on the Knowledge Gateway site.	Given that the comprehensive policy document and guidance were issued on 30 December 2021, the Board considers this recommendation implemented.	X			

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37	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 revision of the administrative instruction on special post allowance for temporary assignments at a higher level is dependent upon approval by the General Assembly of the proposed amendments to the Staff Regulations and Rules. The Assembly had begun its consideration of those amendments at the main part of its seventy-third session, in December 2018, and decided to defer consideration of that agenda item to the first part of its resumed seventy-sixth session, in March 2022. The revision of the administrative instruction was put on hold accordingly.	Given that the revision of the administrative instruction on special post allowance for temporary assignments at a higher level is dependent upon approval by the General Assembly of the proposed amendments to the Staff Regulations and Rules, and that the revision of the administrative instruction is thus on hold, the Board considers this recommendation to be under implementation.		X		
38	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 Department of Operational Support continues to develop business requirements for the improvement of the Inspira module pertaining to consultants and individual contractors, in consultation with the Office of Information and Communications Technology and users. A road map has been developed in which the required changes have been distributed over distinct phases, in line with the current business prioritization and resources available on the technical side. The first phase, which will conclude in the second quarter of 2022, will address current defects, while the second phase (to be rolled out in the second quarter of 2022) will incorporate the new recruitment tools into the module and update	Given that the first phase, which will conclude in the second quarter of 2022, will address current defects; the second phase (to be rolled out in the second quarter of 2022) will incorporate the new recruitment tools into the consultant module and update the module to align with the recruitment module used for staff; a third phase (to be rolled out between the first and fourth quarter in iterative releases) will improve roster management functionalities for		X		

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				the module to align with the recruitment module used for staff. A third phase (to be rolled out between the first and fourth quarters of 2022 in iterative releases) will improve roster management functionalities for consultants and individual contractors. The final phase will address onboarding and data reporting functionalities for consultants and individual contractors by the end of 2022. A bulk download functionality for personal history profiles has already been rolled out as a first release.	Consultants and ICs; and the final phase will address onboarding and data reporting functionalities for consultants and individual contractors by the end of 2022, the Board considers this recommendation to be under implementation.				
39	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.	A functionality for read-only access to view the consultant engagements across the Secretariat is included in the first phase of the update to the Inspira module pertaining to consultants and individual contractors. The technical roll-out of this functionality was completed in the first quarter of 2022, and a related process guide or job aid is currently under development. Once the process guide has been promulgated, we will request closure of this recommendation.	Given that the related process guide or job aid is still under development and that the process guide has not yet been promulgated, the Board considers this recommendation to be under implementation.		X		
40	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 consultants and individual contractors.	Since October 2018, no consultants and individual contractors have been contracted without using Inspira to create their profiles. Hiring managers have been using the roster in Inspira when reviewing candidates for assignments, although not all consultants and individual contractors are selected through a	Given that Inspira has been used and that the relevant requirement has been enforced, the Board considers this recommendation implemented.	X			

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				job opening in Inspira. Section 4 of administrative instruction ST/AI/2013/4 provides that selection through a job opening in Inspira or electronic platform is mandatory only when services of a consultant and individual contractor are needed for more than six months. This requirement has been strictly enforced since March 2021. The Administration therefore considers this recommendation implemented and requests its closure.					
41	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.	It is noted that heads of entity have the delegated authority to make exceptions to administrative instructions as long as the provisions from which an exception is granted is not a direct emanation from a General Assembly resolution or the Staff Regulation and Rules of the United Nations. In the latter case, the heads of entity do not have the authority to make exceptions. The time limitation of 24 months within 36 months for consultants and 9 months within 12 months for contractors are mandated by the Assembly. Accordingly, heads of entity do not have delegated authority to grant such exceptions. Since the second half of 2020, the issue has been brought to the attention of the heads of entities. Currently, heads of entities request exceptions to the above time limit from the Assistant Secretary-General for Human Resources. Fewer and fewer exceptions have been granted and only when a linkage to the	Given that similar issues have been noted in recent audits and that the Board reiterated its recommendation in the present audit, the Board considers this recommendation as having been overtaken by events.				X

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				COVID-19 situation can be shown. The exceptions are reported to the Business Transformation and Accountability Division by the Office of the Assistant Secretary - General for Human Resources. Furthermore, when a provision, such as the one on time limits for consultants and individual contractors, is an Assembly mandate, no changes can be made to the policy without the Assembly first allowing for it. Furthermore, in order to avoid the service duration of the consultants and individual contractors exceeding the mandated ones either by miscalculation or misunderstanding on the policy provisions, a guide on how to calculate the maximum service limit was developed by the Department of Operational Support with the aim of reaching accurate calculations of the service duration of consultants and individual contractors and of minimizing human error, to the extent possible. The Administration requests the closure of this recommendation.					
42	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.	There is already a mechanism in place to verify data as well as monitoring of exceptions by the Business Transformation and Accountability Division in support of the Office of Human Resources. The development of a central system that gathers human resources data from all United Nations system organizations is not economically viable, as it would require the integration of multiple enterprise resource planning systems with	Given that relevant supporting materials were not provided, the Board consider this recommendation to be under implementation.		X		

						Status after verification			
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				diverse coding. The Administration is of the opinion that the solution that is in place following management reform addresses the issue and therefore requests the closure of this recommendation.					
43	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 address the reasons for delays at all the critical stages.	This recommendation is similar to the recommendation in paragraph 405 of A/76/5 (Vol. I). The Administration requests the closure of the recommendation on the basis of the evidence provided to the Board of the new tools and improvements of platforms that have been rolled out in an agile and iterative fashion, which will assist entities in meeting the 120-day target. These process improvements are being undertaken on a continuous basis. Additional enhancements are scheduled to be deployed throughout 2021 and 2022.	Given that this recommendation was reiterated in paragraph 405 of A/76/5 (Vol. I), the Board considers this recommendation as having been overtaken by events.				X
44	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.	In 2021, the Office for the Coordination of Humanitarian Affairs issued the following guidance documents: the Office's policy instruction on technology standards (September 2021), the policy instruction on branding and visual Identity (July 2021), the revised standard operating procedures on sexual misconduct (May 2021), the corporate resource mobilization strategy (April 2021) and the Office's updated policy instruction on gender equality (March 2021). In addition, the Office is currently updating its evaluation policy and guidelines on country-based pooled funds. The Office's senior management announced the issuance of all updated/new guidance documents.	Given that a time-bound programme for the review of all overdue guidance documents has been implemented, the Board considers this recommendation implemented.	X			

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45	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 preparation of an anti-fraud and anti-corruption handbook and the corresponding strategy is currently in the final review stage. While the handbook is aimed at offering insights into how fraud and corruption could occur in the United Nations Secretariat and how they may be prevented and detected before they negatively affect the functioning of the Organization, the strategy paper contains a set of specific actions that need to be taken so as to implement and monitor the Organization's prevention, detection and response initiatives. Following the finalization of both documents, the Secretariat will begin implementing the strategy during the second half of 2022.	Given that the preparation of an anti-fraud and anti-corruption handbook and the corresponding strategy is in the final review stage, the Board considers this recommendation to be under implementation		X		
46	2017	A/73/5 (Vol. I), chap. II, para. 275	The Board recommended that the Administration ensure that United Nations Office at Nairobi performs risk assessment and prepares risk registers at the entity level and at the level of each division.	The United Nations Office at Nairobi performed the risk assessment, and the risk register and risk treatment plans have been provided.	Given that risk registers have been finalized, the Board considers this recommendation implemented.	X			
47	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 Administration has revised the corporate template agreement with implementing partners, which includes clauses on fraud and corruption. The agreement can be generated as part of the functionality of the grantor management module. The administration requests the closure of this recommendation.	Given that the Administration has revised the corporate template agreement with implementing partners, which includes clauses on fraud and corruption, the Board considers this recommendation implemented.	X			
48	2017	A/73/5 (Vol. I), chap. II, para. 291	Further, the Board recommended that the Administration continue to strengthen, in a time-bound manner, its accountability and internal control framework,	The statement on internal controls for all operations of the Secretariat for 2020 was signed by the Secretary-General on 26 May 2021 and was published in the six official languages of the United	Given that the statement of internal control and the centralized repository of information on delegation of authority	X			

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			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.	Nations. The review of the effectiveness of the Secretariat's system of internal controls is based mainly on the internal control self-assessment questionnaire that was submitted to the Secretariat entities in December 2020.	have been released, the Board considers this recommendation implemented.				
49	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, to provide a time frame for completion of such cases.	The Administrative Law Division of the Office of Human Resources has been tracking and reporting the time frame in which a first action was taken in each case. Currently, in almost 100 per cent of cases, the first action was taken within three months of the referral. Furthermore, the Division has developed a case management tracking system that will enable all actors to view and monitor the status of misconduct matters within their authority. With the introduction of this global case management system, an analytical review of data and trends over the years will help with setting more relevant performance indicators that could be introduced for those processes over which the Office has control.	Given that a case management tracking system enabling all actors to view and monitor the status of misconduct matters and helping with setting more relevant performance indicators has been launched, the Board considers this recommendation implemented.	X			
50	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.	The Administration notes that the new case management tracking system, which enhanced the capabilities of the previous misconduct tracking system, began to be deployed in December 2020 and that the deployment was completed in June 2021. The new system enables end-to-end oversight on allegations of misconduct reported to Secretariat entities, from the reception of complaints to completion of disciplinary processes, where applicable.	Given that the case management tracking system has been introduced throughout the United Nations Secretariat, the Board considers this recommendation implemented.	X			

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51	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 the safety and security incident recording system figures to ensure that no critical incidents warranting intervention go unnoticed.	The monitoring evaluation platform of the Critical Incident Stress Management Unit has been successfully launched and is already in use. Training for field counsellors on how to use the platform has begun and is ongoing, being conducted on a regional basis. The recommendation has thus been implemented.	Given that the monitoring evaluation platform of the Critical Incident Stress Management Unit has been successfully launched and is already in use, the Board considers this recommendation implemented.	X			
52	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 of Safety and Security.	The new learning management system was launched in July 2021, and all the historical data migrations were completed for all courses by December 2021. Integration with other data sources commenced in December 2021 and is ongoing.	Given that integration with other data sources commenced in December 2021 and is ongoing, the Board considers this recommendation to be under implementation.		X		
53	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, the OIOS and other Secretariat offices for a complete and comprehensive reporting of cases of fraud and presumptive fraud.	A presumptive fraud and fraud tracker has been put in place by the Office of Programme Planning, Finance and Budget. Submissions from OIOS are automatically uploaded to the tracker, including the referred cases. Yearly submissions from the Secretariat entities are cross-checked with the OIOS submissions. This ensures that the report sent to the Board is consistent and includes all cases of fraud and presumptive fraud submitted to the Office of Programme Planning, Finance and Budget.	Given that a fraud tracker has been set up and that the coordination has improved between the Office of Programme Planning, Finance and Budget and OIOS, the Board considers the recommendation implemented.	X			
54	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	The Department of Management Strategy, Policy and Compliance supported entities in the data review process and identified actions to be taken to resolve incorrect data capitalization. At the time of	Given that only about 70 per cent of the discrepancies identified during the audit have been successfully resolved, that the		X		

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			noticed. The Board further recommended that internal controls over disposal of assets be strengthened and all necessary disposal processes be completed on time.	writing, more than 70 per cent of the discrepancies identified during the audit have been successfully resolved. The Office of Programme Planning, Finance and Budget continues to support entities to implement corrective actions using the best operational options and to work towards the resolution of all discrepancies. Based on the reasons identified for the incorrect records, most of the inaccuracies originate from the incorrect selection of material master/programme implementation documents by requisitioners, which were transferred to acquisition documents and affected downstream equipment records. An extension of the deadline for completion to 30 June 2022 is requested.	Administration is continuing to implement corrective actions for those remaining and that the Administration is requesting an extension to the deadline for completion to 30 June 2022, the Board considers this recommendation to be under implementation.				
55	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 concerned functionality.	The Administration remains focused on capturing and capitalizing all intangible costs across the Organization and, to this end, has started to provide training to offices that are affiliated with the development of intangible assets on the use and benefits of the work breakdown structure elements. The largest intangible asset project, the Umoja project, ended on 31 December 2020 and is now in the maintenance phase; therefore, it is expected that no further issues of capitalization are expected under the original project.	Given that the Administration's review of work breakdown structure elements on the capitalization of intangible assets is still ongoing, and that the Board noted that, as of the end of 2021, there were still some costs of the Umoja project that were not capitalized correctly according to IPSAS regulations. The Board considers this recommendation to be under implementation.		X		
56	2018	A/74/5 (Vol. I), chap. II, para. 71	The Board recommended that the Administration develop a comprehensive policy and guidelines detailing an approved list of services under each activity, devising a	The comprehensive policy document and guidance were issued on 30 December 2021. The policy document can be found on the Knowledge Gateway site. The Administration considers this	Given that the comprehensive policy document and guidance were issued on 30 December 2021, the Board considers this	X			

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			method for apportioning 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.	recommendation implemented and requests its closure by the Board.	recommendation implemented.				
57	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 Administration is gathering the necessary data with the aim of updating the existing data set. Once each retiree is linked to a type of fund, there will be no need to use the percentage approach. Implementation is on target.	Given that efforts to identify a fund type for all retirees is under way, the Board considers the recommendation to be under implementation.		X		
58	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 retiree records pertaining to medical insurance plans is in the final stages and implementation thereof is expected to be completed by mid-April 2022.	Given that the migration of the retiree records pertaining to medical insurance plans into Umoja is still in progress, the Board considers the recommendation to be under implementation.		X		

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59	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 on 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 Administration aims to ensure that the census data for the 2021 valuation have clear data for spouse and dependent children.	Given that the review is in progress, the Board considers this recommendation to be under implementation.		X		
60	2018	A/74/5 (Vol. I), chap. II, para. 124	The Board recommended that the Administration review the classification of the status of employees 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.	This recommendation is implemented in part because the Health and Life Insurance Section has corrected the erroneous records for which a subsidy was charged and is working on classifying retirees as a unique group.	Given that the Health and Life Insurance Section is working on classifying retirees as a category that can be uniquely identified, the Board considers the recommendation to be under implementation.		X		
61	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.	The Department of Management Strategy, Policy and Compliance will continue to work with the Umoja team and the Human Resources Service Division to finalize the validation in Umoja, while the reconciliation with payroll and eligibility records is being implemented within the Office of Programme Planning, Finance and Budget.	Given that efforts to validate and reconciliate personal benefits and contribution data are ongoing, the Board considers the recommendation to be under implementation.		X		

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62	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 request for proposals for the provision of audit services was signed on 30 November 2021 and published on 2 December 2021.	Given that the audit services contract is expected to be awarded, the Board considers this recommendation to be under implementation.		X		
63	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 identify red flags and carry out correct and comprehensive classification of claims.	The request for proposals for the provision of third-party administrator services will be issued in the second half of 2022.	Given that the request for proposals is still in progress and that the standard agreements with reporting templates have not been signed, the Board considers this recommendation to be under implementation.		X		
64	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 fraud and suspected fraud be reported, as they come to notice, by all third-party administrators.	The Department of Management Strategy, Policy and Compliance will continue to work with the existing third-party administrators to negotiate and sign formal agreements for the services provided.	Given that validation of the new data set is in progress, the Board considers this recommendation to be under implementation.		X		
65	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 recommends that a	The Department of Management Strategy, Policy and Compliance is in the process of establishing 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		X		

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			focal point be designated centrally with the responsibility to carry out the monitoring and follow-up.		recommendation to be under implementation.				
66	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 on 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 cashiers not located at Headquarters for cash management functions and their functional relationship with the Treasury at Headquarters be formalized.	The Administration has completed the documentation, which is awaiting formal approval.	Given that the documentation is awaiting formal approval, the Board considers this recommendation to be under implementation.		X		
67	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 Administration has updated the cash management procedure and is utilizing the Umoja data. All payments are disbursed according to a T+3 rule (T+3 is the current day plus three business days), which is deemed to be sufficient. A project has been submitted and endorsed by the Umoja Change Board to implement the enhancement, which would enable the alignment of the payroll and accounts payable disbursements under the T+3 rule. The enhancement is expected to be implemented by the second quarter of 2022.	Given that a project has been submitted and endorsed by the Umoja Change Board to implement the enhancement, and that the enhancement is expected to be implemented in 2022, the Board considers this recommendation to be under implementation.		X		

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68	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 Administration reviews the house bank balances on a daily basis and the buffer limits are set. The Administration will formalize the buffer limits and subsequently request the closure of this recommendation.	Given that the Administration reviews the house bank balances on a daily basis and that the buffer limits are set, the Board considers this recommendation implemented.	X			
69	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.	This recommendation is now accepted and the Investment Section now maintains records of competitive bidding and tradable rates for each transaction. The Treasury is further improving its documentation of investment decisions by adding copies of competitive bidding records and rates available for trades. Closure of this recommendation by the Board is requested.	Given that the Treasury has improved the documentation of investment decisions by adding copies of competitive bidding records and rates available for trades, the Board considers this recommendation implemented.	X			
70	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 assessment of liquidity requirements for the pool has already been improved by the introduction of forecasts by day for a rolling six-week period. This supplements the existing system of forecasts by month for a rolling 12-month period. This will be further improved with the output of cash-flow reporting. The Treasury is recruiting an officer who will implement historical pool cash-flow reporting to improve forecasting and liquidity planning.	Given that a new job position of an officer who will implement historical pool cash-flow reporting to improve forecasting and liquidity planning is being recruited, the Board considers this recommendation to be under implementation.		X		

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71	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.	This recommendation has been implemented as the Asset and Investment Manager system is monitored constantly and changes for pre-trade compliance are reviewed as soon as possible.	Given that the Treasury has monitored the Asset and Investment Manager system compliance procedures and provided relevant reports, the Board considers this recommendation implemented.	X			
72	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 counter-parties having International Swaps and Derivatives Association agreements and revisit the policy of equal splitting of agreements among the counterparties so as to derive advantage of the most competitive market rates while limiting the credit exposure in accordance with the defined guidelines.	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. This approach was implemented in the execution of the hedging programme for the 2020 and 2021 regular budget periods. Furthermore, the Office of Programme Planning, Finance and Budget is working to increase from three the number of counterparties with which the United Nations has an International Swaps and Derivatives Association agreement. Discussions are under way with two potential additional counterparties.	Given that a review of the hedging programme was undertaken and that discussions are under way with two potential additional counterparties, the Board considers this recommendation to be under implementation.		X		
73	2018	A/74/5 (Vol. I), chap. II, para. 222	The Board recommended that the Administration consider the feasibility of formally laying down minimum set of requirements for the selection of a bank, along with adopting a standard operating procedure for opening and closing of bank accounts.	Standard operating procedures for opening and closing bank accounts have been issued.	Given that standard operating procedures for opening and closing bank accounts have been issued, the Board considers this recommendation implemented.	X			

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74	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 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 the custodian agencies.	Since March 2022, the current tier classification is as follows: 136 tier I indicators, 91 tier II indicators and 4 multiple-tier indicators (where different components of the indicator are classified into different tiers). The custodian agencies continue to work with countries to increase data availability and, as a result, there are fewer tier II indicators in the global indicator framework.	Given that the revised global Sustainable Development Goal indicator framework has been approved by the Statistical Commission, the Board considers this recommendation implemented.	X			
75	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 Department of Economic and Social Affairs enhanced the demand repository and launched the revamped system in February 2021. Internal training for relevant staff in the Department of Economic and Social Affairs was conducted from February to May 2021 and the data conversion and enrichment process was completed by the end of June 2021. The Department's Capacity Development Programme Management Office conducts quarterly reviews of the records to ensure that requests are tracked and recorded in full.	Given that the Capacity Development Programme Management Office conducts quarterly reviews of the records to ensure that the capacity development needs are addressed and that requests for support are tracked and recorded in full in the repository, the Board considers this recommendation implemented.	X			
76	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, regional commissions, the United Nations country teams and concerned Member States on financing support so as to obtain feedback on the financing policies.	As previously mentioned, there are adequate collaboration mechanisms in place to ensure that the input and views of various stakeholders are provided in the various work streams on financing for development.	Given that there are collaboration mechanisms in place on financing for development, the Board considers this recommendation implemented.	X			

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77	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 non-governmental organizations (NGOs), as well as processing of the increasing number of quadrennial reports. The Department of Economic and Social Affairs should also monitor the initiatives by NGOs that are related to the Sustainable Development Goals.	Significant progress has been made in the past year towards the upgrade of the information technology system used by the Non-Governmental Organizations Branch. The new civil society organization portal being developed to replace the current system is undergoing a first phase of user acceptance testing. Subject to the successful completion of the second phase of testing, data migration, final review and launch, the new portal is expected to be operational by the end of the year.	Given that the new portal is expected to be operational by the end of the year, and the progress made towards the upgrade of the information technology system used by the Non-Governmental Organizations Branch, the Board considers this recommendation to be under implementation.		X		
78	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 Assembly about related progress.	The Administration has completed the 42 key performance indicators available in sources, such as the procurement toolkit, solicitation monitoring tool and the vendor outreach dashboard. The completion of key performance indicators is subject to the availability of related business solutions. Once the business solution or processes are in place, the indicators would be developed. Based on the above, the Administration proposes that this recommendation be closed.	The Board considers this recommendation implemented.	X			
79	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 the travel and the	Work on this recommendation remains in progress.	Given that the Administration continues its work to explore possible adjustments in Umoja to allow for better identification of the		X		

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			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.		reasons and categories causing late submissions of travel requests and that there were still late submissions of travel requests, the Board considers this recommendation to be under implementation.				
80	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 of retention schedules followed by review by the Section.	The Archives and Records Management Section continues to work with Secretariat entities with or without incomplete records retention schedules, in particular in the context of its planned move out of the Falchi records storage facility. The Section is currently working closely with the Department of Safety and Security and will focus on assisting the Department of Global Communications and the Office for the Coordination of Humanitarian Affairs in the coming months. The revised target date for the completion of the retention schedules is December 2022.	Given that the Section is currently working closely with the Department of Safety and Security and will focus on assisting the Department of Global Communications and the Office for the Coordination of Humanitarian Affairs in the coming months, the Board considers this recommendation to be under implementation.		X		
81	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 Administration still awaits suggestions from the Member States on the preservation proposal costing approximately $10 million for the efforts to digitize some 1 million parliamentary and normative documents and publications that are in dire condition.	Given that the time frame has been set and the fundraising proposal for the digitization of old United Nations documents has been approved, the Board considers this recommendation implemented.	X			

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82	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 funding requirements for the project and make efforts to obtain such funds for completing the digitization of its audiovisual records.	The Administration is seeking to raise $1.8 million in additional funds to complete its efforts for the digitization of unique, important and historic documents. Should the above funds become available, the project target date will be extended for 12 additional months.	Given that the project to accelerate digitization of the audiovisual archives has been put into practice, currently paid from the regular budget, the Board considers this recommendation implemented.	X			
83	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 audience.	The Administration would like to reiterate that full implementation of this recommendation is subject to the funds available, especially in relation to the sustained and professional digital preservation infrastructure needed to secure business continuity for the United Nations Digital Library) developed by the Dag Hammarskjöld Library.	Given that the digital repository for collecting digital parliamentary documents, publications and other content has been launched, and is available to persons with an internet connection, the Board considers this recommendation implemented.	X			
84	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.	Within the strategy of the Dag Hammarskjöld Library for 2025, two more repositories from the libraries of the Economic Commission for Latin America and the Caribbean (ECLAC) and the Economic Commission for Africa (ECA) are planned to be absorbed and/or linked to the Digital Library in the next two years. In accordance with the same strategy, 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 other United Nations databases. Once again, full implementation of this recommendation is contingent on the availability of funding.	Given that the Dag Hammarskjöld Library has been harvesting, analysing and uploading content from other repositories of libraries of the Secretariat around the world, which is a goal defined in the Library's strategy, and that only two repositories remain to be harvested and uploaded, the Board considers this recommendation implemented.	X			

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85	2018	A/74/5 (Vol. I), chap. II, para. 487	The Board recommended that Administration strengthen anti-fraud controls, particularly in offices where recurrent fraud has been noticed, and take timely and necessary administrative action for redressal.	The statement on internal controls for all 2020 operations of the Secretariat was signed by the Secretary-General on 26 May 2021 and published in the six official languages of the United Nations. In the context of the preparation of the 2021 statement on internal controls, the United Nations Secretariat internal control framework, including entity-level controls and activity-level controls, was submitted to all Secretariat entities in June 2021. The entities will assess the presence and functioning of the internal controls and finalize their remediation plans by 31 December 2021. The self-assessment questionnaire on 2021 operations will be released in 2022.	Given that the statement issued by the Secretary-General on 26 May 2021 highlighted the prevention and detection of fraudulent acts, the Board considers this recommendation implemented.	X			
86	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.	In view of the ongoing uncertainties regarding work modalities in the post-pandemic environment and their impact on the workplace, the General Assembly, in its resolution 75/253 C, approved the Secretary-General's proposal (A/75/342/Add.1, paras. 36 and 37) and the recommendation of the Advisory Committee on Administrative and Budgetary Questions (A/75/7/Add.42, para. 9) to close out the flexible workplace project on 31 December 2021, without the completion of the remaining floors). The issues relating to the post-occupancy evaluation report have been addressed and the remaining aspects of the recommendation on the completion of the project by 2020	Given that the project will be closed out at the end of 2021, the Board considers this recommendation implemented.	X			

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				and within the estimated cost have been overtaken by events. The Administration therefore requests the closure of this recommendation by the Board based on the developments mentioned above.					
87	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 main works contract has not yet been signed. ECA has continued, with potential success, to avoid cost overruns and further delay. The project is planned to reach substantial completion in January 2024, four months later than previously planned, while remaining within the current budget.	Given that the main works contract has not yet been signed, the Board considers this recommendation to be under implementation.		X		
88	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 report of the Secretary-General on improving the financial situation of the United Nations was issued in October 2021 (A/76/429). The report and the proposals contained therein are currently being discussed by the Fifth Committee.	Given that the report of the Secretary-General on improving the financial situation of the United Nations was issued in October 2021 (A/76/429), the Board considers the recommendation implemented.	X			
89	2019	A/75/5 (Vol. I), chap. II, para. 32	The Board recommended that Administration immediately develop a tool to generate disaggregated monthly and daily cash flow data to facilitate liquidity management.	The Administration requested the closure of this recommendation and made sample reports available for the auditors to review.	Given that the Administration has generated cash reports that include key facts for liquidity management, based on the sample report of 10 UNA, the Board considers this recommendation implemented.	X			

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90	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 Organization is currently actively tracking and consulting with programme managers on programme delivery. As part of the normal operations, impact analysis is done should there be adverse external factors. The Administration does not believe that this recommendation should remain open based solely on the current liquidity situation.	Given that the Administration has generated cash reports that include key facts for liquidity management. the Board considers the recommendation implemented.	X			
91	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.	This recommendation was triggered by retroactive running of staff assessment batch for several months. The incident with the staff assessment batch in 2019 was unique. In 2020, there was no incident that required the reopening of closed periods for material restatement. The daily fund balance was consistently reliable for retrospective review and cash forecasting purposes. On the basis of the situation in 2020, the Administration requests the closure of this recommendation.	Given that this issue occurred in incidental cases, there had been no similar situation in recent years and there is no further evidence of the weakness of managing fund balances, the Board considers this recommendation implemented.	X			
92	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 (10 RCR) to ensure its reasonableness.	Quarterly reports to aid in reviewing 10 RCR activity have been created. In addition, a thorough review of year-end activities will be conducted before issuing allocations for the new year. The Administration is also in the process of creating a database to assist in the monitoring and review of 10 RCR.	Given that the Administration is in the process of creating a database to assist in the monitoring and review of 10 RCR, the Board considers this recommendation to be under implementation.		X		

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93	2019	A/75/5 (Vol. I), chap. II, para. 63	The Board recommended that the Administration to complete the harmonization exercise in a time-bound manner and review the existing methodology and 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 purpose of calculating catalogue rates and also for inclusion in the cost plans.	The comprehensive policy document and guidance were issued on 30 December 2021. The policy document can be found on the Knowledge Gateway site.	Given that the comprehensive policy document and guidance were issued on 30 December 2021, the Board considers this recommendation implemented.	X			
94	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 and guidance were issued on 30 December 2021. The policy document can be found on the Knowledge Gateway site.	Given that the comprehensive policy document and guidance were issued on 30 December 2021, the Board considers this recommendation implemented.	X			
95	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 and guidance were issued on 30 December 2021. The policy document can be found on the Knowledge Gateway site.	Given that the comprehensive policy document and guidance were issued on 30 December 2021, the Board considers this recommendation implemented.	X			
96	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 the preparation of cost plans.	The Administration has started developing an outline for the framework and updated guidance on the management of programme support costs.	Given that the Administration is in the process of developing an outline for the framework and updated guidance on the management of programme support costs, the Board considers this recommendation to be under implementation.		X		

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97	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 conducted a comprehensive review and analysis of the programme support cost rate stated under all the grants that are lower than the standard rate, in cooperation with the entity responsible for the grants. Furthermore, the Administration has put in place a process to keep a comprehensive master file of all grants with programme support costs at lower-than-stipulated rates in accordance with the authorization.	Given that the Administration is in the process of reviewing programme support costs, the Board considers this recommendation to be under implementation.		X		
98	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 final statements, which would also add to the availability of improved information and better transparency.	The financial performance report on the programme budget for 2020 (A/76/347), issued in September 2021, contains explanations for material differences between final budget and expenditures and estimated and actual revenues. The Administration requests the closure of this recommendation.	Given that the financial performance report for 2020 (A/76/347) was issued in September 2021 and that significant variances in sections and object of expenditure have been explained, the Board considers this recommendation implemented.	X			
99	2019	A/75/5 (Vol. I), chap. II, para. 90	The Board recommended that the Administration complete the exercise of aligning Umoja objects of expenditure with budget objects of expenditure within a reasonable time frame.	The Administration will continue to implement this recommendation to ensure improved alignment of budget and actual expenditures. The alignment will be continued progressively over a number of annual budgets and is planned to 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	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		

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				and budget officers; (c) provide guidance and launch the remaining alignment steps; and (d) have a small team guiding the alignment and performing quality assurance by monitoring the adjustments.					
100	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 review of open commitments is conducted throughout the year, especially at year end, prior to the closure of the related budget period to ensure proper validity. The Administration requests the closure of this recommendation.	Given that the Board noted insufficient monitoring of the use of A20 special fund commitments, the Board considers this recommendation to be under implementation.		X		
101	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 operation procedure of the bank statement load has been discussed and improvements have been made to address the recommendation.	Given that there were still many accounts not connected to SWIFT, bank statements had to be imported into Umoja manually and the manual processing for those accounts was often delayed, which, in turn, meant that the bank reconciliation could not be finished on time, the Board considers this recommendation to be under implementation.		X		

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102	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 Administration is improving the bank monitoring process to strengthen the control over and the timeliness of the bank statement load.	Given that the Administration is in the process of improving bank monitoring, the Board considers this recommendation to be under implementation.		X		
103	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 a substantial period of time.	The Administration is reviewing all bank accounts and will close inactive accounts that are not being utilized.	Given that similar issues have been noted in recent audits and that the Board issued a new recommendation in the present audit, the Board considers this recommendation as having been overtaken by events.				X
104	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 funds with negative balances and informs managers of the negative cash balances so that corrective action is taken. Formal guidelines will be finalized by the fourth quarter of 2022	Given that a monthly review has been conducted and that formal guidelines are being finalized, the Board considers this recommendation to be under implementation.		X		
105	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 Administration is working to add and activate a new data field in Umoja after retrieving data from the legacy system. The first round of data cleaning was completed and data testing is under way. The target date for implementation remains unchanged.	Given that data cleaning and testing are being implemented, the Board considers this recommendation to be under implementation.		X		

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106	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.	The data set of the United Nations System Chief Executives Board for Coordination Task Force on Accounting Standards was developed and will be updated annually. The Administration will utilize the data set for the first time during its year-end actuarial valuation as at 31 December 2021.	Given that validation of the new data set is in progress, the Board considers this recommendation to be under implementation.		X		
107	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 Administration aims to ensure that the census data for the 2021 valuation includes clearly marked surviving dependants and excludes expired staff members.	Given that the review of data on surviving dependants and efforts to exclude deceased staff members are in progress, the Board considers the recommendation to be under implementation.		X		
108	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 documentation detailing the process and the mechanism of cost sharing is being developed and will be finalized by 30 June 2022.	Given that the documentation detailing the process and the mechanism of cost sharing is being developed, the Board considers the recommendation to be under implementation.		X		
109	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.	The Administration continues to consider that indiscriminate disclosure of the details of all participating entities will clutter the notes with information that does not incrementally improve financial reporting. However, for the sake of more transparency, the Administration intends to disclose the share information as at 31 December 2021 of the participating entities with large numbers of contributors.	Given that names and details of the share of participating entities with large numbers of contributors have been disclosed, the Board considers this recommendation to be implemented.	X			

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110	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.	The Administration is in the process of proposing changes to the current key management personnel. The proposal will be discussed with the Board in April 2022. The agreed changes will be implemented in the financial statements for the year ending 31 December 2022.	Given that the disclosure is planned to be implemented in the financial statements for the year ending 31 December 2022, the Board considers this recommendation to be under implementation.		X		
111	2019	A/75/5 (Vol. I), chap. II, para. 197	The Board recommended that the Administration create and approve service entry sheet promptly upon the delivery of service and, especially at year end, have the service entry sheet be approved within the deadline so that the relevant expense is posted in the correct year.	The Administration continues to emphasize the importance of approving service entry sheet or goods receipts promptly upon the delivery of the service and within the deadline through year-end meetings with heads of offices. Offices are required to confirm, and have confirmed, the validity and accuracy of outstanding commitments. Service entry sheets and goods receipts that are not posted in time are captured by the accrual of expenses from outstanding commitments whose services and goods are delivered by the end of the year. Hence, expenses for the services delivered are fully recorded or accrued.	Given that the supporting document for the accrual of expenses was not provided, the Board considers this recommendation to be under implementation.		X		
112	2019	A/75/5 (Vol. I), chap. II, para. 198	The Board recommended that the Administration ensure compliance with the delivery principles when recognizing expenses and that it upload all relevant documents in Umoja.	The Administration continues to hold year-end meetings with heads of offices to emphasize the importance of complying with the delivery principle and recognize expenses in the appropriate financial year, where all relevant documents are uploaded in Umoja. To comply with the delivery	Given that some documents were not uploaded in Umoja, the Board considers this recommendation to be under implementation.		X		

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				principles, service entry sheets and goods receipts that are not posted in time are captured by the accrual of expenses from outstanding commitments whose services and goods are delivered by the end of the year. Hence, expenses for the services and goods delivered are fully recorded or accrued.					
113	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 of the roles and responsibilities of the Department of Management Strategy, Policy and Compliance and the Department of Operational Support.	While the dual structure is well established without them, the Secretary-General's bulletins on both the Department of Operational Support and the Department of Management Strategy, Policy and Compliance are nearing completion. Specifically, the drafts considered to be final by the Departments are now undergoing consultation with all Secretariat entities, with a deadline of 1 March. Thereafter, the two Departments will consider any needed amendments to the drafts, after which the Office of Legal Affairs will conduct its review before the drafts are sent to the Secretary-General for promulgation.	Given that the Secretary-General's bulletins were still in processing and have not been formally issued, the Board considers this recommendation to be under implementation.		X		
114	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	Consultations on the draft Secretary-General's bulletins on the organization of the two departments, the Department of Management Strategy, Policy and Compliance and the Department of Operational Support, are currently under way with client entities and staff of the Secretariat. The bulletins will be promulgated once the consultation is complete, at which time the closure of this	Given that consultations on the draft Secretary-General's bulletins on the organization of the two departments, the Department of Management Strategy, Policy and Compliance and the Department of Operational Support, are currently under way with client entities and staff of		X		

No.	Audit report year/ biennium	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			potential confusion among their shared clients.	recommendation will be requested. It is anticipated that the review and promulgation will be completed in the second quarter of 2022.	the Secretariat, and that the bulletins will be promulgated once the consultation is complete, the Board considers this recommendation to be under implementation.				
115	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 Secretary-General's bulletin ST/SGB/2019/2.	The revision of 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 policy is currently at the final review stage and is expected to be issued before the end of 2022.	Given that the revision of 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 Board considers this recommendation to be under implementation.		X		
116	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.	The Administration is finalizing a comprehensive review, through the assessment of the statutory documentation of the entities currently out of the scope of ST/SGB/2019/2, based on the newly defined criteria of the revised policy. The policy is currently at the final review stage and is expected to be issued before the end of 2022.	Given that the Administration is finalizing a comprehensive review, through the assessment of the statutory documentation of the entities currently out of the scope of ST/SGB/2019/2, the Board considers this recommendation to be under implementation.		X		
117	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 is delegated and subdelegated.	This recommendation will be implemented once the revised delegation of authoritypolicy has been issued. The revised policy will include a new section on the exercise of delegated authority by another entity, clarifying the scenarios in which an entity makes decisions, (i.e. exercise the delegated authority) on behalf of another entity. The revised policy	Given that the revised policy is currently at the final review stage and is expected to be issued before the end of 2022, the Board considers this recommendation to be under implementation.		X		

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				will prescribe subdelegation between entities in such scenarios. It is currently at the final review stage and is expected to be issued before the end of 2022.					
118	2019	A/75/5 (Vol. I), chap. II, para. 249	The Board recommended that the Administration expedite 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 ST/SGB/2019/2 and revised instrument. The policy is currently at the final review stage and is expected to be issued before the end of 2022.	Given that the revised ST/SGB/2019/2 and revised instrument are currently at the final review stage and is expected to be issued before the end of 2022, the Board considers this recommendation to be under implementation.		X		
119	2019	A/75/5 (Vol. I), chap. II, para. 251	The Board also recommended that the Administration review the 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.	As part of the evaluation of the accountability system, which is still being finalized, OIOS included a workload assessment in which it estimated that the workload that staff attributed to the new delegation of authority framework amounted to the equivalent of approximately 34 full-time staff. However, OIOS also explained that it was impossible to disentangle the increased workload resulting from the new delegation of authority framework from other factors, including institutional restructuring and liquidity crises. To address the issues regarding the limitations that some entities may have on exercising decision-making in specific areas, the revised Secretary-General's bulletin introduces a new possibility for heads of entities to subdelegate specific authorities to the head of another entity who is in a better position to exercise such authority.	Given that the new revised delegation of authority policy has not been issued, the Board considers this recommendation to be under implementation.		X		

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				Consequently, this recommendation will be implemented once the new revised delegation of authority policy has been issued.					
120	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.	The Administration considers this recommendation implemented and requests its closure. The comprehensive analysis has been completed and enhancements to the delegation of authority portal continued to be made up to the end of 2021. Further enhancements will be incorporated into the larger project in 2022 to enhance the ability to allow for more detailed delegations in each functional area. Other enhancements to the portal will continue to be implemented as part of a continuous process of improvement of the portal.	Given that notable enhancements to the delegation of authority portal were made in 2020 and 2021, and that further enhancements will be incorporated into the larger project in 2022 and implemented as part of a continuous process of improvement of the portal, the Board considers this recommendation implemented.	X			
121	2019	A/75/5 (Vol. I), chap. II, para. 263	The Board recommended that the Administration expedite the development of criteria for the withdrawal of delegated authority and other corrective actions, prepare and implement an internal schedule for monitoring of segregation of duties and develop a mechanism for identifying and documenting the lessons learned, for further improvement.	The criteria for the withdrawal of delegation and other corrective actions are being developed as part of the management reform accountability framework response mechanism, which is planned to be finalized by the end of 2022.	Given that the criteria for the withdrawal of delegation and other corrective actions is being developed as part of the management reform accountability framework response mechanism, which is planned to be finalized by the end of 2022, the Board considers this recommendation to be under implementation.		X		

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122	2019	A/75/5 (Vol. I), chap. II, para. 282	The Board recommended that Administration complete the review of key performance indicators by the targeted date to enhance the existing suite of key performance indicators.	The Administration considers this recommendation implemented and requests its closure. The comprehensive review of the initial set of key performance indicators has been completed and the roll-out of the expanded set of indicators is scheduled to occur in three releases (the first release in November 2021 and the second release in February 2022 have already been done). The final phase is in progress and is expected to be completed by the end of 2022. Further changes to the delegation of authority key performance indicators may occur in the future, after the completion of the 2021–2022 enhancements and on a needs basis after discussion with and agreement of the policy owners as part of the continuous improvement of the accountability framework.	Given that the comprehensive review of the initial set of key performance indicators has been completed and that another recommendation on the launch of the expanded key performance indicators has been issued (A/76/5 (Vol. I), para. 342), the Board considers this recommendation implemented.	X			
123	2019	A/75/5 (Vol. I), chap. II, para. 295	The Board recommended that the Administration expedite 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 considers this recommendation implemented and requests its closure. The evaluation policy was promulgated in August 2021. The Business Transformation and Accountability Division and OIOS have taken a range of capacity-building measures.	Given that the evaluation policy was promulgated in August 2021 (ST/AI/2021/3) and that the Business Transformation and Accountability Division and OIOS have taken a range of capacity-building measures, the Board considers this recommendation implemented.	X			

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124	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 implementation of results-based management.	The Administration considers this recommendation implemented and requests its closure. As detailed in annex II to the eleventh progress report on accountability (A/76/644), activities Nos. 1 to 13 have been completed; activity No. 14 is under implementation: "The Office of Internal Oversight Services is finalizing an independent evaluation of the accountability system of the Secretariat, including the implementation of results-based management, the findings and recommendations of which are expected to be shared with the Department of Management Strategy, Policy and Compliance in the coming weeks. The results will inform the way forward in the implementation of results-based management."	Given that activities Nos. 10, 13 and 14 of the action plans for implementation of results-based management have not been completed fully, the Board considers this recommendation to be under implementation.		X		
125	2019	A/75/5 (Vol. I), chap. II, para. 338	The Board recommended that Administration continue its efforts, including the implementation of innovation initiatives, to realize the target recruitment time of 120 days for filling vacant posts.	This recommendation is similar to recommendation in paragraph 405 of A/76/5 (Vol. I). The Administration requests closure of the recommendation on the basis of evidence of the new tools and improvement of platforms that have been rolled out in an agile and iterative fashion and will assist entities in meeting the 120-day target. These process improvements are being undertaken on a continuous basis. Additional enhancements are scheduled to be deployed throughout 2021 and 2022.	Given that this recommendation was reiterated in paragraph 405 of A/76/5 (Vol. I), the Board considers this recommendation as having been overtaken by events.				X

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						Implemented	Under implementation	Not implemented	Overtaken by events
126	2019	A/75/5 (Vol. I), chap. II, para. 340	The Board 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.	Business requirements pertaining to the substages of the recruitment process have been submitted to the Business Transformation and Accountability Division, and the Department of Operational Support has developed a functioning prototype of the dashboard that can be used to guide improvements to the visualization of data in the management dashboards.	Given that the initiative to review and strengthen the data-sourcing process is still under way, the Board consider this recommendation to be under implementation.		X		
127	2019	A/75/5 (Vol. I), chap. II, para. 360	The Board recommended that the Administration prioritize the implementation of a Secretariat-wide modern customer relations management system to optimally fulfil the service delivery responsibility of the Headquarters support structure.	The Information and Communications Technology steering committee approved a new service delivery management tool across functional areas to be rolled out in a phased manner, subject to a sustainable funding model. The Human Resources Services Division continues to be actively involved in the implementation of this decision, which includes, as next steps, the finalization of the procurement process, the funding model, establishment of a project team and engagement with clients on use cases for the initial phase and subsequent phases of the roll-out.	Given that the new service delivery management tool has not been fully rolled out, the Board consider this recommendation to be under implementation.		X		
128	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 review weekly ageing reports to ensure that requests are answered within the established five-day key performance indicator. The current average response time for service requests is four working days based on the latest 2021 data. The Human Resources Services Division will continue to participate in the development of the future global service delivery tool, which will allow for additional process improvements. The Division	Given that the Administration has been continuing to monitor timelines and review weekly ageing reports to ensure that requests are answered within the established five-day key performance indicator, the Board considers this recommendation implemented.	X			

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				continues to review the existing interim tool on a regular basis, as well as new technological developments, to develop enhancements, both in the platform and the internal workflows.					
129	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 relationship management system.	In addition to the previous comments, the initiative is moving forward. Client feedback and representation is ensured through the establishment of a governance mechanism for the phased implementation of the initiative, which includes the establishment of the service delivery management change board, jointly chaired by senior representatives of the Department of Operational Support and the Department of Management Strategy, Policy and Compliance. Membership is across functional groups, with representation of client entities and key service providers based on representation in the Management Client Board, as outlined in the terms of reference.	Given that the service delivery management system has been developed and approved, the Board considers this recommendation implemented.	X			
130	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 requests 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 Management Strategy, Policy and Compliance.	The draft Secretary-General bulletins on the organization of the two departments are currently being circulated among the client entities of the Secretariat and will be promulgated once consultations have completed in the first quarter of 2022 and any amendments have been finalized in the second quarter of 2022, at which time closure of this recommendation will be requested.	Given that the draft Secretary-General bulletins on the organization of the two departments are currently being circulated among the client entities of the Secretariat, the Board considers this recommendation to be under implementation.		X		

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131	2019	A/75/5 (Vol. I), chap. II, para. 373	The Board recommended that the Administration ensure that it has the information needed to monitor that only entities with sufficient procurement capacity and infrastructure subdelegate procurement authority.	The Department of Management Strategy, Policy and Compliance has created a monitoring tool that joins data from the delegation of authority portal and data extracted from Umoja (staffing tables information and Umoja roles). This tool allows for the monitoring of the entities' delegation of authority and the Umoja portal to ensure that they comply with the procurement capacity status. The Monitoring of Delegation of Authority Section in the Business Transformation and Accountability Division is using this tool to review procurement delegations, liaise with entities and, when required, act to improve compliance. Relevant supporting documentation is available for the Board's review and includes a screenshot of the Monitoring of Delegation of Authority Section dashboard and a sample report for procurement analysis.	Given that the Monitoring of Delegation of Authority Section in the Business Transformation and Accountability Division has created a tool with relevant data available, and that the supporting documentation has been reviewed, the Board considers this recommendation implemented.	X			
132	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.	A new procurement key performance indicator on procurement approvers with delegation was rolled out on 18 February 2022, bringing the total number of procurement key performance indicators to four. The new key performance indicator is aimed at reducing, if not eliminating, the number of SA.16 source-to-acquire approver roles in Umoja that were granted to staff members without an active delegation of procurement authority. Two additional procurement key performance indicators are also planned to be established by the end	Given that two additional procurement key performance indicators are planned to be established by the end of 2022, the Board considers this recommendation to be under implementation.		X		

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				of 2022, as they are technically complex and require new business intelligence data models to be developed and to be certified by the business owners. Once completed, the total number of procurement delegation key performance indicators would increase to six.					
133	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 judgment and expertise, and mandatory policies, and issue procurement guidance and policy accordingly.	The Administration remains committed to implementing this audit recommendation and is continuing the work to ensure that a distinction is made between mandatory policy and operational guidance and that procurement policy and guidance are promulgated accordingly.	Given that the Administration remains committed to implementing this audit recommendation, the Board considers this recommendation to be under implementation.		X		
134	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 members delegated and subdelegated with revised authorities and also ensure reconciliation of information regarding the completion of mandatory property management training within the Department of Management Strategy, Policy and Compliance.	The Administration considers this recommendation implemented and requests its closure. The requirement of this recommendation to strengthen monitoring of the delegation of authority in property management to ensure timely completion of all mandatory and required training was satisfied with the release of the report on delegation of authority key performance indicators, in the fourth quarter of 2021, which includes the new key performance indicator PM-165 on property management mandatory training in the accountability indicator monitoring tool on the management dashboard. Heads of entity are now able to monitor the completion status of the entity's property management delegation of authority recipients, be they compliant, non-compliant or pending (training not yet completed but still within the six-month grace period after acceptance of the subdelegation).	Given that the new key performance indicator PM-165 on property management mandatory training has been put on the management dashboard to monitor the delegation of authority in property management, the Board considers this recommendation implemented.	X			

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135	2019	A/75/5 (Vol. I), chap. II, para. 420	The Board recommended that the Administration put in place a mechanism for monitoring creation and composition of LPSBs.	The draft administrative instruction was sent by the Office of Human Resources for formal consultation with management and staff. Comments thereon were received in mid-April 2022. The comments are currently under consideration.	Given that implementation is still in progress, namely as the comments on the draft administrative instruction are to be finalized prior to submission for review and approval, the Board considers this recommendation to be under implementation.		X		
136	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 smooth and optimum functioning of the reinvigorated resident coordinator system.	In its resolution 76/4, the General Assembly decided to retain the hybrid structure of funding for the resident coordinator system and committed to providing sufficient funding for the resident coordinator system on an annual basis starting from 1 January 2022. The Development Coordination Office is currently in discussions with the Executive Office of the Secretary-General on a resource mobilization strategy for 2022 and beyond, with the goal of increasing the number of Member States providing voluntary contributions, the volume of annual contributions from key donors and the number of donors providing multi-year commitments. The Development Coordination Office is also carrying out an analysis of the 1 per cent coordination levy generated in 2019–2021 to identify possible gaps in implementation so that they may be actively addressed.	Given that the Development Coordination Office is making efforts to mobilize resources and close the gap towards a target of $2.81 million per annum, the Board considers this recommendation to be under implementation.		X		
137	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 annual contribution to the Joint Sustainable Development Goals Fund increased from $42.9 million in 2020 to $79.2 million in 2021. The Fund also attracted a new	Given that the recommendation had been reiterated and refined in 2020 and that the Development				X

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			the Joint Fund at the required levels.	donor to join as a contributor. That said, the Fund's capitalization is well below the level of $290 million per annum requested of Member States in the quadrennial comprehensive policy review funding compact. The Fund has initiated donor assessments (November 2021) and a number of retreats with its governance partners (Operational Steering Committee: November 2021) and stakeholder groups (February 2022) to advocate additional funding. It has also initiated discussions on launching thematic windows (during its development partners retreat in February 2022) and activated a development emergency modality (activated for COVID-19 on July 2021). Discussions are currently under way (March 2022) regarding the possible activation of the development emergency modality.	Coordination Office has made progress in broadening the donor base and increasing annual contributions, although the resources mobilized are far from the target amount, the Board considers this recommendation as having been overtaken by events.				
138	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 first draft of the administrative instruction has been prepared and the work between the Development Coordination Office and the Office of Human Resources and the Department of Management Strategy, Policy and Compliance has been initiated.	Given that the recommendation had been reiterated and refined in 2020, the process of promulgating the permanent system for the appraisal of resident coordinators is still under way and the system is envisioned to enter into force in 2023, the Board considers this recommendation as having been over taken by events.				X

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139	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	The new global and regional chapters of the management and accountability framework, together with the revised country-level chapter, were finalized and agreed by the United Nations Sustainable Development Group in September 2021. The consolidated version of the framework is available online: https://unsdg.un.org/resources/management-and-accountability-framework-un-development-and-resident-coordinator-system. Additional information or documents can be provided if required by the Board. The Development Coordination Office requests the closure of this recommendation by the Board.	Given that the new global and regional chapters of the management and accountability framework, together with the revised country-level chapter, were finalized and agreed by the United Nations Sustainable Development Group, the Board considers this recommendation implemented.	X			
140	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 the timely formulation of new common country analyses and the updating of existing common country analyses.	A total of 102 (78.4 per cent) of United Nations country teams self-reported that a common country analysis had been developed or updated in 2021. This represents significant progress compared with the same period in 2020. A light analysis is ongoing of the uptake of the common country analysis update guidance, which was issued in June 2021, by the Development Coordination Office to understand the bottlenecks faced and the support required by the remaining countries. Country teams are expected to carry out an update by the end of 2022; most will do so in the final quarter of 2022 in order to shape their workplans for 2023. The progress made in the formulation of new common country analyses and the updating	Given that, as at 31 December 2021, of the 42 countries implementing United Nations Sustainable Development Cooperation Framework, 6 (14 per cent) had not yet completed the update of the common country analyses, the Board considers this recommendation to be under implementation.		X		

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				of existing common country analyses proves the Office's continuing engagement with United Nations country teams to ensure the timely formulation of new common country analyses and the updating of existing common country analyses. The Board is requested to close this recommendation.					
141	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.	As of March 2022, 29 out of 38 entities (76 per cent) have signed both the costing and pricing principles and the client satisfaction principles. There are still some entities that have not signed the principles.	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		
142	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.	The Business Innovations Group established two teams to support the roll-out of the efficiency agenda in general, with a particular focus on common back offices. Consisting of senior-level staff of the 8+1, or nine, largest United Nations field entities, the groups are: (a) the 8+1 Assistant Secretary-General group (with Assistant Secretary-General-level participation), formally known as the High-level Forum of the Business Innovations Group. To date, the group has met twice in 2021, in February and June. The minutes of those meetings also reflect the strong focus on the roll-out of the common back offices. The next meeting is scheduled for December 2021; and (b) the 8+1	Given that the two teams have been established, the Board considers this recommendation implemented.	X			

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				reference group of senior directors (with Senior Director-level participation). The reference group reports to the Assistant Secretary-General group and met in April and June 2021. It held a two-day retreat in November on the roll-out of the common back offices. The group is also overseeing the work on the development of the information technology platform. Based on the above, the Administration requests that the Board close this recommendation, as all agreed actions have been implemented.					
143	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 the development of a United Nations Sustainable Development Group platform to facilitate the fast-tracking of the implementation of the common back offices project.	The service delivery platform design has been completed and implementation is under way in one country as of the first quarter of 2022.	Given that work is ongoing to develop the service delivery platform, which is currently being piloted in one country, and that data of other common back offices is collected, managed and analysed manually, the Board considers this recommendation to be under implementation.		X		
144	2019	A/75/5 (Vol. I), chap. II, para. 529	The Board recommended that 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.	The United Nations Sustainable Development Group Business Innovations Group is finalizing the revised efficiency road map for the approval of the United Nations Sustainable Development Group Principals. This includes a proposal for the revision of the common premises target, including a resource requirement for the revised target. The proposal will be submitted for final approval to the United Nations Sustainable Development Group Principals in April 2022.	Given that the process of approval of the revised efficiency road map is under way and that the implementation and execution of common premises is on track, the Board considers this recommendation to be under implementation.		X		

No.	*Audit report year/ biennium*	*Report reference*	*Board's recommendation*	*Administration's response*	*Board's assessment*	*Status after verification*			
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145	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 of the common premises platform has been completed and the system is live.	Given that the common premises platform has been developed, the Board considers this recommendation implemented.	X			
146	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 database is the basis for the common premises platform, which has been completed and the system is now live.	Given that 128 countries have not yet fully uploaded the data and that most countries are still at the quality assurance stage, as well as the fact that the integrity of the common premises database needs further review, the Board considers this recommendation to be under implementation.		X		
147	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.	The Department of Political and Peacebuilding Affairs and the Department of Peace Operations compiled a list of recommendations from the three reform review meetings and conducted follow-up with the relevant offices. Those actions that were outstanding were incorporated into the pillar's reform implementation plan. This means there has been systematic and transparent follow-up, as requested in the recommendation.	Given that a tracker was developed to document the agreed action points from the review retreats on collaboration between the peace and security pillar and the development and management systems, the Board considers this recommendation implemented.	X			

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148	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 continue to actively implement the "Building Our Pillar" programme, with webinars, activities, workshops and initiatives being conducted on a regular basis. A weekly communication is sent to the Departments, ensuring that all staff are aware of and have the opportunity to engage in change management activities, with a view to enhancing organizational culture within the pillar.	Given that, in 2021, the favourable percentages for all 13 key metrics of the staff engagement survey for the Department of Political and Peacebuilding Affairs were still lower than the United Nations Secretariat-wide average, indicating that efforts were still needed to further improve culture-building, the Board considers this recommendation to be under implementation.		X		
149	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 Department of Political and Peacebuilding Affairs has previously requested the closure of this recommendation and provided the requested updates and documents.	Given that the Peacebuilding Support Office of the Department of Political and Peacebuilding Affairs did not meet the target for annual financial contributions to the Peacebuilding Fund in 2021, the Board considers this recommendation to be under implementation.		X		
150	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.	In 2021, the secretariat of the Central Emergency Response Fund saw a significant decrease in no-cost extensions compared with 2020, in both absolute and relative terms (13 per cent fewer projects required extensions in 2021). While the secretariat will continue its efforts to further reduce the number of no-cost extensions in the future, the Office for the Coordination of Humanitarian Affairs considers the recommendation implemented in the context of the Board audit, as	Given that the project implementation period was extended prior to implementation in 2021, with fewer no-cost extensions, the Board considers this recommendation implemented.	X			

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				this will be a permanent, sustained effort by the secretariat, without a specific end date.					
151	2019	A/75/5 (Vol. I), chap. II, para. 644	The Board recommended that the Office expedite the roll-out of 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 the preparation of trial balances.	First phase has been successfully rolled out and implemented. The scope of the first phase included automated upload of project into grantor system which reduces the manual input done by the country-based pooled funds team. The Office for the Coordination of Humanitarian Affairs continues to follow-up with Umoja team to scope the implementation of the second phase, to include synchronization of financial transactions and fund balances.	Given that the second phase of data bridge has not yet been rolled out, and that the Office for the Coordination of Humanitarian Affairs and the Umoja team have been following up to scope the implementation of the second phase, to include synchronization of financial transactions and fund balances, the Board considers this recommendation to be under implementation.		X		
152	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 Administration has explored this recommendation and considers that the existing controls in place already adequately guide the conduct of investigations and ensure the close monitoring of the progress of investigations.	Given that the current controls already adequately guide the conduct of investigations and that the Administration has conducted continuous monitoring of investigation timelines, the Board considers this recommendation implemented.	X			
153	2020	A/76/5 (Vol. I), chap. II, para. 30	The Board recommended that the Administration enhance the performance of fund utilization under the cost-recovery fund (10RCR) to contribute to improved mandate delivery.	A quarterly report to aid in reviewing the activities of the cost-recovery fund (10RCR) has been created. In addition, a thorough review of year-end activities will be conducted before issuing allocations for the new year. The administration is also in the process of creating a database to assist in the monitoring and review of the activities of 10RCR.	Given that a large surplus and some performance issues of the 10RCR fund still exist, the Board considers this recommendation to be under implementation.		X		

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154	2020	A/76/5 (Vol. I), chap. II, para. 35	The Board recommended that the Administration closely cooperate 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.	The automation of segment reporting for volume I was implemented for the 2020 reporting. The Administration is in the process of implementing additional automation of the Business Planning and Consolidation module's eliminations as part of the 2021 year-end closure process.	Given that the additional automation of the Business Planning and Consolidation module's eliminations is in progress, the Board considers this recommendation to be under implementation.		X		
155	2020	A/76/5 (Vol. I), chap. II, para. 36	The Board recommended that the Administration coordinate closely with the Umoja Change Board regarding the approval and implementation of 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 the efficiency of financial reporting.	The Administration is working on a solution to enhance the integration of the Business Planning and Consolidation module with other modules of Umoja by the end of 2022.	Given that the solution to enhance the integration of the Business Planning and Consolidation module with other modules of Umoja is still in progress, the Board considers this recommendation to be under implementation.		X		
156	2020	A/76/5 (Vol. I), chap. II, para. 43	The Board recommended 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.	The Department of Management Strategy, Policy and Compliance has reviewed the existing agreement templates for implementing partners and discussed them with head of departments, focal points and the Office of Legal Affairs. The updating of the agreement template is under way. The Office of Programme Planning, Finance and Budget will also continue to monitor and follow up with each department with regard to the financial closure of all operationally closed projects in line with the signed agreements and emphasize that each department follow up with implementing partners on the timely submission of final reports and refunds, including accrued interest.	Given that the updating of the agreement template is under way, the Board considers the recommendation to be under implementation.		X		

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157	2020	A/76/5 (Vol. I), chap. II, para. 49	The Board recommended 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.	The Administration will streamline existing funding policies, without negative impact on implementing partners, in order to minimize future revisions and take into consideration the long-term effects of any proposed changes. The process is on track for implementation by the target date.	Given that the Administration is scheduled to streamline existing funding policies on repatriation liability, the Board considers the recommendation to be under implementation.		X		
158	2020	A/76/5 (Vol. I), chap. II, para. 62	The Board reiterated its recommendation that the Administration issue guidance on the creation and usage of fund commitments.	The Administration is currently drafting guidance on the usage of fund commitments. The guidance is expected to be shared with stakeholders for comments in the third quarter of 2021, after which it will be finalized in the fourth quarter of 2021.	Given that the guidance on the creation and usage of fund commitments has not been issued by the Administration, the Board considers this recommendation to be under implementation.		X		
159	2020	A/76/5 (Vol. I), chap. II, para. 63	The Board recommended that the Administration continue to centrally monitor and regularly review the funds 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.	When contributions are received within the last quarter of the year, the Organization has no other option but to commit the funds late in the year. It would not be prudent for the Organization to commit funds without having the assurance that liquidity will be available to honour such commitments, as otherwise the Organization runs the risk of defaulting on payments to staff and existing vendors. There are rigid controls in place to manage the special commitments and all proposals for spending are reviewed and cleared by the Office of the Controller to ensure that the delayed activities remain aligned with the mandate provided by the General Assembly.	Given that the Board noted insufficient monitoring of the use of special fund commitments, the Board considers this recommendation to be under implementation.		X		
160	2020	A/76/5 (Vol. I), chap. II, para. 68	The Board recommended that the Administration intensify efforts to coordinate with programme budget entities to	In the context of the proposed programme budget for 2022, the information was enhanced to include: (a) explanations of the	Given that the Administration will disclose information, including explanations		X		

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			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.	functions of the posts funded by extrabudgetary resources; (b) information on the planned use of those resources; and (c) oversight mechanisms for those resources. In future budget proposals, the Administration would preserve the current format of the proposed programme budget fascicles and add one additional column to reflect actual expenditures, in the first table of the supplementary of each section, which provides information by object of expenditure.	of the functions of the posts funded by extrabudgetary resources, as well as actual expenditures, in future budget proposals, the Board considers this recommendation to be under implementation.				
161	2020	A/76/5 (Vol. I), chap. II, para. 73	The Board recommended 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.	In the context of the proposed programme budget for 2022, the quantification of deliverables was introduced for substantive and enabling deliverables, where practical, in line with General Assembly resolution 75/243. The Committee for Programme and Coordination, in the context of its review of the proposed programme budget for 2022, did not reiterate its recommendation to provide additional quantification for deliverables.	On a sample basis, the Board reviewed the proposed programme budget for 2022 of the Department of Management Strategy, Policy and Compliance, the Department of Operational Support and the Department of Safety and Security and noted improvements in performance indicators for some of the deliverables applicable, such as the consultation, advice and advocacy deliverable for the Department of Management Strategy, Policy and Compliance, subprogramme 1, under which the users to be covered and services to be provided have been	X			

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					included as "advice to 10 Bureau members; consultation and advice to 57 coordinators; and response to queries from and provision of advice to individual delegations on historical proceedings of the Committees". In this case, the Board considers this recommendation implemented.				
162	2020	A/76/5 (Vol. I), chap. II, para. 78	The Board recommended that the Administration ensure that the United Nations Assistance Mission in Afghanistan (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.	The Field Operations Finance Division will provide the necessary assistance and guidance to UNAMA to facilitate its implementation of the recommendation.	Given that the Administration will provide the necessary assistance and guidance to UNAMA on budget redeployments, the Board considers this recommendation to be under implementation.		X		
163	2020	A/76/5 (Vol. I), chap. II, para. 79	The Board also recommended that the Administration continue to closely and centrally monitor the regular budget redeployments of various entities, when warranted exceptionally.	The Department of Management Strategy, Policy and Compliance will continue to monitor regular budget redeployments, when warranted exceptionally, and will provide additional guidance to programme managers in departments who have delegated authority to perform these redeployments.	Given that the Administration will provide additional guidance to programme managers in departments who have delegated authority to perform related redeployments, the Board considers this recommendation to be under implementation.		X		
164	2020	A/76/5 (Vol. I), chap. II, para. 83	The Board recommended that the Administration enhance the justification of material variances between expenditure	The financial performance report on the programme budget for 2020 (A/76/347), issued in September 2021, contains explanations of the	Given that the financial performance report on the programme budget for 2020 (A/76/347) was	X			

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			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.	material differences between the final budget and expenditure and estimated and actual revenues, including on the expenditure incurred for consultants and experts.	issued in September 2021, and that the variance regarding consultants and experts was explained separately in annex II of the report, the Board considers this recommendation implemented.				
165	2020	A/76/5 (Vol. I), chap. II, para. 84	The Board also recommended 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.	In the budget guidance for 2022 and 2023 from the Controller to the heads of entities, programme managers were alerted to the request from the General Assembly and encouraged to keep provisions for consultants to a minimum. The Administration requests the closure of this recommendation.	Given that, although the Administration requested entities to enhance monitoring of the expenditure under consultants in budget guidance for 2022 and 2023, the Board nevertheless noted increasing expenditure under consultants in the present audit, the Board is of the view that the objective of controlling consultant expenditure was not well achieved and that further efforts should be taken. The Board therefore considers this recommendation to be under implementation.		X		
166	2020	A/76/5 (Vol. I), chap. II, para. 89	The Board recommended that the Administration disclose information on the performance of post resources from extrabudgetary resources in order to improve its transparency.	The Administration will continue to offer comprehensive information on extrabudgetary resources in the budget fascicle and supplement. In the context of early engagement with Member States, the presentation format of budget proposals will be presented to Member States for further	Given that the presentation format of budget proposals will be presented to Member States for further guidance, the Board considers this recommendation to be under implementation.		X		

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				guidance. Any guidance on extrabudgetary resources would be incorporated based on the feedback received from Member States, if required.					
167	2020	A/76/5 (Vol. I), chap. II, para. 90	The Board recommended 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.	Additional information has been provided to departments, in the context of the budget guidance on the proposed programme budget for 2023, in order to contribute to more accurate estimates of posts and non-post resource requirements funded by extrabudgetary resources	Given that similar issues have been noted in recent audits and that the Board reiterated this recommendation in the present audit, the Board considers this recommendation as having been overtaken by events.				X
168	2020	A/76/5 (Vol. I), chap. II, para. 99	The Board recommended 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.	The Administration is reviewing all bank accounts and will close inactive accounts that are not being utilized.	Given that similar issues have been noted in recent audits and that the Board issued a new recommendation in the present audit, the Board considers this recommendation as having been overtaken by events.				X
169	2020	A/76/5 (Vol. I), chap. II, para. 107	The Board recommended 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 actions to accelerate the progress of modification on the Umoja cashier business roles and development of the new payroll process model.	The Administration has improved the cash management procedure so that the cash balances at the banks are kept at the balances necessary to support the Organization's operations. The cashier business roles have been redesigned to support the cash management operation procedure.	Given that new cash management procedure was issued during 2021 and that the cashier business roles have been redesigned to support the cash management operation procedure, the Board considers this recommendation to be under implementation.		X		
170	2020	A/76/5 (Vol. I), chap. II, para. 115	The Board recommended that the Administration conduct a comprehensive analysis of the funds participating in the main pool to identify the funds	Steps have already been taken to establish a separate pool for after-service health insurance extrabudgetary reserves. Work is being done to engage an external	Given that the Board reiterated this recommendation in the present audit, the Board considers this				X

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			associated with long-term liabilities and develop a tailored investment strategy and guidelines for them.	asset manager as part of the implementation of the asset allocation recommendation. This portfolio will have its own investment guidelines separate from the main pool.	recommendation as having been overtaken by events.				
171	2020	A/76/5 (Vol. I), chap. II, para. 120	The Board recommended that the Administration set out specified standards for the selection of trading counterparties and ensure that the decision-making process is well-documented.	The review and any necessary investment guideline updates will be undertaken.	Given that the review will be undertaken, the Board considers this recommendation to be under implementation.		X		
172	2020	A/76/5 (Vol. I), chap. II, para. 126	The Board recommended that the Administration select custodians on a more transparent and competitive basis and maintain complete documentation of the decision-making process.	A solicitation exercise for custody services will be undertaken by Office of Programme Planning, Finance and Budget in conjunction with the Procurement Division. The Office is currently working to finalize the statement of work for the solicitation exercise.	Given that the solicitation exercise is in progress, the Board considers this recommendation to be under implementation.		X		
173	2020	A/76/5 (Vol. I), chap. II, para. 131	The Board recommended 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.	The work has been approved by the Umoja Change Board, the project team has been assembled and the team is currently in the requirement-gathering phase.	Given that a project has been approved by the Umoja Change Board and the project team has been assembled, the Board considers this recommendation to be under implementation.		X		
174	2020	A/76/5 (Vol. I), chap. II, para. 140	The Board recommended 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.	The Department of Management Strategy, Policy and Compliance is reviewing the cases with each of the third-party administrators. It should be noted that for United Nations staff enrolled in one of the plans administered by Headquarters there are no other "primary plans" and that the issue raised by the auditors refers only to eligible retirees enrolled in the Medicare part B programme.	Given that similar issues have been noted in recent audits and that the Board reiterated this recommendation in the present audit, the Board considers this recommendation as having been overtaken by events.				X

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175	2020	A/76/5 (Vol. I), chap. II, para. 147	The Board recommended 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.	The Department of Management Strategy, Policy and Compliance will assess the Medical Insurance Plan and take action as necessary to ensure its sustainability.	Given that the assessment on the sustainability of the Plan has not yet been completed, the Board considers this recommendation to be under implementation.		X		
176	2020	A/76/5 (Vol. I), chap. II, para. 158	The Board recommended that the Administration, in coordination with relevant department or office, analyse the reasons for assets remaining idle, actively use the idle assets and retire unusable ones, and take more proactive measures to avoid further obsolescence in the future.	The Department of Management Strategy, Policy and Compliance continues to work closely with the relevant departments or offices to review the data discrepancies and to apply corrective actions. At the time of writing, about 70 per cent of the discrepancies identified during the audit have been resolved. The Office of Programme Planning, Finance and Budget continues to support entities to implement corrective actions using the best operational options by the set target.	Given that only about 70 per cent of the discrepancies identified during the audit have been successfully resolved and that the Administration is continuing to implement corrective actions for those remaining, the Board considers this recommendation to be under implementation.		X		
177	2020	A/76/5 (Vol. I), chap. II, para. 163	The Board recommended 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.	The Department of Management Strategy, Policy and Compliance supported entities in their review of the identified data discrepancies and provided guidance on the appropriate actions to be taken to address the incorrect data capitalization. More than 70 per cent of the discrepancies identified during the audit have been successfully resolved, and property has been capitalized in accordance with the United Nations Policy Framework for International Public	Given that more than 70 per cent of the discrepancies identified during the audit have been successfully resolved, that property has been capitalized in accordance with the United Nations Policy Framework for International Public Sector Accounting Standards, and that the		X		

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				Sector Accounting Standards. The Office of Programme Planning, Finance and Budget continues to support entities to implement corrective actions using the best operational options and to work towards the resolution of all discrepancies. An extension of the deadline for completion to 30 June 2022 is requested.	Administration is requesting an extension of the deadline for completion to 30 June 2022, the Board considers this recommendation to be under implementation.				
178	2020	A/76/5 (Vol. I), chap. II, para. 168	The Board recommended that the Administration write off the unserviceability assets from the book before closing the accounts at each year end in order to ensure the accuracy of the financial statements.	The Administration is working closely with the entities to review the property that was identified as unserviceable, confirm the condition of the property and initiate corrective actions, including the disposal process if required. The Global Asset Management Policy Service is following up on the implementation by the entities of corrective actions for the resolution of the discrepancies identified. An extension of the deadline for completion to 30 June 2022 is requested.	Given that the Administration is still reviewing the property that was identified as unserviceable and following up on the implementation of corrective actions, and that the Administration is requesting an extension of the deadline for completion to 30 June 2022, the Board considers this recommendation to be under implementation.		X		
179	2020	A/76/5 (Vol. I), chap. II, para. 173	The Board recommended 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.	The Administration has issued updated guidance to the year-end closing instructions and the year-end procedural steps so as to ensure that assets that are not in use or that currently contain equipment statuses that identify the asset as being unavailable for operational use are excluded from the 10 per cent write back of accumulated depreciation. Currently, this is a manual process, but it is expected that it could be merged using reporting tools for users in the future.	Given that the Administration issued updated guidance on manual adjustment of fully depreciated assets on February 2022, containing detailed instructions and procedures on how to re-evaluate and generate the write-back list, and clarified that Headquarters will be performing a global review of the fully depreciated assets for all non-peacekeeping	X			

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					operations entities before preparing the consolidated reports, the Board considers this recommendation implemented.				
180	2020	A/76/5 (Vol. I), chap. II, para. 178	The Board recommended that the Administration formulate and issue a warehouse management guideline for United Nations Headquarters and other non-peacekeeping operations and urge all entities to implement the requirements and make unified rectifications accordingly.	In line with paragraph 7 of General Assembly resolution 58/270, which endorses that the replacement cycle for desktop computer equipment should be no less than four years, the Office of Information and Communications Technology supports equipment for a designated period in Headquarters and other non-peacekeeping operations until it declares that support therefor should be terminated. The Office regularly publishes information relating to when it will cease to provide support for computer equipment considered to be obsolete or not capable of operating the supported software. Guidance on the personal computing service is provided on iSeek (un.org). The Office will announce the termination of support for obsolete computer equipment in a timely manner so as to allow client offices enough time to purchase new equipment, especially as the Office is responsible for maintaining the security of the Headquarters local area network.	Given that the upcoming review and updates to the field manual on centralized warehousing management, which will include warehouse management of the Headquarters and other non-peacekeeping operations entities, is still in progress, the Board considers this recommendation to be under implementation.		X		

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181	2020	A/76/5 (Vol. I), chap. II, para. 282	The Board recommended 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.	The recommendation has been implemented. The Administration has verified the capitalizable value of the flexible workspace project on the basis of reviews of the purchase orders from the early stages of the project, charged under the legacy system, and records on the asset under construction from 2017–2020 using the existing work breakdown structure elements in the Umoja system, which included the closeout activities. The capitalizable value for the 2015–2016 period has been revised and the final value of the project has been accurately reflected in the 2021 financial statements. There are no open projects remaining in Umoja. The financial statements were transmitted to the auditors on 31 March 2022. The Administration requests the Board to close the recommendation.	Given that the Administration has revised the capitalizable value for the 2015–2016 period; that, according to paragraph 22 of the report of the Secretary-General on the implementation of flexible workspace at United Nations Headquarters (A/76/669) the capitalizable value for 2015 and 2016 is $8,056,602; and that the Board also reviewed the detailed breakdown of that amount, the Board considers this recommendation implemented.	X			
182	2020	A/76/5 (Vol. I), chap. II, para. 286	The Board recommended that the Administration determine the usage of this ICT equipment as soon as possible to avoid obsolescence and waste resulting from its non-use.	The Office of Information and Communications Technology runs regular reports highlighting the ageing of end user devices in stock, and conducts inventory management accordingly. These reports are also used to plan the acquisition of ICT equipment. The Office has previously responded regarding specific ICT equipment, which was identified by the Board during its physical inspection at United Nations Headquarters during the prior period and requests that this recommendation be closed.	Given that, upon the completion of the project this year, some of this ICT equipment has not yet been distributed or utilized, the Board is concerned that for equipment with limited service life this long-term non-use might lead to obsolescence and waste and thus considers this recommendation to be under implementation.		X		

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183	2020	A/76/5 (Vol. I), chap. II, para. 297	The Board recommended that the Administration continue to work through the joint coordination committee and the Advisory Board of the United Nations Fund for International Partnerships (UNFIP) to urge the United Nations Foundation to contribute more resources directly to the United Nations in support of the Organization's activities.	The United Nations Office for Partnerships has had several consultations with the United Nations Foundation regarding support of the Organization's activities. The Foundation has accepted this Board recommendation and intends to collaborate with the United Nations Office for Partnerships and the Administration to identify a few United Nations priorities to target for resource mobilization.	Given that the Administration has discussed and agreed with the United Nations Foundation to continue to work through the joint coordination committee and the Advisory Board of UNFIP to identify ways for the Foundation to contribute more resources directly to the United Nations in support of the Organization's activities, the Board considers this recommendation to be under implementation.		X		
184	2020	A/76/5 (Vol. I), chap. II, para. 298	The Board recommended that the Administration coordinate with the United Nations Foundation to disclose more information on its own 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 the United Nations priorities and the Sustainable Development Goals.	The United Nations Office for Partnerships has coordinated with the United Nations Foundation to provide more detailed programmatic information through the joint coordination committee in accordance with standardized templates on the Foundation's initiatives. This additional information and two such templates have been shared with and supported by the joint coordination committee. The Board will received the updated templates for all relevant Foundation initiatives, along with the requested additional budgetary information, by the end of May 2022.	Given that the Administration has coordinated with the United Nations Foundation and agreed on additional programmatic information to be provided through the joint coordination committee, as well as strengthened tools for information-sharing, the Board considers this recommendation to be under implementation.		X		

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185	2020	A/76/5 (Vol. I), chap. II, para. 306	The Board recommended 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.	The United Nations Office for Partnerships is consulting with the United Nations Foundation and the Administration to address this recommendation.	Given that the Administration has coordinated with the United Nations Foundation to ensure continued reporting on the acceptance of donations from Member States, in accordance with the agreed framework, the Board considers this recommendation to be under implementation.		X		
186	2020	A/76/5 (Vol. I), chap. II, para. 307	The Board recommended 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.	The United Nations Office for Partnerships has coordinated 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. This additional information and two such templates have been shared with and supported by the joint coordination committee. The Board will receive the updated templates for all relevant Foundation initiatives, along with the requested additional budgetary information, by the end of May 2022.	Given that the Administration has coordinated and agreed with the United Nations Foundation regarding the additional budget information to be provided through the joint coordination committee, and has revised the template accordingly, the Board considers this recommendation to be under implementation.		X		
187	2020	A/76/5 (Vol. I), chap. II, para. 313	The Board recommended 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.	The United Nations Office for Partnerships continues to coordinate with the United Nations Foundation to ensure that the Foundation provides the United Nations with further detailed information regarding its fundraising activities through the joint coordination committee.	Given that the Administration has coordinated and agreed with the United Nations Foundation on the additional fundraising information to be provided periodically through the joint coordination committee, the Board considers this recommendation to be under implementation.		X		

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188	2020	A/76/5 (Vol. I), chap. II, para. 321	The Board recommended that the Administration coordinate with the United Nations Foundation to determine how the parties to the relationship agreement can coordinate on the Foundation's reserve policy, including by defining an appropriate level of the reserve and how the reserve is set aside and used.	The United Nations Office for Partnerships is consulting with the United Nations Foundation, and the Administration has submitted a request and justification to close this recommendation.	Given that the Administration has coordinated with the United Nations Foundation about this issue and the United Nations regularly has received updates on the reserve fund, the Board considers this recommendation implemented.	X			
189	2020	A/76/5 (Vol. I), chap. II, para. 328	The Board recommended 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.	The United Nations Office for Partnerships has consulted with the United Nations Foundation on this recommendation and is waiting for the Foundation's response and supporting documentation, which is expected by the end of May 2022.	Given that the Administration has coordinated with the United Nations Foundation on this issue and the Foundation has provided general information about its investment policy on its website, the Board considers this recommendation to be under implementation.		X		
190	2020	A/76/5 (Vol. I), chap. II, para. 335	The Board recommended that the Administration 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.	The United Nations Office for Partnerships has consulted with the United Nations Foundation on this recommendation and is waiting for the Foundation's response and supporting documentation, which is expected by the end of May 2022.	Given that the Administration has discussed and coordinated with the United Nations Foundation regarding the latter's administrative expenses, the Board considers this recommendation to be under implementation.		X		
191	2020	A/76/5 (Vol. I), chap. II, para. 342	The Board recommended 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	The Administration considers this recommendation implemented and requests its closure. The comprehensive review of the initial set of key performance indicators has been completed and the roll-out of the expanded set of indicators	Given that the launch of the expanded set of key performance indicators is ongoing, the Board considers this recommendation to be under implementation.		X		

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			exercise of delegated authority in their different functional areas.	was launched in November 2021, with two of the three releases having been completed as of February 2022. The final phase is in progress and is expected to be completed by the end of 2022. Further changes to the delegation of authority key performance indicators may occur in the future, after the completion of the 2021–2022 enhancements and on a needs basis, after discussion with and agreement of the policy owners as part of the continuous improvement of the accountability framework.					
192	2020	A/76/5 (Vol. I), chap. II, para. 347	The Board recommended 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.	The Administration considers this recommendation implemented and requests its closure. The Administration completed a comprehensive revision of the template used for compacts for 2022. The third section thereof, on managing resources, contains common performance measures in the areas of human resources, financial resources, ICT, and internal controls and oversight. It incorporates the following new or strengthened quantitative indicators; two new indicators on Board recommendations, four new indicators on effective financial resource management, a defined quantitative methodology for casualty evacuations indicator, a defined quantitative methodology for integration indicator, and the enhancement of the quantitative methodology for timely recruitment indicator. The revised template includes commitments to using the delegated authorities to implement	Given that the template for the compacts for 2022 has been finalized and the Administration has conducted a comprehensive revision of the template, the Board considers this recommendation implemented.	X			

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				mandates effectively and accountably and to operating an effective system of delegation of authority. During the revision exercise, the Monitoring and Evaluation Service of the Business Transformation and Accountability Division conducted an analysis to ensure that the underlying indicators were aligned with the delegation of authority key performance indicators. The exercise was performed on the understanding that the underlying data can be measured in different ways for different business needs.					
193	2020	A/76/5 (Vol. I), chap. II, para. 351	The Board recommended 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.	The Administration has taken steps to accelerate the signature of compacts, and it is planned that this recommendation will be implemented from the peacekeeping cycle (July 2022) onwards.	Given that there is still some delay in the signing of compacts, the Board considers this recommendation to be under implementation.		X		
194	2020	A/76/5 (Vol. I), chap. II, para. 355	The Board recommended 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.	The Administration considers this recommendation implemented and requests its closure. Following the implementation of the new approach to performance management for the 2021–2022 performance cycle, an administrative instruction on the Performance Management and Development System was promulgated on 13 August 2021 (ST/AI/2021/4). It outlines how performance will be evaluated for all D-level staff in the Secretariat going forward. The performance management of resident coordinators is carried out under a transitional measure pending the adoption of the relevant administrative instruction. In	Given that the administrative instruction on the Performance Management and Development System (ST/AI/2021/4) was promulgated on 13 August 2021, and the performance of all Director-level staff will be assessed under the system, the Board considers this recommendation implemented.	X			

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				addition, the Administration has reviewed the performance management arrangements for all remaining D-level heads of entities and will make any necessary adjustments to the first and second reporting officers.					
195	2020	A/76/5 (Vol. I), chap. II, para. 362	The Board recommended 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.	The Administration considers this recommendation implemented and requests its closure. In the second release of the expansion of the delegation of authority key performance indicators (February 2022), key performance indicator 60 was revised, as of the fourth quarter 2021, so as to assist entities in assessing their performance in terms of timely reporting of exceptions (i.e. within four calendar days of the date of the decision to the date of entry in the log). Given the constraints in refining the human resources exceptions log to capture the working days only of each duty station and exclude weekends and official holidays, which vary from one duty station to another, the Business Transformation and Accountability Division extended the reporting compliance from one business day to four calendar days so that, if an office complies with submission within one business day, it will score 100 per cent in the key performance indicator. For example, if an office based in New York grants an exception on a Friday, it should be reported by close of business on Monday at the latest – three calendar days later – unless the Monday is a holiday, in which case it should be	Given that the relevant key performance indicator was revised in the fourth quarter of 2021 so as to assist entities in assessing their performance in terms of timely reporting of exceptions, the Board considers this recommendation implemented.	X			

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				reported on the Tuesday, or four calendar days later. Thanks to the changes to this key performance indicator and the introduction of a benchmark, the entities (first line of defence) and the Business Transformation and Accountability Division (second line of defence) can assess their compliance with the four calendar days requirement and compare their performance against that of other similar entities. The human resources exception analysis report for 2021 provides further analysis on the compliance of entities and the overall trends. In addition, the Business Transformation and Accountability Division conducts quarterly reviews of high-volume exceptions by identifying exceptions from data extracted from the enterprise system and comparing with exceptions reported in the log. Non-reported exceptions are brought to the attention of entities.					
196	2020	A/76/5 (Vol. I), chap. II, para. 363	The Board also recommended 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.	The Administration considers this recommendation implemented and requests its closure. The Monitoring of Delegation of Authority Section in Business Transformation and Accountability Division provides a detailed analysis of the reporting compliance in its deep-dive review. The Business Transformation and Accountability Division has reiterated as the key message to entities that they are expected to continue to strengthen their reporting efforts and ensure that the exceptions granted are compliant with General Assembly resolutions	Given the fact that the reporting compliance rate in 2021 was still relatively low, at 69 per cent after outreach by the Business Transformation and Accountability Division, the Board considers this recommendation to be under implementation.		X		

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				and the applicable policy framework and that they are reported comprehensively and on time. The Division has also enhanced the exception log to capture and track cases where exceptions are approved by entities outside the scope of delegated authority, to increase the comprehensiveness of the monitoring on exceptions in the area of human resources. In addition to the annual deep-dive review, in 2021 the Division started to introduce ongoing review and monitoring throughout the year so as to bring exceptions or inconsistencies identified to the attention of the entities for rectification or reporting in the log. This approach was introduced to enable entities to take corrective action in a timely manner, to the extent possible, and to strengthen overall performance.The measures taken by the Administration, in particular regarding outreach to entities and issuance of more precise and hands-on guidance, have already led to improvements. For example, regarding consultants and individual contractors (covered in the Division's guide on granting exceptions), the compliance rate for reporting rose from 30 per cent for consultants in 2020 to 71 per cent in 2021, and from 15 per cent for individual contractors to 31 per cent. (Details will be included in the human resources exceptions report of 2021, which will be available soon). Lastly, in order to further assist entities in monitoring their reporting performance, the Section will include an additional indicator					

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				to track compliance on reporting of the cases identified by the Division during the quarterly reviews.					
197	2020	A/76/5 (Vol. I), chap. II, para. 369	The Board recommended 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.	The Administration considers this recommendation as implemented and requests its closure. In the second release of the expansion of the delegation of authority key performance indicators (February 2022), key performance indicator 40 on mandatory training was expanded to include all nine mandatory courses. The accountability indicator monitoring tool on the management dashboard now reflects all nine courses in all reporting periods for 2021.	Given that in the second release of the expansion of the delegation of authority key performance indicators (February 2022), key performance indicator 40 on mandatory training was expanded to include all nine mandatory courses, the Board considers this recommendation implemented.	X			
198	2020	A/76/5 (Vol. I), chap. II, para. 373	The Board recommended that the Administration ensure a phased plan is developed for the issuance of the guidance to operationalize the delegation of authority and closely track the progress thereof.	As part of the roll-out strategy of the revised delegation of authority policy and related instrument, the Monitoring of Delegation of Authority Section is working on an upgraded delegation of authority frequently asked questions tool, which will be more client-friendly than the existing tool. In addition, it will facilitate the search for information and the provision of responses beyond topics limited to delegation of authority thanks to linkages with other guidance and policy resources hosted on the Knowledge Gateway, maintained by the Department of Operational Support. The Section has been tracking all questions raised by entities since the launch of the policy revision exercise and will use the upgraded frequently asked questions tool to address all of them in this	Given that the Monitoring of Delegation of Authority Section is working on an upgraded delegation of authority frequently asked questions tool, the Board considers this recommendation to be under implementation.		X		

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				structured repository. The upgraded frequently asked questions will be a live tool, regularly updated with the latest questions from entities and answered with the help of the policy and business owners. The recommendation will be implemented once the updated tool has been launched in production on 18 BTAD-Square.					
199	2020	A/76/5 (Vol. I), chap. II, para. 378	The Board recommended 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.	As part of the monitoring of exceptions to human resources administrative instructions, the Business Transformation and Accountability Division receives a file from the United Nations Joint Staff Pension Fund on a quarterly basis. Discussions are ongoing with regard to receiving this file automatically and more frequently. A quarterly extract of relevant data from Umoja and Inspira is produced manually by the Division, and the information is used to check that entities are reporting exceptions to human resources administrative instructions. Discussions are under way to assess possibilities to automate the data extraction. However, linkages among or the integration of systems will require additional dedicated resources.	Given that the monitoring of exceptions still relies mainly on manual work and that linkages among or the integration of systems will require additional dedicated resources, the Board considers this recommendation to be under implementation.		X		
200	2020	A/76/5 (Vol. I), chap. II, para. 386	The Board recommended 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	Since June 2021, all heads of entities, chiefs and directors of Mission Support and heads of administration have been provided with access to the Board's SharePoint site. The decision and action point trackers have also been	Given that the decisions and action points of the Management Client Board are shared on the SharePoint site that and access to the SharePoint site has been provided to all heads of entities,	X			

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			of entities represented on the Management Client Board.	shared regularly with all heads of entities represented on the Board.	chiefs and directors of Mission Support and heads of administration, the Board considers this recommendation implemented.				
201	2020	A/76/5 (Vol. I), chap. II, para. 387	The Board recommended 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.	The Administration categorized all the results and comments from the survey under various themes and prioritized the issues raised and action to be taken on the basis of impact versus ease of implementation. The resulting plan was presented to the Management Client Board for endorsement in September 2021. The Management Client Board approved the plan, which was recorded as a decision thereof. The elements were incorporated into the relevant workplans.	Given that the Administration categorized all the results and comments from the survey under various themes, that action plans were drawn up based on the result of the survey, and that the plans were approved by the Management Client Board and incorporated into the relevant workplans, the Board considers this recommendation implemented.	X			
202	2020	A/76/5 (Vol. I), chap. II, para. 393	The Board recommended 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.	The Administration considers this recommendation as implemented and requests its closure. The specific plan to include the resident coordinators in the accountability indicator monitoring tool was agreed upon with the Development Coordination Office in 2021. Resident coordinator offices have been included in the human resources key performance indicators in the quarterly report on key performance indicators. The criteria for travel and property management has been finalized so that the resident coordinator offices can be included in the report on the first quarter of 2022. The resident coordinator offices are expected to be included in the finance and	Given that the specific plan to include the resident coordinators in the accountability indicator monitoring tool has been developed and that the resident coordinator offices have been included in the human resources key performance indicators in the quarterly report on key performance indicators, the Board considers this recommendation implemented.	X			

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				procurement key performance indicators in the report on the third quarter of 2022, to be published towards the end of the year.					
203	2020	A/76/5 (Vol. I), chap. II, para. 400	The Board recommended 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.	The Administration has regularly informed the Board of the policy development priorities. The Management Client Board is also used as a mechanism for stakeholder engagement on policy development.	Given that the policy review is ongoing, with more than 100 prioritized policies pending promulgation, the Board considers this recommendation to be under implementation.		X		
204	2020	A/76/5 (Vol. I), chap. II, para. 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.	The Administration notes that, while the Board has reviewed evidence of the new tools introduced to assist entities in meeting the 120-day target, the Secretariat has not achieved the desired level of performance. An analysis of the factors affecting performance has been completed as part of a change management study conducted by an external consultant during the fourth quarter of 2021 and the first quarter of 2022. The key findings and recommendations are currently being shared with the client entities, which have delegation of authority for recruitment activities.	Given that new tools have been introduced to expedite the recruitment process and that the 120-day target has not yet been met, the Board considers this recommendation to be under implementation.		X		
205	2020	A/76/5 (Vol. I), chap. II, para. 406	The Board recommended 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.	The Administration considers this recommendation implemented and requests its closure. With the completion of the first release (November 2021) and second release (February 2022) of the expanded delegation of authority key performance indicators, the new key performance indicator 30 on the recruitment process was expanded to include the Field Service categories in the third quarter of 2021. The	Given that the new key performance indicator 30 on the recruitment process was expanded and the time frame for recruitments in the Professional and above categories (P-1 to D-1) and Field Service categories (FS-4 to FS-7) is monitored in the management dashboard,	X			

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				accountability indicator monitoring tool on the management dashboard now reflects the time frame for recruitments in the Professional and above categories (P-1 to D-1) and Field Service categories (FS-4 to FS-7).	the Board considers this recommendation implemented.				
206	2020	A/76/5 (Vol. I), chap. II, para. 413	The Board recommended that the Administration further clarify the conditions of and criteria for roster-based recruitments and ensure that all candidates are duly notified.	The Department of Operational Support is working with the Office of Human Resources on agreements regarding roster selection modalities and putting together guidance for roster-based selection, to be shared accordingly.	Given that the agreements and guidance for roster-based selection are still in progress, the Board considers this recommendation to be under implementation.		X		
207	2020	A/76/5 (Vol. I), chap. II, para. 419	The Board recommended that the Administration review the policies on rosters, taking into consideration geographic 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.	The Department of Operational Support is working with the Office of Human Resources and the Staff-Management Committee on changes to roster management, which are currently under discussion with staff representatives and will require changes to the policy on the staff selection system. In the meantime, as part of efforts to streamline the roster under the current policy, a clean-up exercise of the regular rosters is being implemented by asking all rostered candidates to confirm whether they wish to remain on the roster. If they respond in the negative or do not indicate their preference, then their roster membership will be automatically placed on hold until they apply for jobs similar to those for which they were on the roster. Outreach activities are being devised by the Human Resources Services Division, with the aim of attracting as many qualified candidates from unrepresented and underrepresented	Given that changes to roster management are currently under discussion, the Board considers this recommendation to be under implementation.		X		

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				Member States and qualified women as possible. Upon successful completion of the staff selection process, they will be placed on the roster, thereby contributing to greater geographical representation and gender balance on rosters.					
208	2020	A/76/5 (Vol. I), chap. II, para. 424	The Board recommended that the Administration issue guidance to entities to increase their focus on improving equitable geographical representation.	The Administration wishes to note that the guidance is provided in the Geographical Diversity Strategy. Entities can access information on geographical representation through the management dashboard for monitoring purposes. In addition, the Office of Human Resources has developed and provided the entities with a diversity toolkit on recruitment and reassignment, which provides detailed guidance and checklists for each stage of the recruitment process so as to improve equitable geographical representation. As part of the Geographical Diversity Strategy, the Under-Secretary-General for Management Strategy, Policy and Compliance meets with each head of entity to highlight the importance of the equitable geographical representation and gender parity human resources imperatives and to discuss(a) the entity's action plan; (b) possible scenarios and outcomes, and (c) the way forward and next steps for accelerating progress. The Administration requests the closure of this recommendation.	Given that the key performance indicator on geographical representation has not been achieved for two consecutive years, the Board considers this recommendation to be under implementation.		X		

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209	2020	A/76/5 (Vol. I), chap. II, para. 430	The Board recommended 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.	The new Umoja danger pay solution was deployed in August 2021. Under the new solution, danger pay is paid to eligible staff members based on online self-certification of the days physically present at the danger pay location, ensuring that danger pay is only paid to staff who self-certify their presence in a danger pay location. Online manuals have been created for staff, human resources partners and human resources administrators. A business intelligence data model has been developed and reports are available for entities to monitor the danger pay submissions of their staff. A related guidance note has been distributed on the use of these reports. The Administration considers this item fully implemented.	Given that the new Umoja danger pay solution was deployed in August 2021, the Board considers this recommendation implemented.	X			
210	2020	A/76/5 (Vol. I), chap. II, para. 438	The Board recommended 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.	The Administration is working with relevant client entities on operational guidance; however, the expected delivery date of the process guide has been changed to June 2022 owing to necessary consultations with all relevant stakeholders.	Given that operational guidance is still under development, the Board considers this recommendation to be under implementation.		X		

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211	2020	A/76/5 (Vol. I), chap. II, para. 449	The Board recommended that the Administration issue clear operational guidance to entities on the proper use of temporary appointments, special post allowance and mandatory break-in-service.	Guidance on the use of temporary appointments has been issued and closure of this recommendation is requested.	Given that guidance on the use of temporary appointments, temporary jobs, temporary assignments and mandatory break-in-service has been issued, the Board considers this recommendation implemented.	X			
212	2020	A/76/5 (Vol. I), chap. II, para. 455	The Board recommended that the Administration provide clear operational guidance and strengthen the monitoring of the duration of the appointment of consultants and individual contractors and of applicable maximum allowable earnings to ensure that the requirements of 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.	The Department of Operational Support issued a process guide on the calculation of maximum employment times in the second quarter of 2021. It further issued a process guide on the employment of former staff and retirees as consultants or individual contractors in the third quarter of 2021. The Department has, in addition, provided two webinars on the calculation of maximum employment times and one webinar on the employment of former staff and retirees for human resources practitioners in client entities. It plans to repeat both webinars in the second quarter of 2022 and is available to all clients for ad hoc and entity-specific training. The Administration considers this recommendation implemented and requests its closure. On the basis of previous deep-dive analysis conducted in 2019 and 2020 on human resources exceptions, including on the appointment of consultants and individual contractors, the Business Transformation and Accountability Division observed that the reasons for a large number of exceptions identified but not reported were the following: (a) lack of clarity on the	Given that similar issues have been noted in recent audits and that the Board reiterated this recommendation in the present audit, the Board considers this recommendation as having been overtaken by events.				X

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				provisions in the administrative instructions that have an underlying General Assembly resolution or decision or in the Staff Regulations and Rules and therefore outside the heads of entity's scope of delegated authority; and (b) lack of knowledge of the methodology used for counting of service months, resulting in unawareness that the contract service months of the consultant or individual contractor exceeded the prescribed time frame set by the General Assembly. To address these reasons, the Administration has taken the following actions: (a) the Business Transformation and Accountability Division issued a guide on granting exceptions to administrative instructions, with a focus on areas with the highest number of exceptions. The guide provides clarity on administrative instructions that emanate from an Assembly decision or the Staff Regulations and Rules and, as such, it is outside the scope of the delegated authority of the head of entity or their delegated officials to grant an exception; (b) the Human Resources Service Division in the Department of Operational Support issued a process guide on how to calculate the maximum time limits for consultants and individual contractors. The issuance of this guide has reduced the number of contracts exceeding the prescribed time frame endorsed by the Assembly. In 2021, the Business Transformation and Accountability Division conducted quarterly reviews of high-volume exceptions by identifying exceptions from data					

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				extracted from the enterprise system and comparing them with exceptions reported in the log. Non-reported exceptions are brought to the attention of entities. In 2021, a total of 180 exceptions were reported following outreach by the Business Transformation and Accountability Division, and 48 cases processed owing to an administrative oversight were rectified in Umoja. The measures taken by the Administration, in particular regarding outreach to entities and issuance of more precise and hands-on guidance, has led to significant improvements in the area of consultants and individual contractors (covered in the Business Transformation and Accountability Division guide on granting exceptions and in the Human Resources Service Division process guide). The compliance rate for reporting rose from 30 per cent in 2020 to 71 per cent in 2021 on consultants and from 15 per cent to 31 on individual contractors. (Details will be included in the 2021 human resources exceptions report, which will soon be made available.)					
213	2020	A/76/5 (Vol. I), chap. II, para. 460	The Board recommended that the Administration improve the occupational safety and health governance structure to ensure that the oversight body functions properly in providing Secretariat-level plans.	The broad governance structure for occupational safety and health has been piloted by the Occupational Safety and Health Committee at Headquarters in 2021–2022 and the terms of reference and related structures have been tested. It will be formalized with the management committee by the target date of 30 June 2022. The Administration requests that the Board consider the recommendation implemented and close it.	Given that the broad governance structure was piloted by the Occupational Safety and Health Committee, the Board considers this recommendation implemented.	X			

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214	2020	A/76/5 (Vol. I), chap. II, para. 461	The Board recommended that the Administration establish a technical working group to draft Secretariat-level policies in a timely manner.	The Occupational Safety and Health Section of the Health-Care Management and Occupational Safety and Health Division has carried out a comprehensive strategic review of the components of an occupational safety and health management system and taken measures to ensure that such a system is established and functioning within a defined time frame. The proposed changes include an occupational safety and health policy manual focused on United Nations system entities, along with occupational safety and health personnel to support the policy among staff members. The revised target date for implementation is December 2022.	Given that the Secretariat-level policies are still in progress, the Board considers this recommendation to be under implementation.		X		
215	2020	A/76/5 (Vol. I), chap. II, para. 462	The Board recommended that the Administration optimize the occupational safety and health incident collection, analysis, response and reporting procedures within the Secretariat.	The incident reporting system has been developed and is in progressive implementation. Ongoing analysis and reporting of data will take place once incident values reach the sufficient threshold to provide for a reliable indication of trends. The revised target date for implementation is December 2022.	Given that the progressive implementation of the incident reporting procedure is under way, the Board considers this recommendation to be under implementation.		X		
216	2020	A/76/5 (Vol. I), chap. II, para. 478	The Board recommended 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.	The Department of Operational Support wishes to clarify that the reasons for the extension of a contract are outlined in written form and provided in the statement of award for the extension. In most instances, the extension of any contract beyond the maximum duration is requested by the client office and is usually to ensure continuity of service, avoid a disruption in operations or respond to emergencies. The Procurement	The Board considers this recommendation implemented.	X			

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				Division reviews any such request and evaluates whether an extension is in the best interests of the Organization. If confirmed, the procurement case officer submits it to the appropriate review authority or committee for further review and approval in accordance with the established regulations, rules and procedures. The Administration considers that this recommendation has been implemented and requests its closure.					
217	2020	A/76/5 (Vol. I), chap. II, para. 479	The Board recommended 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.	The information and data recommended for inclusion, such as 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, are already documented in the procurement case file. The officers-in-charge, steps taken in the procurement process, including expected time frames, and reasons for selecting the specific vendors, are documented. Based on the above explanation, the Administration considers that this recommendation has been implemented and requests its closure.	The Board considers this recommendation implemented.	X			
218	2020	A/76/5 (Vol. I), chap. II, para. 485	The Board recommended 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.	The Procurement Unit of the United Nations Office at Vienna and the United Nations Office on Drugs and Crime worked with the Information Technology Service in developing a monitoring tool for contract management that provides an overview and timely reminders of the expiration dates for contracts, amendments and performance securities. The contract monitoring tool was	The Board considers this recommendation implemented.	X			

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				launched in May 2021. Increased monitoring and control will continue to be exercised within the Procurement Unit and regular meetings with buyers will be held to review which contracts are terminating in the coming six months and require extensions and to confirm that the performance securities are valid.					
219	2020	A/76/5 (Vol. I), chap. II, para. 493	The Board recommended that the Administration provide support for the work of the Inter-Agency and Expert Group on Sustainable Development Goal Indicators on the continuous improvement of the Sustainable Development Goal indicator framework.	The Statistics Division of the Department of Economic and Social Affairs continues to support the Inter-Agency and Expert Group on Sustainable Development Goal Indicators in its review and improvement of the Sustainable Development Goal indicator framework. The next comprehensive review of the framework will be held in 2025; meanwhile, the Group will review and approve any updates to the metadata, as provided by custodian agencies, and any annual refinements (small and non-substantive modifications). The Administration considers this recommendation implemented and requests its closure.	Given that the framework needs further review at the next comprehensive review in 2025, the Board considers this recommendation to be under implementation.		X		
220	2020	A/76/5 (Vol. I), chap. II, para. 494	The Board also recommended 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.	Several facets of data innovation, capacity-building and improvement of data and metadata exchange to facilitate the achievement of the targets are carried out by the Department of Economic and Social Affairs annually and reported to the Statistical Commission for review by countries. In particular, new initiatives on innovative data solutions for the Sustainable	Given that the new initiatives on innovative data solutions for the Sustainable Development Goals, guidance on the use of citizen-generated data and new tools and guidance for innovation in household surveys were well received by the Statistical	X			

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				Development Goals, guidance on use of citizen-generated data and new tools and guidance for innovation in household surveys are in progress and were well received by the Statistical Commission at its session in March 2022. Please see reports provided – the report of the Secretary-General on the work of the Department of Economic and Social Affairs for the review of the progress towards the Sustainable Development Goals (E/CN.3/2022/3) and the report of the fifty-third session of the Statistical Commission (E/2022/24). The Administration considers this recommendation implemented and requests its closure.	Commission in March 2022, and that some progress has been made, such as on the Global Sustainable Development Goal Indicators Data Platform, which was launched in September 2021, the Board considers this recommendation implemented.				
221	2020	A/76/5 (Vol. I), chap. II, para. 501	The Board recommended 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.	The Development Account team has continued to promote the implementation of the framework and guidelines to ensure the quality of the evaluations and unify the format of the evaluation reports to facilitate their compilation and summary. Through three virtual meetings of the Evaluation Focal Point Network, consisting of the evaluation units of the 10 implementing entities, held in 2021, lessons learned were exchanged and discussions on ways to further the framework and guidelines were undertaken. A revised project evaluation report template has been developed, taking into account the recommendations and comments of the Board. The template was also	Given that discussions on ways to further the framework and guidelines were held and that efforts have been made to unify the format of the evaluation reports by developing a revised project evaluation report template, the Board considers this recommendation implemented.	X			

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				shared with the Development Account Focal Point Network in December 2021 and will be piloted along with the eleventh tranche of project evaluations, with a view to making the necessary refinements based on the experiences of using it. Copies of the minutes of the three meetings of the focal points, the emails on these meetings and the template were provided by the Administration. The Administration considers this recommendation fully implemented and requests its closure.					
222	2020	A/76/5 (Vol. I), chap. II, para. 502	The Board recommended that the Administration ensure that sufficient resources are allocated for conducting the programmatic evaluation in a timely manner.	The proposed programme budget for 2022 included provision for a temporary P-4 post for evaluation, to be funded from section 35 (Development Account) (A/76/6 (Sect. 35), para. 35.24), which was approved by the General Assembly. While this post is very helpful for conducting programmatic evaluations in the short term, it is important that a permanent post be established, as was done for the three programmatic and management posts within the budget of the Department of Economic and Social Affairs.	Given that further review of the resources allocated for conducting the programmatic evaluation is needed, the Board considers this recommendation to be under implementation.		X		
223	2020	A/76/5 (Vol. I), chap. II, para. 509	The Board recommended that the Administration intensify its efforts in resource mobilization to ensure adequate, predictable and sustainable funding to support the resident coordinator system.	In its resolution 76/4, the General Assembly decided to retain the hybrid structure of funding for the resident coordinator system and committed to providing sufficient funding for the resident coordinator system on an annual basis starting from 1 January 2022. The Development Coordination Office is currently in discussions with the	Given that the Development Coordination Office is making efforts to mobilize resources and close the gap towards a target of $2.81 million per annum, the Board considers this		X		

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				Executive Office of the Secretary-General on a resource mobilization strategy for 2022 and beyond, with the goal of increasing the number of Member States providing voluntary contributions, the volume of annual contributions from key donors and the number of donors providing multi-year commitments. Development Coordination Office is also carrying out an analysis of the 1 per cent coordination levy generated in 2019–2021 to identify possible gaps in implementation so that they may be actively addressed.	recommendation to be under implementation.				
224	2020	A/76/5 (Vol. I), chap. II, para. 515	The Board recommended that the Administration develop a more robust resource mobilization plan.	A resource mobilization strategy is currently in development, in consultation with the Executive Office of the Secretary-General. Additional staff resources are also being sought (one P-5 in Brussels; one P-4 and one Junior Professional Officer in New York) to support the implementation of an enhanced resource mobilization strategy in 2022 and beyond.	Given that a resource mobilization strategy is currently in development, in consultation with the Executive Office of the Secretary-General, the Board considers this recommendation to be under implementation.		X		
225	2020	A/76/5 (Vol. I), chap. II, para. 516	The Board reiterated 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.	The annual contribution to the Joint Sustainable Development Goals Fund increased from $42.9 million in 2020 to $79.2 million in 2021. The Fund also attracted a new donor to join as a contributor. That said, the Fund's capitalization is well below the level of $290 million per annum requested of Member States in the quadrennial comprehensive policy review funding compact. The Fund has initiated donor assessments (November 2021) and a number of retreats with its	Given that the Development Coordination Office has made progress in broadening the donor base and increasing annual contributions, although the resources mobilized are far from target amount, the Board considers this recommendation to be under implementation.		X		

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				governance partners (Operational Steering Committee: November 2021) and stakeholder groups (February 2022) to advocate additional funding. It has also initiated discussions on launching thematic windows (during its development partners retreat in February 2022) and activated a development emergency modality (activated for COVID-19 on July 2021). Discussions are currently under way (March 2022) regarding the possible activation of the development emergency modality.					
226	2020	A/76/5 (Vol. I), chap. II, para. 521	The Board recommended 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.	By the end of 2021, 91 per cent of posts in the resident coordinator offices had been filled. The Development Coordination Office closely monitors the recruitment process to ensure that all posts are filled within the 120-day recruitment target, taking into consideration gender parity and equitable geographical representation. Considering the current vacancy rate of 9 per cent, which is normal in line with the overall vacancy rate across the United Nations Secretariat, the Board is requested to consider closing this recommendation.	Given that 21 resident coordinator posts were still vacant as at 31 December 2021, while 20 resident coordinators ad interim were on board, and that the new administrative instruction on resident coordinator selection (ST/AI/2022/1) was promulgated in April 2022, the Board is of the view that further actions should be taken to fill the remaining vacant resident coordinator posts with long-term resident coordinators, while monitoring the implementation of the new administrative instruction. Therefore, the Board considers this recommendation to be under implementation.		X		

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227	2020	A/76/5 (Vol. I), chap. II, para. 527	The Board recommended that the Administration finalize the resident coordinator selection and assessment policy as soon as possible to enhance the resident coordinator selection system.	The policy is with the Department of Management Strategy, Policy and Compliance and is expected to be promulgated soon.	Given that the administrative instruction on resident coordinator selection as promulgated in April 2022, the Board considers this recommendation implemented.	X			
228	2020	A/76/5 (Vol. I), chap. II, para. 533	The Board recommended 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.	At its September 2021 meeting, the United Nations Sustainable Development Group discussed the challenges faced by United Nations country teams in meeting the ambition of the timeline for the design of the United Nations Sustainable Development Cooperation Framework guidance. The key issue identified is that many country teams start the design process more than 12 months ahead of implementation so as to enable the submission of agency-specific programme documents, in particular those of the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA) and the United Nations Children's Fund (UNICEF), to their governing boards (generally submitted in June for a September board, i.e. 7 months before implementation commences). The United Nations Sustainable Development Group Principals agreed to re-examine the design timelines for Cooperation Frameworks and agree on a standard target duration prior to implementation as a way forward. An inter-agency technical group, led by the Development Coordination Office, will initiate discussions in	Given that the efforts made by the Development Coordination Office, and the design timelines for Cooperation Frameworks will be re-examined, the Board considers this recommendation to be under implementation.		X		

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				April 2022 to analyse current trends and provide recommendations to the Group on design timelines. In parallel, United Nations system entities agreed to re-examine their own specific country programme development processes, which are impacting the timeline for Cooperation Framework design.					
229	2020	A/76/5 (Vol. I), chap. II, para. 534	The Board also recommended 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.	The inter-agency working group on programme development and results endorsed the technical tip sheet on joint workplans in December 2021. The tip sheet was immediately disseminated through the policy bulletin to resident coordinators, United Nations country teams and United Nations Sustainable Development Group entities at the global level (and made available on the Group's knowledge portal, accessible to all staff of those entities). In addition, tailored individual messages were sent to all resident coordinators of countries for which there was no joint workplan recorded in UN-Info (https://uninfo.org/). As a result, a number of countries implementing the Cooperation Framework and that have a joint workplan in place according to UN-Info has increased from 38 per cent to 90 per cent. The provision of tailored support to resident coordinators and country teams continues. In 2021, 76 per cent of Cooperation Framework countries have established a national-United Nations steering committee, up from 66 per cent in 2020. Therefore, the Development Coordination Office considers that	Given that, as at 31 December 2021, of 42 countries implementing Cooperation Frameworks, 4 countries (12.5 percent) had not been entered into UN-Info and 38 countries had not completed the upload of the joint workplans to UN-Info, and that, 10 countries (32 per cent) had not established or fully established their joint steering committees, which meant that (a) there were no terms of reference; (b) terms of reference had been drafted but not endorsed by the country team and the Government; or (c) the steering committee was in place, with terms of reference, but it was not meeting on a regular basis, the Board considers this recommendation to be under implementation.		X		

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				the recommendation has been addressed and implemented and thus requests the Board to close this recommendation.					
230	2020	A/76/5 (Vol. I), chap. II, para. 538	The Board recommended 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.	By December 2021, all multi-country offices had been finalized and had begun implementation of country implementation plans for all the countries they covered.	Given that the supporting documents for the country implementation plans of two countries have not yet been provided, the Board considers this recommendation to be under implementation.		X		
231	2020	A/76/5 (Vol. I), chap. II, para. 542	The Board recommended that the Administration ensure that the mutual recognition principle is expeditiously signed off by the remaining entities.	Based on the documents provided by the Development Coordination Office, including the latest Organization signatures for 2021, the Administration intends to call a meeting between the Board's volume I audit team and the Office, the Department of Operational Support and the Business Transformation and Accountability Division to further discuss why this recommendation should be closed. Additional documentation will be provided.	Given that the mutual recognition principle is very important, that 94 per cent of United Nations Sustainable Development Group entities had signed it in 2021, that consistent efforts are in process and that the High-level Committee on Management needs to take further action to ensure that the mutual recognition principle is signed by the remaining entities, the Board considers this recommendation to be under implementation.		X		
232	2020	A/76/5 (Vol. I), chap. II, para. 543	The Board reiterated its recommendation that the Administration intensify efforts to ensure that the client satisfaction and costing and pricing principles, as well as	As of March 2022, 29 out of 38 entities (76 per cent) have signed both the costing and pricing principles and the client satisfaction principles. There are	Given that all 131 business operations strategy frameworks have been signed by the United Nations country teams and that the				X

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			the business operations strategy, are signed off or developed in an expeditious manner.	still some entities that have not signed the principles.	remaining recommendation is similar to the recommendation in paragraph 488 of A/75/5 (Vol. I), the Board considers that this recommendation could be merged with paragraph 488 of A/75/5 (Vol. I) and considered as having been overtaken by events.				
233	2020	A/76/5 (Vol. I), chap. II, para. 549	The Board recommended that the Administration engage the Business Innovation 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.	The United Nations Sustainable Development Group Business Innovations Group is finalizing the revised efficiency road map for the approval of the United Nations Sustainable Development Group Principals. This includes a proposal for the revision of the common back office approach. The proposal will be submitted for final approval to the United Nations Sustainable Development Group Principals in April 2022.	Given that the process of approval of the revised efficiency road map, which includes a proposal for the revision of the common back office approach, is under way, the Board considers this recommendation to be under implementation.		X		
234	2020	A/76/5 (Vol. I), chap. II, para. 558	The Board recommended that the Administration take all means to expedite the development of the Country Common Premises Plan at the country level and ensure resource mobilization plan and impact prioritizing analysis are finished as planned in the Business Innovations Group's annual work plan.	The United Nations Sustainable Development Group Business Innovations Group is finalizing the revised efficiency road map for the approval of the United Nations Sustainable Development Group Principals. This includes a proposal for the revision of the common premises target, including a resource requirement for the revised target. The proposal will be submitted for final approval to the United Nations Sustainable Development Group Principals in April 2022.	Given that the process of approval of the revised efficiency road map, which includes a proposal for the revision of the common premises target and a resource requirement for the revised target, is under way, the Board considers this recommendation to be under implementation.		X		

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235	2020	A/76/5 (Vol. I), chap. II, para. 562	The Board reiterated its recommendation that the Administration expedite the finalization of management and accountability framework at the global and regional levels.	The new global and regional chapters of the management and accountability framework, together with the revised country-level chapter, were finalized and agreed by the United Nations Sustainable Development Group in September 2021.	Given that the new global and regional chapters of the management and accountability framework, together with the revised country-level chapter, were finalized and agreed by the United Nations Sustainable Development Group, the Board considers this recommendation implemented.	X			
236	2020	A/76/5 (Vol. I), chap. II, para. 563	The Board reiterated 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.	The first draft of the administrative instruction has been prepared and the work between the Development Coordination Office and the Office of Human Resources of the Department of Management Strategy, Policy and Compliance has been initiated.	Given that the Board was informed that the promulgation process of the permanent system for the performance management of resident coordinators is still under way and that the system is envisaged to enter into force in 2023, the Board considers this recommendation to be under implementation.		X		
237	2020	A/76/5 (Vol. I), chap. II, para. 564	The Board reiterated its recommendation that the Administration ensure that the appraisal for all staff members is finished in a timely manner.	The current staff appraisal cycle for 2021–2022 will end on 30 April 2022. The Development Coordination Office will ensure that all staff and managers complete the e-performance in a timely manner by monitoring the management dashboard and consistently following up to ensure timely completion.	Given that the e-performance process for all Development Coordination Office staff in the performance cycle for 2021 has not yet been fully completed, the Board considers this recommendation to be under implementation.		X		

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238	2020	A/76/5 (Vol. I), chap. II, para. 569	The Board recommended that the Administration closely follow up on the results of these three United Nations country teams and take corrective actions to address the deficiencies identified.	A summary of actions taken and supporting documents have been provided. In the light of the corrective actions taken to address the performance of the three United Nations country teams, the Development Coordination Office requests that the Board close this recommendation.	Given that collective actions have been taken specifically to address the problems, that an opinion was provided by the regional director of the Development Coordination Office who appraised the performance of the country teams according to the rules then applicable and that, in accordance with the latest management and accountability framework, performance reviews of country teams are no longer conducted, as a result of which no further results could be followed up on at the current time, the Board considers this recommendation implemented.	X			
239	2020	A/76/5 (Vol. I), chap. II, para. 576	The Board recommended that the Administration identify the mechanism for continuous improvement and benefits reporting after the transition.	The Department of Political and Peacebuilding Affairs and the Department of Peace Operations are fully committed to continue with reporting on actions taken towards implementation of the reforms and their benefits. This includes pursuing continuous improvement initiatives to adapt to global needs and challenges through innovation and integration. Departmental efforts towards continuous improvement have included several measures that serve as the basis for the pillar's approach to continuous improvement.	Given that the reform implementation plan, which was part of the continuous improvement mechanism, is being developed, the Board considers this recommendation implemented.	X			

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240	2020	A/76/5 (Vol. I), chap. II, para. 581	The Board recommended 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.	Standard operating procedures have been completed for 4 of the planned 10 processes. Three projects were overtaken by events. The remaining three are under development.	Given that there were still six pending business processes that needed to be completed, the Board considers this recommendation to be under implementation.		X		
241	2020	A/76/5 (Vol. I), chap. II, para. 585	The Board recommended 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.	Following the Board's recommendation, the Department of Political and Peacebuilding Affairs began to include this indicator in the compact of the Assistant Secretary-General for Peacebuilding Support. The compact of the Assistant Secretary-General, Oscar Fernandez-Taranco, for 2021 was shared with the Board on 6 April. On the first page of the compact, the Department included an indicator on positive feedback about the support of the Peacebuilding Support Office in the Department of Political and Peacebuilding Affairs support for the implementation of the mandate of the Peacebuilding Commission, collected through survey results and interviews with representatives of Member States and other stakeholders engaged with the Peacebuilding Commission. While the language may at first seem different, this indicator captures the same information, namely, the perception of Member States. The indicator in the compact simply provides more information on what the perception of Member States pertains to and how it will be collected. As the Department has implemented this Board recommendation, its closure is requested.	Given that a similar indicator was included in the compact of the Assistant Secretary-General for Peacebuilding Support, the Board consider this recommendation implemented.	X			

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242	2020	A/76/5 (Vol. I), chap. II, para. 586	The Board recommended that the Administration ensure that the baseline and achievement of the indicators of reform initiatives are captured in the benefits tracker in a timely manner.	The peace and security pillar has updated the data against the indicators in the benefits tracker in order to monitor progress against the reform's objectives, with a view to continuous improvement. Closure of this recommendation is requested.	Given that the tracker has been fully updated recently and is on track as of 2022, the Board considers this recommendation implemented.	X			
243	2020	A/76/5 (Vol. I), chap. II, para. 587	The Board recommended 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.	In 2021, the Department of Political and Peacebuilding Affairs and the Department of Peace Operations completed a review of good practices and challenges in planning and decision-making on the establishment of co-deployed special political missions and peacekeeping operations. Furthermore, an immediate priority is the work related to the implementation of regional strategies, an important element of the reform, as noted in the report of the Secretary-General on the review of the implementation of peace and security reform (A/75/202, para. 26), and one of the reform's objectives. In this regard, the Department of Political and Peacebuilding Affairs conducted a scoping exercise, together with the Department of Peace Operations and the Development Coordination Office, on the development and implementation of regional strategies since the reform of the peace and security pillar. In view of the partnership with the Office in the development of this exercise, the report also covered another reform objective: closer collaboration with development	Given that the relevant actions have been taken by the Administration, the Board considers this recommendation implemented.	X			

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				actors. It should also be noted that several detailed experiences and lessons learned from the peace and security reform were included in the report of the Secretary-General. Moreover, all regional divisions are encouraged to establish arrangements for routinely engaging thematic and policy offices in the pillar so as to support analysis, strategy development and knowledge-sharing going forward. Closure of this recommendation is requested.					
244	2020	A/76/5 (Vol. I), chap. II, para. 592	The Board recommended 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.	With respect to the roster for Security Council subsidiary bodies, the Security Council Subsidiary Organs Branch of the Security Council Affairs Division will undertake a comprehensive review of its roster once the new e-platform is available in the Inspira system (tentatively scheduled for the end of the second quarter of 2022). At that time, all current rostered candidates will be contacted and given the opportunity to express their continued interest in being part of the roster. With respect to the roster of mediation experts, in line with recommendations in the report of the Board of Auditors (A/76/5/(Vol. I)), on 28 June 2021, the Policy and Mediation Division in the Department of Political and Peacebuilding Affairs completed its review of the Mediation Support Unit roster of the approved Standby Team of Senior Mediation Advisers with a view to: (a) reviewing the	Given that a new dedicated e-platform for administering the roster for the Security Council subsidiary bodies is under development, the Board considers this recommendation to be under implementation.		X		

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				eligibility of the mediation experts (including as it relates to recent activity); and (b) increasing the gender and geographic balance of rostered experts. Information on the updated roster was provided to the Board.					
245	2020	A/76/5 (Vol. I), chap. II, para. 593	The Board recommended that the Administration establish an integrated tool for roster management to improve the efficiency of managing the roster of electoral experts.	The Department of Operational Support has worked with the Business Transformation and Accountability Division in the Department of Management Strategy, Policy and Compliance, as well as the Security Council Affairs Division and the Electoral Assistance Division, both in the Department of Political and Peacebuilding Affairs, to develop the business requirements for building a talent pool functionality in Inspira so as to allow for the better management and refreshing of related consultant rosters. It is tentatively planned to roll out this functionality by the end of the first quarter of 2022, and it will subsequently be available to all clients in the United Nations Secretariat by the end of the second quarter of 2022.	Given that the talent pool functionality in Inspira to allow better management and refreshing of related consultant rosters is under development, the Board considers this recommendation to be under implementation.		X		
246	2020	A/76/5 (Vol. I), chap. II, para. 594	The Board recommended that the Administration intensify its efforts to increase gender and geographical representation on the three rosters.	The electoral roster is open for applications from all eligible and interested candidates and several efforts have been made in recent years to diversify the roster in terms of gender, language balance and geographic representation. Every few years, roster campaigns are organized with the aim of adding new areas of expertise to the existing pool of experts and	Given that efforts are still needed to improve gender balance and geographical representation on the three rosters, the Board considers this recommendation to be under implementation.		X		

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				increasing the gender and language balance and geographic representation. While no new roster campaigns have been conducted since the recommendation was put in place (given that, as indicated, such campaigns take place every few years), the Electoral Assistance Division in the Department of Political and Peacebuilding Affairs will ensure that this recommendation serves as key guidance in conducting the next campaign and will proactively engage in measures to increase geographical representation and gender balance on the roster, as far as possible. With respect to the roster for the Security Council subsidiary organs, the Security Council Subsidiary Organs Branch of the Security Council Affairs Division remains committed to increasing the number of women serving on panels of experts to at least 50 per cent (in support of the Secretary-General's goal of achieving system-wide gender parity by 2028, as well as the Department's women and peace and security policy). The Department will also work on improving the number of women from all regional groups on the rosters and the overall geographical representation on the rosters. In this context, the Branch has collaborated closely with the Office of Human Resources in the Department of Management Strategy, Policy and Compliance to conduct strategic outreach					

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				(including through United Nations social media) to attract candidates for expert positions. In the future, the Branch will enhance its strategic outreach, including through its gender focal point, to Member States and other relevant stakeholders so as to attract suitable and diverse candidates. In addition, as set out in the audit responses of the Policy and Mediation Division, following the successful completion of the annual rigorous, in-depth assessment process concluded by the United Nations Office for Project Services (UNOPS) in late 2021, two new individuals were added to the Mediation Support Unit roster of the approved Standby Team of Senior Mediation Advisers. As at 7 March 2022, the Unit's updated roster of approved Standby Team Advisers, including a gender and geographical breakdown of its members, was provided in the Division's audit responses. As part of this 2021 assessment process, carried out by UNOPS, the Unit encouraged roster candidacies from underrepresented countries by sending a note verbale from the Division inviting all permanent missions in New York to consider encouraging their nationals to apply.					

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247	2020	A/76/5 (Vol. I), chap. II, para. 597	The Board recommended 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.	The Electoral Assistance Division has continued to coordinate with UNDP on issues related to funding for United Nations electoral assistance projects in the field. In this regard, efforts are being made to implement the recommendations of the report on the funding review of United Nations electoral assistance in the field, which was issued in 2020. There are indications that UNDP is facing fewer challenges than in the past with regard to funding for electoral assistance projects. While we will continue to work with UNDP to alleviate any remaining challenges, taking into consideration the steps taken so date and the fact that there have been fewer indications of such funding challenges in the past two years, the Department of Political and Peacebuilding Affairs wishes to request that this recommendation be closed.	Given the steps taken by the Administration, the Board considers this recommendation implemented.	X			
248	2020	A/76/5 (Vol. I), chap. II, para. 598	The Board recommended 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.	The Electoral Assistance Division has followed up with UNDP and other implementing agencies to request more regular updates and reports on project implementation. Efforts are under way to ensure that the sharing of reports and updates will further improve and will be done in a more consistent and systematic manner. In this regard, the Division is planning to coordinate with UNDP on an instruction to be sent to all electoral teams and chief technical advisers in the field, asking them to ensure regular updates and implementation reports are sent to the Division.	Given that the Electoral Assistance Division will continue to request UNDP and other United Nations entities to provide status and final reports on project implementation in a timely and systematic manner, the Board considers this recommendation to be under implementation.		X		

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249	2020	A/76/5 (Vol. I), chap. II, para. 599	The Board recommended 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 the completion of the assignment.	In compliance with this recommendation, Electoral Assistance Division has taken steps to further strengthen its efforts to maintain recruitment and performance assessment results for the consultants and experts recruited by the Division. In addition, given that the majority of the electoral experts deployed in the field continued to be recruited by field offices, including UNDP country offices, which are implementing most of the United Nations electoral assistance projects in the field, the Division is in consultation with these United Nations partners to find out how best this recommendation can be implemented to the extent possible, including through an instruction from UNDP to all electoral projects in the field, asking them to ensure that recruitment results (and, to the extent possible, performance evaluations) are shared with the Division.	Given that the Department of Political and Peacebuilding Affairs will continue to request implementing partners to submit recruitment results in a timely manner, the Board considers this recommendation to be under implementation.		X		
250	2020	A/76/5 (Vol. I), chap. II, para. 602	The Board recommended that the Administration ensure that United Nations Assistance Mission in Afghanistan (UNAMA) and the United Nations Assistance Mission in Somalia (UNSOM) develop workplan templates that include benchmarks, success criteria and performance indicators, and improve the method to more effectively measure non-quantifiable deliverables.	UNAMA has developed a workplan template to measure non-quantified deliverables. UNSOM has developed a template for 2021 workplans for substantive sections, considering the auditors' recommendations. The template included concrete targets and outputs linked to the Mission's strategic guidance provided through mandates, results-based budgets and existing United Nations-wide frameworks such as the mutual accountability framework and the	Given that the UNSOM workplan for 2022 has been developed, the Board considered this recommendation implemented.	X			

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				United Nations Sustainable Development Cooperation Framework for Somalia. Elements for performance monitoring and reporting were also included to facilitate follow-up and performance measurement.					
251	2020	A/76/5 (Vol. I), chap. II, para. 603	The Board recommended that the Administration ensure that UNSOM take measures to accelerate risk register planning to address the key risks identified and to mitigate them.	The UNSOM risk register was first approved by the Special Representative of the Secretary-General in August 2021 and is periodically reviewed by the enterprise risk management committee, with a view to updating it to reflect emerging risks. The most recent, approved UNSOM risk register is dated 31 December 2021.	Given that the UNSOM risk register and treatment plan have been established and approved, the Board consider this recommendation implemented.	X			
252	2020	A/76/5 (Vol. I), chap. II, para. 607	The Board recommended that the Administration develop a more comprehensive financing plan and expand the donor base to achieve funding targets.	The Peacebuilding Fund has developed a resource mobilization plan for 2022, which was presented at the Advisory Group meeting of March 2022. This plan sets out ways in which the financing of the Fund could be better shared among Member States. In addition, the Secretary-General has presented a proposal to the Fifth Committee to use assessed contributions to finance a core portion of the Fund, amounting to $100 million, on an annual basis. This proposal would significantly expand the donor base to all Member States.	Given that the Peacebuilding Support Office in the Department of Political and Peacebuilding Affairs did not meet the target of annual financial contributions to the Peacebuilding Fund in 2021, the Board consider this recommendation to be under implementation.		X		
253	2020	A/76/5 (Vol. I), chap. II, para. 613	The Board recommended 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.	The policy on thematic reviews has been finalized. Closure of this recommendation is requested.	Given that the policy on thematic reviews has been developed and provided, the Board considers this recommendation implemented.	X			

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254	2020	A/76/5 (Vol. I), chap. II, para. 618	The Board recommended that the Administration establish joint steering committee in relevant countries in accordance with the requirements of the terms of reference for the Peacebuilding Fund.	Due to in-country political processes, neither El Salvador nor Honduras, the remaining two countries, has established its joint steering committee. Given that joint steering committees are meant to be nationally owned, the Fund is not in a position to force the establishment of these mechanisms if the country situation is not conducive thereto. Noting the difficult political situations in which the Fund operates, and recognizing that there is more than 90 per cent compliance in establishing joint steering committee in other eligible countries, it is requested that this recommendation be closed.	Given that there is more than 90 per cent compliance in establishing joint steering committee in eligible countries and that the Fund is not in a position to force the establishment of these mechanisms if the country situation is not conducive thereto, the Board considers this recommendation implemented.	X			
255	2020	A/76/5 (Vol. I), chap. II, para. 619	The Board recommended that the Administration intensify its efforts to expedite the development of the guidelines on joint steering committees to ensure their formalization.	The Peacebuilding Support Office has previously requested closure of this recommendation and has provided the following update. The recommendation requests the development of the guidelines on joint steering committees. The Fund has developed guidance, which is available on its website, that includes a detailed template for the terms of reference of joint steering committees, outlines the relationship between the committees and the secretariat of the Peacebuilding Fund and sets out the rules of procedure, including requirements and concrete steps for the joint steering committees' review of country strategies, project documents and reporting. The guidance is available at www.un.org/peacebuilding/sites/www.un.org.peacebuilding/files/documents/guidance_note_tors.pdf.	Given that guidance on the joint steering committees has been established, the Board considers this recommendation implemented.	X			

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				The requested supporting documents on the establishment of the joint steering committees in 11 countries and the terms of reference are beyond the scope of the recommendation.					
256	2020	A/76/5 (Vol. I), chap. II, para. 624	The Board recommended 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.	The Peacebuilding Fund has, in previous updates, demonstrated how it has strengthened its oversight of the submission of periodic reports and audits. It is requested that this recommendation be closed. Update provided in August 2021: approximately eight weeks before narrative and financial reports are due, the Fund sends reminders to all fund recipients, along with the reporting templates and instructions on how to complete the reports. The Fund then tracks compliance with each project within its reporting dashboard. The Fund's programme officers are tasked with following up on delinquent reports on a case-by-case basis to ensure full compliance.	Given that the Fund's programme officers are tasked with following up on delinquent reports on a case-by-case basis to ensure full compliance, the Board consider this recommendation implemented.	X			
257	2020	A/76/5 (Vol. I), chap. II, para. 627	The Board recommended that the Administration ensure corrective action is taken in a timely manner to bring off-track projects back on track.	Of the 50 projects that were off track in the original reporting to the audit team, only 2 remain off track. With 96 per cent of projects on track, it is requested that this recommendation be closed.	Given that, as at 31 December 2021, the overall off-track rate was 21.5 per cent compared with 14.6 per cent in 2020, indicating a slight increase, the Board considers this recommendation to be under implementation.		X		

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258	2020	A/76/5 (Vol. I), chap. II, para. 632	The Board recommended 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.	Based on the documents submitted in previous updates (the finalized strategic performance framework and the finalized country-based strategic results frameworks), closure of this recommendation is requested. Update provided in August 2021: the strategic performance framework of the Peacebuilding Fund was finalized in May 2021 and shared with donors and other partners. In addition, country-based strategic results frameworks have been finalized in Guatemala, Kyrgyzstan, South Sudan and the western Balkans.	Given that the PBF Performance Framework has been finalized and the Strategic Framework at national level have been started to establish, the Board consider this recommendation implemented.	X			
259	2020	A/76/5 (Vol. I), chap. II, para. 635	The Board recommended 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.	UNAMA conducted refresher training on 3 May 2021 for the staff who are engaged in handling fuel. In accordance with the recommendation made in March 2021, the Mission was able to complete the installation of electronic fuel management system-compliant metres in all generator houses. Pictures of installed meters can be provided as evidence. Fuel consumption is being monitored on a monthly basis, and irregular consumption, if any, is immediately investigated and the necessary corrective action is initiated immediately.	Given the efforts made and the supporting documents provided, the Board considers this recommendation implemented.	X			
260	2020	A/76/5 (Vol. I), chap. II, para. 638	The Board recommended 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	The United Nations Support Office in Somalia follows the established standard ratio.	Given the actions taken by the Administration, the Board consider this recommendation implemented.	X			

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			measures to achieve a more rational redeployment of vehicles for improved utilization of United Nations vehicle assets.						
261	2020	A/76/5 (Vol. I), chap. II, para. 648	The Board recommended 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.	In 2021, the Central Emergency Response Fund received $638.5 million in contributions, the second highest income after the exceptional $831.4 million received in 2019 (which was due to a large one-off contribution from the United Kingdom of Great Britain and Northern Ireland), and above the $624 million received in 2020. In 2022, to date, the Fund has received $389.4 million (paid and pledged). The total income for country-based pooled funds has reached $1.1 billion, well above the $863.5 million of 2020. On 10 February, income to the funds (paid and pledged) was nearly $133 million.	Given that the funding gap still exists, even though contributions have increased in 2021 compared with 2020, the Board considers this recommendation to be under implementation.		X		
262	2020	A/76/5 (Vol. I), chap. II, para. 653	The Board recommended 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 vulnerability in mobilizing resources.	In 2021, the number of contributing donors, including Member States, regional organizations, local authorities, United Nations agencies and private sector entities, remained relatively stable at 75. The following 13 donors were either new or returning donors compared with 2020: Algeria, Brunei Darussalam, Czech Republic, Equatorial Guinea, Fiji, the Lao People's Democratic Republic, Mexico, Maldives, Tunisia, Uzbekistan, Yemen, the Arab Gulf Programme for Development and the United	Given that the number of donors in 2021 has remained the same as in 2020, notwithstanding a slight increase in contributions from the private sector, the Board considers this recommendation to be under implementation.		X		

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				Nations Foundation. Eight donors dropped from the list – Bulgaria, Cambodia, Guyana, Indonesia, Iran (Islamic Republic of), Pakistan, Slovakia and South Africa – illustrating the challenge of not only attracting new donors but also retaining them. Income from the private sector increased slightly, to $606,803 in 2021 from $552,804 in 2020.					
263	2020	A/76/5 (Vol. I), chap. II, para. 661	The Board recommended that the Administration strictly comply with the 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.	Since 2020, the level of the loan has remained at $30 million and all loans were advanced from the loan element of the Fund.	Given that, since 2020, the level of the loan remained at $30 million and that all loans were advanced from the loan element of the Fund, the Board considers this recommendation implemented.	X			
264	2020	A/76/5 (Vol. I), chap. II, para. 662	The Board also recommended 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 repeat systemic cash-flow problems for specific agencies.	The Central Emergency Response Fund has discontinued to provide long-term loans to cover systemic cash-flow problems for specific agencies and therefore sufficient funding has been available in the CERF loan account to respond to potential loan requests from the UN Agencies. OCHA therefore considers the recommendation implemented in the context of the Boards audit.	Given that the loan provided to cover systemic cash-flow problems for specific agencies has been repaid and in 2021 no loan was provided for such purpose, the Board considers this recommendation implemented.	X			

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265	2020	A/76/5 (Vol. I), chap. II, para. 669	The Board recommended 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.	Through the Global Guidelines for Country-based Pooled Funds revision process, the Office for the Coordination of Humanitarian Affairs has already clarified subgranting modalities. Management will also introduce a new portal to register and track subpartners. It will also continue to ensure that subgranting arrangements do not involve partners with suspended eligibility owing to ongoing inquiry processes. The revision of the Global Guidelines will be finalized in the second quarter of 2022.	Given that the new portal to register and track subpartners and the revision of the Global Guidelines for Country-based Pooled Funds that will clarify subgrant modalities in more detail have not been finalized by the Office, which aims to ensure that subgranting arrangements do not involve partners with suspended eligibility owing to ongoing inquiry processes, the Board considers this recommendation to be under implementation		X		
266	2020	A/76/5 (Vol. I), chap. II, para. 675	The Board recommended 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.	Management will strengthen risk management practices around partner risk levels in the revised Global Guidelines for Country-based Pooled Funds. Under the revised Guidelines, the Office for the Coordination of Humanitarian Affairs will include a requirement for the fund manager to review and validate a partner's assigned risk level based on the performance index score on a regular basis. The revision of the Global Guidelines will be finalized in the second quarter of 2022.	Given that the revised of Global Guidelines for Country-based Pooled Funds, which will include requirements on reviewing and adjusting the risk levels of implementing partners based on the performance index score, has not yet been finalized, the Board considers this recommendation to be under implementation		X		

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267	2020	A/76/5 (Vol. I), chap. II, para. 683	The Board recommended that the Administration make sustained efforts to ensure timely refunds of unspent balances of Central Emergency Response Fund and country-based pooled funds projects and reduce the occurrence of refunds that have been overdue for a long time.	The Office for the Coordination of Humanitarian Affairs will continue its sustained efforts to follow up so as to ensure the timely refund of unspent balances.	Given that similar issues have been noted in audits of recent years and that the Board reiterated this recommendation in the present audit, the Board considers this recommendation as having been overtaken by events.				X
268	2020	A/76/5 (Vol. I), chap. II, para. 684	The Board recommended that the Administration make continuous efforts to trace the refunds outstanding of country-based pooled funds projects that were already paid by implementing partners, and coordinate with the Finance Division to record them in Umoja in a timely manner.	To enhance internal control to regularly monitor, review, follow up on and record outstanding refunds that were already paid by implementing partners, the Administration has created a weekly status report to closely follow up on outstanding refunds with the Office for the Coordination of Humanitarian Affairs. Management will continue to work with partners and the Finance Division to trace the refunds. The Office notes that a one major reason for the difficulty in tracing refunds is the absence of a data transfer bridge between Umoja and the grant management system. It continues to follow up on the data transfer bridge, but emphasizes that its development is beyond its direct control.	Given that, although the Office for the Coordination of Humanitarian Affairs has been following up continuously on outstanding refunds with partners and working closely with finance to trace and record them, the data bridge between the grant management system and Umoja is still absent, which is the major reason for the difficulty in tracing refunds. The Board therefore considers this recommendation to be under implementation.		X		
269	2020	A/76/5 (Vol. I), chap. II, para. 690	The Board reiterated 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.	In 2020, the COVID-19 lockdown restrictions had a major impact on the ability of the Office for the Coordination of Humanitarian Affairs to conduct these assurance activities in the traditional manner. It is commendable that, despite COVID-19 challenges, the Office's field staff were able to maintain a trend of increased levels of	Given that similar issues have been noted in audits of recent years and that the Board reiterated this recommendation in the present audit, the Board considers this recommendation as having been overtaken by events.				X

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				compliance with monitoring requirements. Despite the challenges, the Office was still able to conduct 71 per cent of the financial spot checks and 89 per cent of the NGO monitoring visits required. It will continue to explore the use of alternative methodologies that can enhance the timeliness and coverage of assurance activities.					
270	2020	A/76/5 (Vol. I), chap. II, para. 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.	The Office for the Coordination of Humanitarian Affairs will continue to strive to ensure timely reporting by its implementing partners. To facilitate this, the Office developed an automated reminder for pending reports, which will be rolled out in the grant management system and will support further improvement. The Office noted that most of the delayed reports continue to be from United Nations agency projects. It will continue to follow up with the agencies, as well as with the Multi-Partner Trust Fund Office, which receives financial reports from the United Nations agencies for the six funds that it administers.	Given that similar issues have been noted in the audit of recent years and that the Board reiterated this recommendation in the present audit, the Board considers this recommendation as having been overtaken by events.				X
271	2020	A/76/5 (Vol. I), chap. II, para. 702	The Board recommended that the Administration ensure that the operational modalities of country-based pooled funds at the country level strictly adhere to minimum global standards and that deviations, if any, are sufficiently justified and appropriately endorsed.	The Office for the Coordination of Humanitarian Affairs addressed the discrepancy in the two funds in which this issue existed, and their operational handbooks were brought in line with the Global Guidelines for Country-based Pooled Funds. The Office will include provisions in the revision of the Global Guidelines to remove any ambiguity regarding the appropriate approval procedures for deviations from the minimum standards of the operational modalities.	Given that provisions have not yet been finalized in the revision of the Global Guidelines to remove any ambiguity regarding the appropriate approval procedures for deviations of the minimum standards of the operational modalities, the Board considers this recommendation to be under implementation.		X		

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272	2020	A/76/5 (Vol. I), chap. II, para. 709	The Board recommended 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.	The Office for the Coordination of Humanitarian is currently in discussion with the Business Transformation and Accountability Division in the Department of Management Strategy, Policy and Compliance on finding a solution to the remaining 16 staff with segregation of duties conflicts. The Office sent an email to the Division on 13 February requesting a review of the existing cases, and the Division responded on 9 March indicating that it will hold discussions with the respective business owners and advise the Office of the outcome the review	Given that the issue has not yet been settled owing to the fact that these cases are still being discussed and reviewed, the Board considers this recommendation to be under implementation.		X		
273	2020	A/76/5 (Vol. I), chap. II, para. 721	The Board reiterated its recommendation that the Administration clearly define functions and responsibilities of each division and service within the Office of Information and Communications Technology to avoid duplication and fragmentation within the Office.	Implementation of the recommendation is ongoing	Given that duplication and the unclear delineation of responsibilities within the Office of Information and Communications Technology may lead to a blurring of accountability and the repetition of resources, the Board considers this recommendation to be under implementation.		X		
274	2020	A/76/5 (Vol. I), chap. II, para. 730	The Board recommended 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.	In collaboration with the Office of Supply Chain Management, the Office of Information and Communications Technology finalized the category management strategies have been approved for implementation for the following ICT categories: (a) end-user technology; (b) server, network and storage; (c) enterprise platform; (d) ICT professional services; (e)communications services; and	Given that the records on outsourcing scope, methods, evaluation and quality management are still incomplete, and that category management strategies are not fully effective in this respect, the Board considers this recommendation to be under implementation.		X		

No.	Audit report year/ biennium	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				(f) geospatial information systems. Developing the category strategies covers the trends, contracts and expenditure analysis of all entities. It is requested that this recommendation be closed.					
275	2020	A/76/5 (Vol. I), chap. II, para. 731	The Board recommended 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.	To support the continuation of remote working, the lessons learned and the guidance and job aids issued at the outset and during the COVID-19 period will be reviewed, revised and mainstreamed into the existing policies, standards, architecture and information security framework.	Given that formulation of the relevant policy formulation has not yet been completed, the Board considers this recommendation to be under implementation.		X		
276	2020	A/76/5 (Vol. I), chap. II, para. 737	The Board reiterated its recommendation that the Administration enhance cross-department coordination to ensure strict compliance with the requirement of the 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 submission of budgets and projects from all funding sources for all ICT initiatives and operations to the Office of Information and Communications Technology.	The information is being collected and will be shared with the Board once available.	Given that no supporting documents were provided to prove that the ICT-related budget has been submitted to the Office of Information and Communications Technology for review, the Board considers this recommendation to be under implementation.		X		
277	2020	A/76/5 (Vol. I), chap. II, para. 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.	A Secretariat-wide cross-cutting team consisting of cyberspecialists and operations specialists have documented the approach, steps and priorities required to effectively deploy a wide area network, data centres and end-user network segmentation. The implementation project has been established and the roles, including	Given that the lag in progress on network segmentation would affect severely the alignment between ICT and the United Nations goals of reducing cyberattacks and strengthening security and privacy, and that the		X		

No.	Audit report year/ biennium	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				of project executives have been assigned. The implementation of this complex initiative throughout the Secretariat is expected to be completed by June 2023.	Board is concerned that the absence of a clear implementation timetable could negatively affect the progress made in network segmentation, the Board considers this recommendation to be under implementation.				
278	2020	A/76/5 (Vol. I), chap. II, para. 750	The Board reiterated 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.	A capital investment plan is being developed in conjunction with the Office of the Controller. The plan is aimed at replacing ageing and outdated equipment, while also introducing new hardware and technologies to reflect the new post-COVID-19 business environment and remote working, as well as being able to tackle data security and emerging network cybersecurity attacks.	Given that, under the 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, as the issue of solving asset ageing needs to be prioritized, the Board considers this recommendation to be under implementation.		X		
	Total				**278**	**98**	**160**	**0**	**20**
	Percentage				**100**	**35**	**58**	**0**	**7**

Annex II

Status of implementation of recommendations up to the year ended 31 December 2020 on information and communications technology affairs

No.	*Publication year of audit report*	*Report reference*	*Board's recommendation*	*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.	Implementation of the recommendation is ongoing.	Given that the Office of Information and Communications Technology is not reviewing ICT budgets for all the United Nations Secretariat entities, as requested by the governing bodies, the Board considers this recommendation to be under implementation.		X		
2	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.	A fit-for-purpose governance framework has been developed and is currently functioning, with clear roles and responsibilities defined to ensure that decision-making bodies operate distinctly from consultative and advisory forums. The ICT accountability framework is a separate activity that will define accountability for all the ICT units of the Secretariat and is being finalized.	Given that the new governance framework has not addressed the mismatch in roles and responsibilities of local ICT committees or entity-level ICT committees, which was part of the original recommendation, after reviewing the related document the Board considers this recommendation to be under implementation.		X		

No.	Publication year of audit report	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
3	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.	ICT policies and procedures and governance structures with clear roles and responsibilities have been developed and implemented. The ICT accountability framework is a separate activity that will define accountability for all the ICT units of the Secretariat and is being finalized. In addition, a duplicate recommendation has been issued specific to the accountability framework (A/75/156, para. 50).	Given that most of the originally recommended policies and procedures and governance structures have been developed and that the ICT delegations of authority are to be replaced by the accountability framework, the Board considers this recommendation as having been overtaken by events.				X
4	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 ICT monitoring and compliance function does not have the resources and the Administration is therefore unable to execute the action plan defined during the compliance review exercise. The implementation of this recommendation is subject to the availability of resources or contingent upon organizational changes that result in the consolidation of resources in order to achieve a coherent approach to monitoring.	Given that a compliance framework is not available owing to limited resources, the Board considers this recommendation to be under implementation.		X		
5	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 Office of Information and Communications Technology has established the ICT governance framework, which includes a dedicated body related to ICT policies: the ICT Policy Committee. The members of ICT Policy Committee come from both ICT and substantive business entities across the Secretariat. They meet monthly to review existing ICT policies, identify gaps and draft new	Given that recent audit findings revealed backlogs in reviewing and revising policies and standards in a time-bound manner, the Board considers this recommendation to be under implementation.		X		

No.	Publication year of audit report	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				policies so as to ensure that ICT policies are established, implemented and updated in a timely manner. The requirements of the recommendation have been satisfied, with the Office issuing ICT policies, procedures and guidelines, periodically reviewing and updating those documents and ensuring that an effective mechanism exists for future policy needs.					
6	2017	A/72/151, para. 55	The Board recommended that the Administration ensure that all personnel complete the mandatory information security training.	This is an ongoing effort and, in recognition of the fact that achieving 100 per cent compliance is practically impossible, the Board is requested to consider an achievement rate of 90 per cent as an achievable target.	Given that the implementation of mandatory information security training, along with other suggested action plans, will be addressed in a newly issued recommendation, the Board considers this recommendation as having been overtaken by events.				X
7	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 potentially be resolved at the first level.	The objective is to resolve requests for services at the earliest opportunity. The workflow in the case management system (iNeed) ensures visibility of service delivery from end-to-end. Live dashboards provide up-to-date and ongoing monitoring of the resolution of requests. This is available by location and by area, and managers can compare resolution rates daily and drill down to examine anomalies. Issues that are repetitive are identified as problems and preventative measures are devised. Managers and agents monitor these dashboards daily.	Given that the service management reporting suite has been developed, the Board considers this recommendation implemented.	X			

No.	*Publication year of audit report*	*Report reference*	*Board's recommendation*	*Administration's response*	*Board's assessment*	*Status after verification*			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
8	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.	In the light of the category management strategy, which addresses this recommendation, the Office of Information and Communications Technology requests the Board to consider this recommendation as having been overtaken by events.	Given that the recommendation has been partially addressed by the new category management strategy implemented by the Administration, the Board considers this recommendation as having been overtaken by events.				X
9	2017	A/72/151, para. 106	The Board also recommended that a clear road map be developed to realize cost optimization benefits through global sourcing.	The approval of the request for proposals document by the Procurement Division has been subject to delays associated with the scope and complexity of the requirement. The revised solicitation process and award of contract schedule for ICT professional services is as follows: (a) Estimated timeline solicitation process, March to July 2022; (b) Contract award, August 2022.	Given that the approval of the request for proposals document by the Procurement Division has been subject to delays owing to the scope and complexity of the requirement, the Board considers this recommendation to be under implementation.		X		
10	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 delivery framework as defined in the ICT strategy (A/69/517) has been implemented to reduce the fragmentation of ICT resources.	Given that the recommendation has been partially addressed through the implementation of the enterprise delivery framework, and considering the fragmentation issue identified during the recent audit, the Board considers this recommendation as having been overtaken by events.				X

No.	Publication year of audit report	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
11	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 to finalize the data privacy policy for the United Nations at the earliest.	The data privacy and protection policy has been drafted by a designated working group led by the Office of Legal Affairs. The Department of Management Strategy, Policy and Compliance is currently coordinating the official policy review process, seeking comments from the Secretariat entities. The Office of Information and Communications Technology continues to support the process and will report upon completion and promulgation of the policy.	Given that similar issues have been noted in audits of recent years and that the Board reiterated this recommendation in the present audit, the Board considers this recommendation as having been overtaken by events.				X
12	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 Office of Information and Communications Technology has finalized two category strategies that have been approved by the steering committee on category management. The approved strategies will lead to actions, such as developing the scope of requirements and the solicitation process, and the award of contracts, which implemented this recommendation.	Given that the ICT strategic period has ended and the global sourcing opportunities and estimation of savings would still be beneficial, and that the new category management strategy would not be enough alone to address the issue completely, the Board considers this recommendation to be under implementation.		X		

No.	Publication year of audit report	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
13	2018	A/73/160, para. 127	The Board recommended that pending contracts be finalized with the established timelines to enable optimal utilization of resources.	The Office of Information and Communications Technology has finalized two category strategies that have been approved by the steering committee on category management. The approved strategies will lead to actions, such as developing the scope of requirements and the solicitation process, and the award of contracts, which implemented this recommendation.	Given that the recommendation has been partially addressed by the category management strategy implemented by the Administration, the Board considers this recommendation as having been overtaken by events.				X
14	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.	A plan for the time-bound replacement of videoconferencing equipment has been drawn up, as recommended by the Board, and the video conference control management upgrade was completed and deployed for the United Nations Global Service Centre, pending final pre-production set-up of the "One Bridge" to include the bridges.	Given that the Administration has drawn up a plan for the time-bound replacement of videoconferencing equipment and the video conference control management upgrade was completed, the Board considers this recommendation implemented.	X			
15	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 monitoring and compliance function does not have the resources to execute the action plan defined during the compliance review exercise. The implementation of this recommendation is subject to the availability of resources or contingent upon organizational changes that result in the consolidation of resources in order to achieve a coherent approach to monitoring and compliance.	Given that, as the Administration has stated, the suggested compliance model, including self-assessment mechanism, is not available owing to limited resources, the Board considers this recommendation to be under implementation.		X		

No.	Publication year of audit report	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
16	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 Office of Information and Communications Technology requests that this recommendation be merged with the recommendation related to paragraph 79 of A/73/160.	Given that the recommendation is to be merged with the recommendation related to paragraph 79 of A/73/160, The Board considers this recommendation as having been overtaken by events.				X
17	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 shortcomings noted in the disaster recovery exercise.	For enterprise applications hosted in the enterprise data centre, the Office of Information and Communications Technology performs periodic disaster recovery exercises. Each of these exercises involves weeks of planning with various teams and the scheduling of an appropriate common window period with the business owners. The most recently scheduled for 2022 was on Indico (Conference Management) and was held on 8 January 2022.	Given that similar issues have been noted in audits of recent years and that the Board reiterated this recommendation in the present audit, the Board considers this recommendation as having been overtaken by events.				X
18	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 Office of Information and Communications Technology and the Department of Global Communications have provided guidance regarding public website compliance requirements to authoring entities. The Department and the Office of Human Resources have both now finished their work on the administrative instruction on public websites, which is with the Office of Legal Affairs for final review before promulgation.	Given that the guidance regarding public website compliance requirements is under final review, the Board considers this recommendation to be under implementation.		X		

No.	Publication year of audit report	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
19	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.	Implementation of the recommendation is ongoing.	Given that the new Secretary-General's bulletin on defining the functions, roles and responsibilities of the divisions, sections and services within the Office of Information and Communications Technology, has not been finalized and published, the Board considers this recommendation to be under implementation.		X		
20	2020	A/75/156, para. 50	The Board recommended that the Office develop an accountability framework for ICT and that it monitors its implementation in line with its role as a second line of defence for ICT functions.	This activity is under implementation, as the accountability framework is being finalized.	Given that the establishment of the accountability framework is in progress, the Board considers this recommendation to be under implementation.		X		
21	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 it take appropriate initiatives to ensure better compliance by the departments and offices.	The Administration endorsed a cybersecurity action plan in 2019, which was primarily focused on improving compliance by the departments and offices. In response, the Office of Information and Communications Technology has developed additional dashboards, such as for tracking compliance with security requirements for websites and applications, the completion of the mandatory awareness training, the deployment of multi-factor authentication and the response to security advisories. The performance of departments and offices is monitored and reported to the Information and Communications Technology Steering Committee.	Given that the recommendation is still valid and needs further efforts from the Administration to achieve its implementation, and considering the cybersecurity management issues identified during the recent audit, the Board considers this recommendation as having been overtaken by events.				X

No.	Publication year of audit report	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
22	2020	A/75/156, para. 132	The Board recommended that the Office introduce procedural controls through a technical procedure document before application development.	The software development technical procedure document has been issued.	Given that the procedural controls have been put into place, the Board considers this recommendation implemented.	X			
23	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.	The road map has been reviewed or updated for all applications previously identified for consolidation in Inspira.	Given that the road map has been reviewed or updated for all applications previously identified for consolidation in Inspira, the Board considers this recommendation implemented.	X			
24	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 Office of Information and Communications Technology and the Department of Global Communications have provided guidance regarding public website compliance requirements to authoring entities. The Department and the Office of Human Resources have both now finished their work on the administrative instruction on public websites, which is with the Office of Legal Affairs for final review before promulgation.	Given that the guidance regarding public website compliance requirements is under final review, the Board considers this recommendation to be under implementation.		X		
25	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.	Support operations for enterprise applications has been consolidated under the Unite Service Desk. The further consolidation of other enterprise activities is under review and a road map is under development.	Given that a consolidated road map for all pending activities to achieve a fully unified Unite Service Desk is being developed, the Board considers this recommendation to be under implementation.		X		

No.	Publication year of audit report	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
26	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-level agreements, and monitor the performance of the Unite Service Desks against them.	It is requested that this recommendation be closed, in accordance with the Unite Service Desk service management reporting suite reports submitted.	Given that service management reporting suite has been developed, the Board considers this recommendation implemented.	X			
27	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 the United Nations System Chief Executives Board for Coordination (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 status, format or storage media. The draft is to be submitted to the Department of Management Strategy, Policy and Compliance for official policy review. There is a Secretariat initiative to address data privacy as part of the Data Strategy of the Secretary-General for Action by Everyone, Everywhere, and the Office is supporting that activity.	Given that the drafted information management framework is still under Department of Management Strategy, Policy and Compliance policy review, the Board considers this recommendation to be under implementation.		X		
28	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.	As part of efforts under way to implement the Data Strategy of the Secretary-General for Action by Everyone, Everywhere, the Office of Information and Communications Technology has piloted a United Nations data catalogue and is working closely with selected business stakeholders to scale it up.	Given that the Office of Information and Communications Technology is still working on a data catalogue with selected business stakeholders, the Board considers this recommendation to be under implementation.		X		

No.	Publication year of audit report	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
29	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.	The approval of the request for proposals document by the Procurement Division has been subject to delays associated with the scope and complexity of the requirement. The revised estimated solicitation process and award of contract schedule for ICT professional services is as follows: (a) Estimated timeline solicitation process, March to July 2022; (b) Contract award, August 2022.	Given that the approval of the request for proposals document by the Procurement Division has been subject to delays owing to the scope and complexity of the requirement, the Board considers this recommendation to be under implementation.		X		
30	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.	The approval of the request for proposals document by the Procurement Division has been subject to delays associated with the scope and complexity of the requirement. The revised estimated solicitation process and award of contract schedule for ICT professional services is as follows: is as follows: (a) Estimated timeline solicitation process, March to July 2022; (b) Contract award, August 2022.	Given that the approval of the request for proposals document by the Procurement Division has been subject to delays owing to the scope and complexity of the requirement, the Board considers this recommendation to be under implementation.		X		
31	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.	The quarterly process for the management of dormant accounts (accounts inactive for 90 or more days) has been implemented. A more frequent and fully automated process is being developed and is due to be deployed in 2022.	Given that the Office of Information and Communications Technology has set up a monitoring dashboard, the Board considers this recommendation implemented.	X			

No.	Publication year of audit report	Report reference	Board's recommendation	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
32	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.	The Information and Communications Technology Steering Committee was briefed on the potential operational and financial risks presented by the dormant accounts. Information can be found in the minutes of the meeting of the Steering Committee of 17 December 2021.	Given that Information and Communications Technology Steering Committee intervened in this matter, and set up a monitoring dashboard, the Board considers this recommendation implemented.	X			
	Total				**32**	**7**	**16**	**0**	**9**
	Percentage				**100**	**22**	**50**	**0**	**28**

Annex III

Status of implementation of recommendations up to the year ended 31 December 2017 on the capital master plan

						Status after verification			
No.	*Audit report year/biennium*	*Report reference*	*Board's recommendation*	*Administration's response*	*Board's assessment*	*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 due 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 25 March 2022 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 2021 have been prepared in accordance with 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 2021

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 2021.

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 as the volume I set of accounts 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 the financial statements in chapter V. It presents an overview of the consolidated position and performance of the Organization's operations, highlighting trends and significant movements.

B. Governance

5. The operations of the United Nations Secretariat are governed by 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 through the regular budget, which has a unique scale of assessments and is subject to a budgetary process mandated by the Assembly, 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.

6. The General Assembly plays a key role in the financing of the regular budget operations, which accounts for approximately half of the total expenses as reported in the volume I set of accounts. The Assembly approves budget appropriations, which are apportioned on all Member States on the basis of the scale of assessments for the regular budget. The Assembly, through its Administrative and Budgetary Committee (Fifth Committee), approves and oversees the regular budget. This includes how the parts and sections of the regular budget are funded on the basis of the proposed programme budget submitted by the Secretary-General.

7. The Secretary-General appoints the heads of departments, offices away from Headquarters, regional economic commissions, special political missions and other offices or entities.

C. Overall trend and environment

External environment and trend

Coronavirus disease

8. Throughout 2021, the world continued to adapt to the impact of the COVID-19 pandemic and the social and economic crisis that had been triggered the previous year. The global demand for goods, which increased after the sporadic easing of COVID-19-related lockdowns, was confronted by supply bottlenecks and rising prices of energy and raw materials, resulting in long lead times and inflation. Regular budget activities and budget performance were hampered by disruptions caused by the ongoing pandemic, as well as by the lag in recruitment and onboarding after the relaxation of hiring restrictions as managers adapted their plans in response to changes in liquidity (discussed below). Departments and offices adapted operations to minimize the risk of spreading the virus both to the people whom they were tasked to protect, as well as staff, once vaccination programmes were rolled out and the prospect of a cautious return to normality grew.

9. The impact of the COVID-19 pandemic and the lessons learned during the pandemic, including the mainstreaming of best practices, have been included in planning for the delivery of regular budget programme activities. Working methods instituted during 2021 reflected the adoption of remote and hybrid modalities for full and effective mandate implementation. For example, in 2021 more than 12,000 meetings were convened on a wide range of topics, with approximately two thirds of those meetings being held virtually or through hybrid formats.

Countries in conflict

10. In the political and peacebuilding arena of operations of the United Nations as reported in volume I, ceasefires continued to hold in Libya and the south Caucasus, but situations elsewhere saw dangerous escalations, including in Ethiopia, the Sudan, Ukraine and Yemen. In other contexts, a series of unconstitutional changes of Government took place, notably in Myanmar, Mali, Guinea and the Sudan. The Taliban takeover in Afghanistan caused one of the biggest political, economic, humanitarian and refugee crises that the world has recently seen. The peace process remained stalled in the Syrian Arab Republic, while the conflict and death toll continued to rise. Conflict in Yemen deteriorated, with fighting expanding on several fronts, and the country remained the world’s worst humanitarian crisis. The military takeover in Myanmar was followed by a higher level of violence and repression, as well as human rights violations. In Ethiopia, the fighting between government troops and the regional forces continued to escalate.

Internal environment and trends

Peace and security pillar

11. The Secretary-General’s 2019 reform of the United Nations peace and security architecture was intended to break down institutional silos. It was designed to make the pillar more coherent, pragmatic, nimble and effective, capable of collaboration with partners across the United Nations system and beyond to prevent violent conflict.

12. The overarching goals of the peace and security reform are to prioritize prevention and sustaining peace, enhance the effectiveness and coherence of peacekeeping operations and special political missions, move towards a single, integrated peace and security pillar, and align it more closely with the development and human rights pillars to create greater coherence and cross-pillar coordination,

which have been achieved in large part, with continued efforts to build coherence and cohesion across the peace and security pillar, in particular.

Strengthened accountability: statement on internal control

13. The strengthening of a Secretariat-wide internal control framework is a key element of the Secretary-General's management reform initiative, in particular given the significant change in the business model of the Secretariat derived from the enhanced delegation of authority framework. To this end, the Organization continued efforts towards the implementation of a statement on internal control as a key enabler of the Secretary-General's management reform.

14. The statement is based on the Committee of Sponsoring Organizations of the Treadway Commission Internal Control – Integrated Framework, and its scope has been widened to include operational and compliance objectives. Pursuant to the statement, every entity is required to conduct a self-assessment of the effectiveness of its internal controls on the basis of detailed activity-level controls and the head of each entity attests to the results.

15. The first statement on internal control for all operations of the Secretariat for 2020 was signed by the Secretary-General in May 2021. A collective review of the results of the entities' assessments formed the basis for the statement. Opportunities for improvement in areas such as property management processes and the monitoring of implementing partners were noted as a result of the review.

Liquidity challenges

16. The financial health of the Organization continues to depend on Member States meeting their financial obligations in full and on time. The full and efficient implementation of the regular budget activities depends on the financial support of Member States through the adoption of realistic budget levels, enabling the implementation of the programme plan and legislative mandates, and the provision of timely contributions to ensure a stable and predictable financial situation throughout the year.

17. Deteriorating liquidity in recent years put at risk the ability of the Organization to deliver its mandates in full. Liquidity for the regular budget worsened from 2018 through 2020, with year-end arrears setting new records at the end of 2020. Notwithstanding the measures taken early in those years to align expenditure with cashflow forecasts, both the Working Capital Fund and the United Nations Special Account were exhausted, necessitating borrowings from closed peacekeeping mission special accounts to pay salaries and meet vendor obligations. The underexpenditure, as well as a significant reduction in arrears by $374 million in the closing days of 2020, contributed to a temporary improvement in the liquidity situation in 2021, albeit at the expense of programme delivery.

18. In order to mitigate the liquidity impact on the 2020 programme delivery, special commitments were created towards the end of the year to allow for more flexibility for programme managers to commit funds even where the activities could not be implemented in full before the end of the budget period, with implementation continuing into 2021. Those year-end commitments were an extraordinary measure that was necessary to mitigate budget underperformance and reduce the erosion of liquidity for a future period when credits are returned for unused funds.

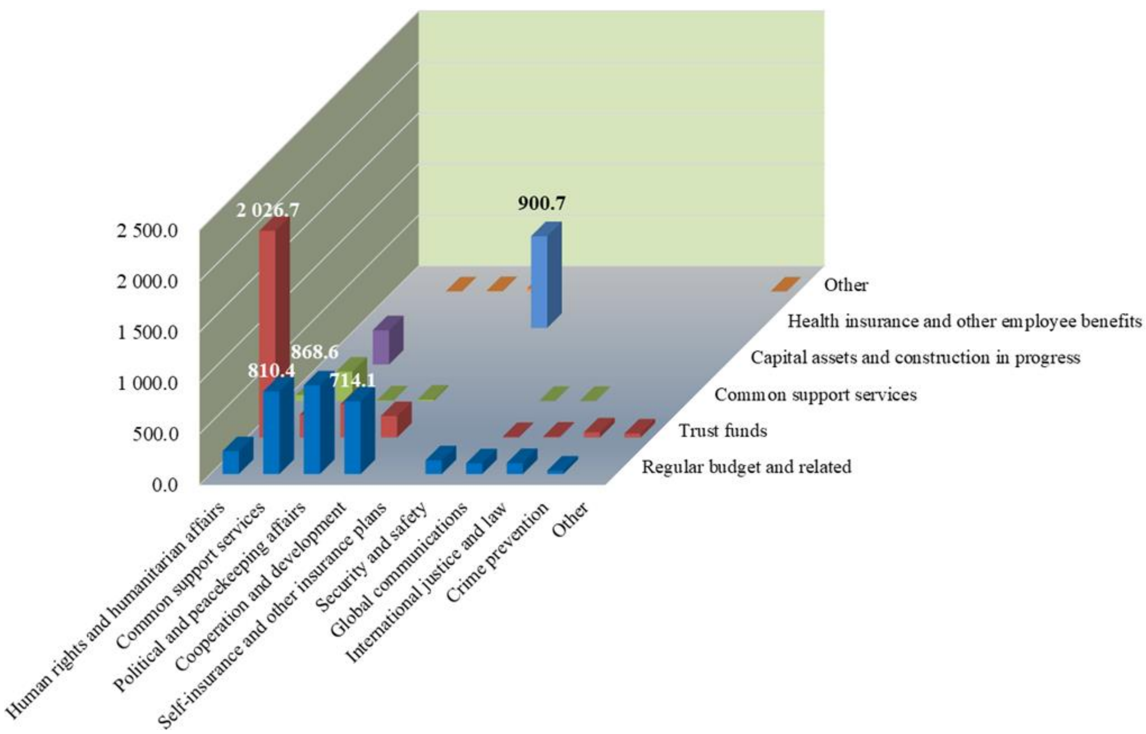
19. To address the liquidity situation, a set of measures for the regular budget (and peacekeeping operations) was proposed to the General Assembly in the report of the Secretary-General on improving the financial situation of the United Nations (A/73/809) in 2019. For the regular budget, the Assembly endorsed the need to augment the Special Account only, without providing the means to do so. As a result,

regular budget liquidity continued to deteriorate through 2020 and into early 2021. In late 2021, the Secretary-General provided the Assembly with an update on the liquidity situation in his subsequent report on improving the financial situation of the United Nations (A/76/429). The Secretary-General, in the report, examined extraordinary measures taken to mitigate the historical liquidity crisis, as well as structural proposals to address liquidity going forward. The proposals remain under consideration by the Assembly.

D. Overview of operations of the United Nations as reported in volume I

20. The financial statements as presented in volume I provide two sets of segmental reporting: (a) by fund group; and (b) by pillar (note 5 in the notes to the financial statements). Figure IV.I provides a cross-tabulation and breakdown of the 2021 expenses by fund group and pillar, before the inter-segment eliminations. It illustrates the wide spectrum of operations of the set of accounts as reported in volume I and indicates the relative amounts contributed by each fund group to each pillar.

Figure IV.I
Overview of operations of the United Nations as reported in volume I[a]
(Millions of United States dollars)



[a] Based on segment expenses by fund group and pillar.

21. As shown in figure IV.I, the major components funded through the regular budget were political and peacekeeping affairs ($868.6 million), common support services ($810.4 million) and cooperation and development ($714.1 million). Trust funds contributed mainly to human rights and humanitarian affairs ($2,026.7 million), followed distantly by political and peacekeeping affairs ($326.8 million). Other major fund groups were capital assets and construction in progress ($335.1 million), self-insurance/workers' compensation ($674.6 million) and long-term employee benefits ($226.1 million), which include after-service health insurance.

Regular budget and related funds segment

22. In the past three years, the total expenses of the regular budget and related funds grew 0.1 per cent annually on average. Three pillars, namely, common support services, peacekeeping and political affairs, and cooperation and development, account for the majority of 2021 expenses of the regular budget.

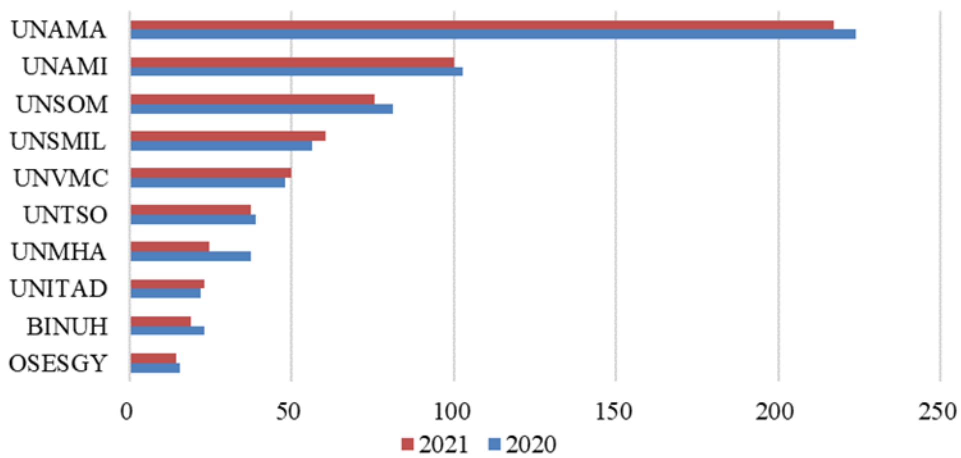
Common support services

23. Common support services of the regular budget consist primarily of General Assembly and Economic and Social Council affairs and conference management, which ensures effective and efficient decision-making processes of intergovernmental bodies. Common support services also include internal oversight functions, finance, human resources, information technology and other support services to United Nations operations, projects and fund activities. Following the experience during the COVID-19 pandemic and the lessons learned, in-person meetings and conferences were switched to virtual gatherings. Year on year, this reduced the overall expenses for common support services (2019: $999.9 million; 2020: $884.5 million; 2021: $810.4 million).

Political affairs and peacekeeping

24. Political affairs and peacekeeping under the regular budget grew 0.3 per cent annually on average in the past three years. During that period, three new special political missions were established: (a) the United Nations Mission to Support the Hudaydah Agreement (January 2019); (b) the United Nations Integrated Office in Haiti (October 2019); and (c) the United Nations Integrated Transition Assistance Mission in the Sudan (UNITAMS, June 2020). In the same period, two missions completed their mandates and closed, namely, the United Nations Integrated Peacebuilding Office in Guinea-Bissau (December 2020) and the Office of the Special Envoy of the Secretary-General for Burundi (May 2021). At the end of 2021, there were 38 active special political missions, in addition to 2 long-established peacekeeping missions (the United Nations Military Observer Group in India and Pakistan and the United Nations Truce Supervision Organization) that were funded through the regular budget. Figure IV.II presents the 2020 and 2021 expenses of the 10 largest political missions funded through the regular budget to illustrate their relative magnitude.

Figure IV.II
Largest political missions (by expense), 2020 and 2021
(Millions of United States dollars)



Abbreviations: BINUH, United Nations Integrated Office in Haiti; OSESGY, Office of the Special Envoy of the Secretary-General for Yemen; UNAMA, United Nations Assistance Mission in Afghanistan; UNAMI, United Nations Assistance Mission for Iraq; UNITAD, United Nations Investigative Team to Promote Accountability for Crimes Committed by Da'esh/Islamic State in Iraq and the Levant; UNMHA, United Nations Mission to Support the Hudaydah Agreement; UNSMIL, United Nations Support Mission in Libya; UNSOM, United Nations Assistance Mission in Somalia; UNTSO, United Nations Truce Supervision Organization; UNVMC, United Nations Verification Mission in Colombia.

25. Given that Afghanistan, with the turn of events in the country, has entered a new phase since 15 August 2021, the United Nations Assistance Mission in Afghanistan (UNAMA) confronted new challenges to continue to execute the implementation of its mandate, which was recently extended to March 2023. UNAMA continued to coordinate discussions with humanitarian and development donors to encourage the financing of essential services in order to address the basic human needs of the Afghan people while fully respecting existing sanctions regimes. UNAMA engaged with the de facto authorities to advocate the protection of fundamental rights and freedoms and the formation of an inclusive administration that reflects the diversity of the Afghan people. UNAMA also worked towards ensuring the safety and security of United Nations premises, assets and personnel, as well as on issues of fundamental rights, in particular the right of girls to education and the right of women to participate in decision-making process. The United Nations Treasury, in conjunction with the Department of Safety and Security and the Office of Legal Affairs, put in place an end-to-end cash-delivery mechanism so as to jump-start and ensure the continuation of humanitarian agencies' efforts and operations in Afghanistan. The operations have been successful and are continuing.

26. In Iraq, Da'esh pockets, armed groups operating outside State control, regional tensions and broader geopolitical dynamics all had an impact on the stability of Iraq. High levels of poverty and weak institutional capacity risk triggered a resurgence of public unrest and violence. Following the successful elections of October 2021, protracted negotiations on the formation of a Government ensued in 2022. The United Nations Assistance Mission for Iraq provided mediation and good offices across a wide range of areas.

27. In Somalia, Al-Shabaab remained the greatest threat to the country's security and extension of State authority. In addition, Somalia continued to face recurring and protracted humanitarian challenges, including climatic shocks such as drought and flooding, and related insecurity and displacement. The newly elected Federal Government of Somalia is expected to strengthen dialogue with the federal member states, leading to meaningful progress on Somalia's national priorities.

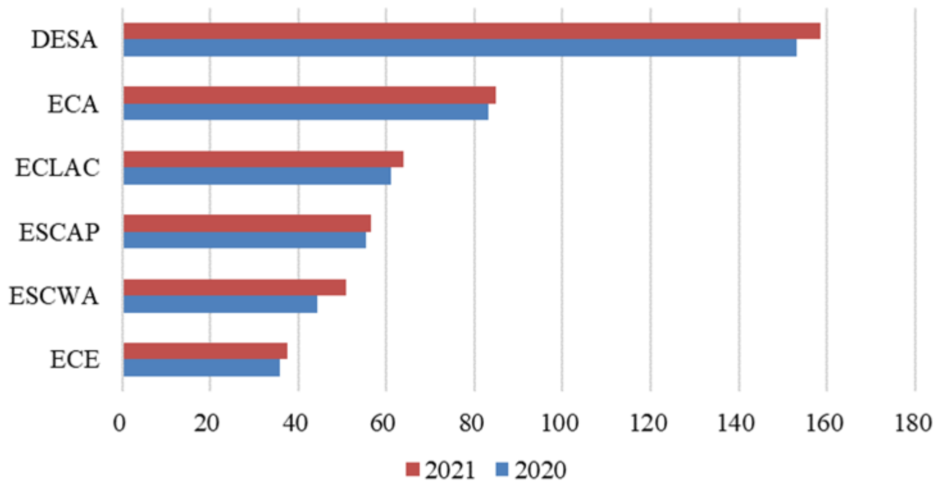
28. In Libya, the United Nations Support Mission in Libya (UNSMIL) continued to facilitate an inclusive Libyan-led and Libyan-owned political dialogue process to reach an agreement on a constitutional framework. UNSMIL also initiated the deployment of the ceasefire monitoring mechanism, comprising international monitors. The United Nations Verification Mission in Colombia played a vital role in supporting the implementation of the Final Agreement for Ending the Conflict and Building a Stable and Lasting Peace, which remains a work in progress.

29. The United Nations Truce Supervision Organization discharged its duty to monitor ceasefires, supervise armistice agreements and deescalate isolated incidents. The United Nations Mission to Support the Hudaydah Agreement, working closely with the Office of the Special Envoy of the Secretary-General for Yemen, continued to seek ways to maintain momentum for the full implementation of the Hudaydah Agreement. The United Nations Investigative Team to Promote Accountability for Crimes Committed by Da'esh/Islamic State in Iraq and the Levant engaged with government authorities, non-governmental organizations (NGOs), survivor communities and religious authorities to investigate and collect evidence for atrocities committed by Da'esh. The United Nations Integrated Office in Haiti worked to address a severe political crisis and tensions in the context of the assassination of the country's President and sought to promote stability and reforms, including towards an electoral transition.

Cooperation and development

30. The cooperation and development pillar of the regular budget promotes and supports international and regional cooperation and development in the pursuit of sustained economic growth, the eradication of poverty and hunger, development of trade, gender equality and the empowerment of women, and sustainable human settlements in an urbanizing world. In the past three years, the contribution of the regular budget to this pillar grew 1.7 per cent annually on average. The Department of Economic and Social Affairs and the five regional commissions are the major entities of this pillar, and their expenses are shown in figure IV.III.

Figure IV.III
Expenses of the Department of Economic and Social Affairs and the regional commissions, 2020 and 2021
(Millions of United States dollars)



Abbreviations: DESA, Department of Economic and Social Affairs; ECA, Economic Commission for Africa; ECE, Economic Commission for Europe; ECLAC, Economic Commission for Latin America and the Caribbean; ESCAP, Economic and Social Commission for Asia and the Pacific; ESCWA, Economic and Social Commission for Western Asia.

31. The Department of Economic and Social Affairs, which is the principal office for cooperation and development activities of the regular budget, worked to support virtual meetings and continued to support the General Assembly, the Economic and Social Council and Member States in the organization of meetings and negotiations, as well as to engage NGOs, major groups and other stakeholders in intergovernmental work. It provided analysis, data expertise, and policy recommendations to support a successful 2021 high-level political forum on sustainable development and led the preparations and organization of the high-level political forum reviews of Sustainable Development Goal implementation and supported Member States in conducting voluntary national reviews of the implementation of the 2030 Agenda for Sustainable Development.

32. The regional commissions are unique intergovernmental platforms for the advancement of regional integration, the development of regional norms and standards, the exchange of experiences and the fostering of cooperation. Regional commissions are recognized for the critical role that they play in promoting a holistic approach to development in the regions and to balancing the economic, social and environmental dimensions of sustainable development.

33. In 2021, the Economic Commission for Africa (ECA) launched the Liquidity and Sustainability Facility, a repurchase agreement, at the twenty-sixth session of the Conference of the Parties to the United Nations Framework Convention on Climate Change. Through this mechanism, African Governments are expected to save $11 billion in borrowing costs in the coming five years, while fostering green investment and sustainable development. In addition, ECA made significant contributions in response to the COVID-19 pandemic as a partner on the African Vaccine Acquisition Trust, which is aimed at increasing the manufacture and distribution of vaccines in Africa.

34. The Economic Commission for Latin America and the Caribbean and the Economic and Social Commission for Asia and the Pacific (ESCAP) focused on supporting their member States in COVID-19 pandemic recovery efforts while ensuring progress in the implementation of the 2030 Agenda and the achievement of the Sustainable Development Goals. Member States of the two regional commissions reaffirmed their commitment to the achievement of the Goals at the fourth Forum of the Countries of Latin America and the Caribbean on Sustainable Development and at the seventh Asia-Pacific Forum on Sustainable Development.

35. The Economic and Social Commission for Western Asia (ESCWA) continued to experience extraordinary circumstances owing to the economic and financial crisis befalling Lebanon. Rapid currency fluctuation, the severe shortage of electricity and the sharp rise in the prices of commodities due to the collapse of the Lebanese lira had a heavy impact on ESCWA operations. Amid such difficulties, ESCWA concentrated efforts in support of member States to achieve the Sustainable Development Goals. ESCWA organized the 2021 Digital Cooperation and Development Forum in partnership with the League of Arab States. The Forum provided opportunities for review and discussion of the linkages among the information society, the digital economy and Internet governance under the 2030 Agenda.

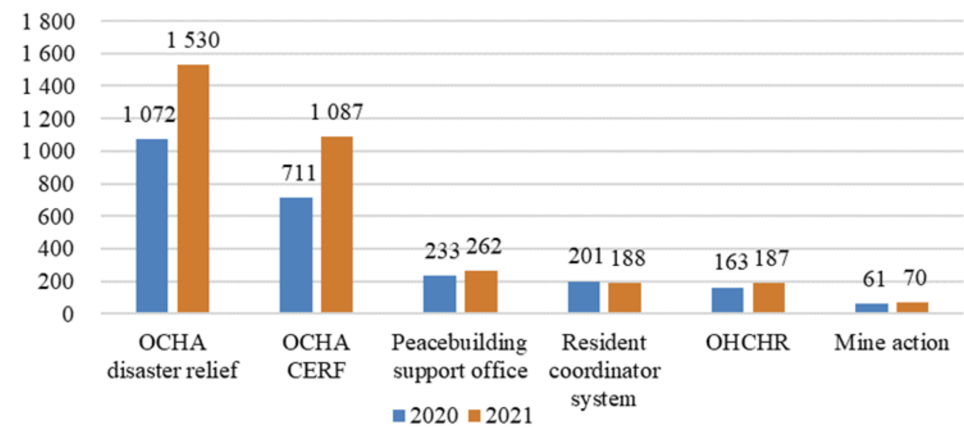
36. In 2021, the Economic Commission for Europe also dealt with the challenges of addressing the health and socioeconomic crisis brought on by the COVID-19 pandemic and accelerating implementation of the 2030 Agenda. The Commission convened the 2021 Regional Forum on Sustainable Development in close collaboration with the other entities of the regional United Nations system. In 2021, the Forum was more broadly recognized and brought together a growing number of participants.

Trust fund segment

37. Expenses for the trust fund segment have been growing at 3.4 per cent annually on average in the past three years. For 2021, expenses reached $2,887.6 million, which comprised 43 per cent of the overall expenses of operations of the United Nations as reported in volume I. Across the spectrum of projects financed through trust funds, the majority of activity was in human rights and humanitarian affairs. Expenses for human rights and humanitarian affairs financed through trust funds were $2,026.7 million in 2021, which represents 70 per cent of the total expenses under trust funds.

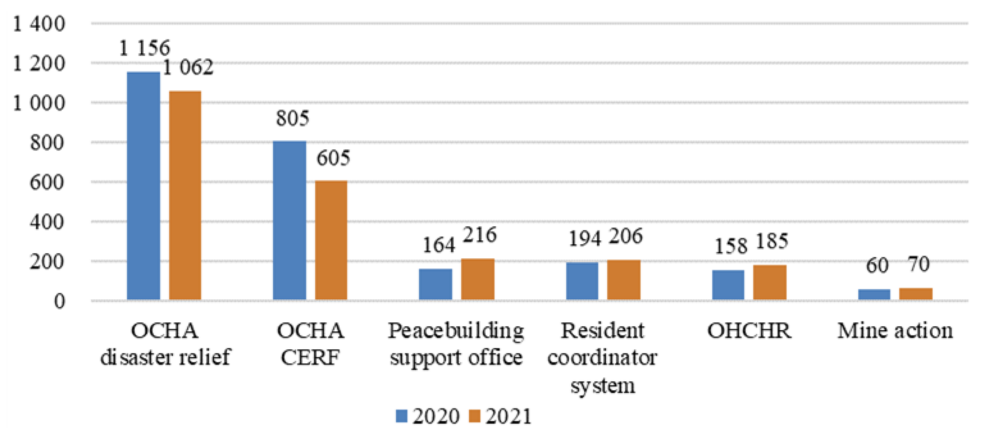
38. During 2021, five new trust funds were established: (a) in support of the activities of the Office of the United Nations Special Coordinator for Development in the Sahel; (b) for the Judicial Fellowship Programme of the International Court of Justice; (c) for a more accessible and inclusive United Nations for persons with disabilities; (d) in support of the Tindouf NGO security enhancement project; and (e) for UNITAMS. Five inactive trust funds were closed during the year. A total of 139 trust funds existed as at 31 December 2021. The 2020 and 2021 revenue and expenses for the most prominent trust funds are shown in figures IV.IV (a) and IV.IV (b).

Figure IV.IV (a)
Prominent trust funds, by revenue trends
(Millions of United States dollars)



Abbreviations: CERF, Central Emergency Response Fund; OCHA, Office for the Coordination of Humanitarian Affairs; OHCHR, Office of the United Nations High Commissioner for Human Rights.

Figure IV.IV (b)
Prominent trust funds, by expense trends
(Millions of United States dollars)



Abbreviations: CERF, Central Emergency Response Fund; OCHA, Office for the Coordination of Humanitarian Affairs; OHCHR, Office of the United Nations High Commissioner for Human Rights.

Office for the Coordination of Humanitarian Affairs

39. The Office for the Coordination of Humanitarian Affairs coordinates the global emergency response to save lives and protect people in humanitarian crises. A total of 95 per cent of the Office's activities are funded from voluntary contributions. Donor confidence in the Office is evidenced by the increase in funding in 2021 compared with 2020. In recent years, the magnitude and impact of disasters and emergencies increased. The COVID-19 pandemic has brought new dimensions to the humanitarian landscape and the need for the Office to reassess previous approaches to preparedness and response. It has taught the importance of promoting localization to reach the most affected, especially in areas where humanitarian access is a challenge.

Central Emergency Response Fund

40. The Central Emergency Response Fund responds to humanitarian emergencies around the world and has two components: (a) rapid responses to unforeseen emergencies; and (b) responses to protracted emergencies. The first response provides immediate funding to humanitarian life-saving needs due to sudden-onset emergencies, time-critical crises or a rapid deterioration of existing crises. In this regard, $413.1 million was allocated to 29 countries in 2021 for rapid responses. The second response exists to promote a more equitable response to humanitarian crises around the world. Funds are utilized to provide grants to chronically underfunded emergencies. In this regard, $135.0 million was allocated for 12 countries in 2021 as underfunded emergencies. COVID-19 challenges and restrictions notwithstanding, the Fund continued to receive strong and steadfast support from donors. Whereas $624.1 million was received in cash for 2020, the level of contributions received in cash reached $638.5 million for 2021. Furthermore, many key donors showed their strong support for the Fund by entering into multi-year agreements.

Peacebuilding Support Office

41. The Peacebuilding Fund has continued to expand its reach as a tool for national peacebuilding priorities, providing investment and programmatic guidance to the United Nations agencies, funds and programmes, as well as civil society organizations, with record-high investment in 32 countries in 2021. The Fund has two funding facilities: (a) the immediate response facility, which has funding limits but to which any country may apply; and (b) the peacebuilding and recovery facility, which is available to countries that have been declared eligible by the Secretary-General for a five-year period. The Fund saw a recovery of investment levels in 2021 compared with 2020, which reflected both its ability to adapt to COVID-19 challenges and restrictions and its commitment to scaling up the Fund’s activities, as noted in the Fund’s strategy for the period 2020–2024. The Fund’s record-setting year was driven in part by investment made through the Fund’s gender and youth promotion initiative, which ensures dedicated investment and programmatic guidance for gender-responsive peacebuilding and young people in peacebuilding, yielding 38 projects totalling $51.5 million in 2021.

Resident coordinator system

42. The resident coordinator system ensures the coordination of all organizations of the United Nations system dealing with operational activities for development at the country level. The system is composed of 130 resident coordinators leading 132 United Nations country teams and focuses on the advancement of sustainable development and the 2030 Agenda.

43. The revenue of the resident coordinator system has remained consistently above $200 million. However, the required budget of $281 million has not been reached to date, with funding gaps remaining at $66 million in 2021. Notwithstanding consistent outreach to Member States, initial progress in diversifying the special purpose trust fund donor base has slowed. Twenty-eight Member States provided voluntary funding to the system in 2021. These are the lowest numbers since its establishment.

Office of the United Nations High Commissioner for Human Rights

44. The Office of the United Nations High Commissioner for Human Rights (OHCHR) promotes and protects all human rights by working with the United Nations system organizations, providing technical assistance to States for human rights activities and engaging in dialogue with Governments to secure respect for all human rights. In 2021, the COVID-19 pandemic made digital transformation more urgent.

OHCHR is aiming for an organizational change and is realigning and reinforcing its digital technologies. OHCHR expects that digital transformation will improve its performance across all aspects of its mandate.

Mine Action Service

45. The Mine Action Service eliminates threats posed by mines, explosive remnants of war and improvised explosive devices by leading operational responses at the country level and through the coordination of the United Nations system. It operates under the mandates of both the General Assembly and the Security Council and responds to specific requests from affected Member States, the Secretary-General or designated officials. The Mine Action Service, guided by humanitarian principles, is a specialized, agile organization, which delivers results in challenging operating environments.

46. The Mine Action Service is funded through assessed contributions, appropriations made by the General Assembly and voluntary contributions provided by Member States through the voluntary trust fund for assistance in mine action. In 2021, the Mine Action Service received $76.3 million through the trust fund. Those funds were used to facilitate humanitarian mine action interventions in nine programmes in non-mission settings, of which two were established in 2021 (mine action programmes in Ethiopia and the Niger). In addition, funding received through the trust fund contributed to enhanced delivery of Mine Action Service mandates in the United Nations Mission for the Referendum in Western Sahara, the United Nations Organization Stabilization Mission in the Democratic Republic of the Congo, the United Nations Assistant Mission in Somalia, UNITAMS, UNSMIL and the United Nations Mission in South Sudan, primarily in support of the capacity development of national counterparts and humanitarian mine action.

Capital assets and construction in progress segment

47. Capital funds, comprising capital assets and construction-in-progress funds, are located at various places in the world. Major projects under these funds are: (a) renovation of the Palais des Nations under the strategic heritage plan of the United Nations Office at Geneva; (b) Africa Hall at ECA in Addis Ababa; (c) the Secretariat Building at ESCAP in Bangkok; and (d) office blocks at the United Nations Office at Nairobi. Among the current projects, the renovation under the strategic heritage plan is the largest of the construction works, with a total projected cost of $914.2 million. It is expected to be completed by 2024.

48. At the end of 2021, property, plant and equipment in those funds totalled $2,627.5 million, net of accumulated depreciation. The average percentage change over the past three years of those funds was -0.3 per cent annually, indicating a steady and gradual ageing of facilities and buildings. The annual expense of this fund group, which is dominated by depreciation expenses, is normally within the range of $150 million to $180 million. However, in 2021, the accounting treatment for the transfer of the completed construction in progress to the property of other fund groups, in the amount of $179.0 million, increased the expense to a high level of $335.1 million.

Insurance/workers' compensation segment

49. This fund group consists of various health, dental and life insurance plans and the general liability of the Organization. Expenses for 2020 were $577.5 million, which represented a decrease of 2.5 per cent compared with 2019 ($592.5 million). The reduction is attributable to the onset of the COVID-19 pandemic and its restrictions, which meant that staff members and retirees made fewer visits to clinics

and hospitals and, hence, health-care insurance claims were lower compared with the level of previous years. In 2021, the sporadic easing of pandemic-related restrictions allowed more visits to clinics and hospitals. In 2021, expenses rose to $674.6 million, an increase of 16.8 per cent compared with 2020, surpassing 2019 levels before the designation of COVID-19 as a pandemic. In coming years, as the pandemic subsides or becomes downgraded to an endemic, it is expected that health-care costs will resume their upward trend firmly and, considering the outlook of higher inflation in the world economy, may rise at a steeper rate.

Long-term employee benefits segment

50. The liabilities for end-of-service and post-employment benefits comprise after-service health insurance, repatriation grants and commutation of unused annual leave days. These liabilities are normally valued every other year, and a full actuarial valuation was conducted for 2021. The total liabilities were $6,177.5 million, which was 4.2 per cent lower than those of 2020. The main cause for the decrease was higher discount rates for translating future-year obligations to the present value. Extremely low interest rates prevailed in 2020 owing to the efforts of Governments around the world to cope with the recession brought on by the COVID-19 pandemic and to ease the businesses that relied on subsidies or borrowings. Such historically low interest rates of 2020 turned their course gradually in 2021 and affected the assumption for higher discount rates.

51. The largest share of long-term employee benefits is for the after-service health insurance of the regular budget, which amounted to $4,374.0 million and accounted for approximately 71 per cent of total liabilities for long-term employee benefits in 2021. This liability of the regular budget is not funded and imposes a long-term financial challenge for the regular budget. By contrast, the funding for the same liabilities of extrabudgetary resources started in 2017 and, as of 2021, 12.2 per cent of the liabilities had been funded.

E. Overview of assets and liabilities

Liquidity in the regular budget

52. The liquidity crisis in regular budget operations eased somewhat in 2021, compared with 2020. Cash conservation measures implemented in 2020 were lifted as from May of 2021, after projections indicated that receipts of contributions from Member States were above expectations for 2021, owing to the significant inflow of collections in April 2021. In the prior 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. Notwithstanding the improvement in collections during 2021, the regular budget liquidity reserve of the Working Capital Fund of $150 million had to be borrowed in the amount of $149.9 million in November, with subsequent repayment in December when additional collections were received to allow for the repayment to occur.

53. Liquidity ratios at the fund group level are presented in table IV.1. At the level of the consolidated total, the ratio of cash assets to current liabilities was 3.2 (2020: 3.43) and the ratio of current assets to current liabilities was 3.8 (2020: 3.8). Those 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 low, albeit an improvement from the 2020 ratio. The ratio of cash assets to current liabilities was 0.9 (2020: 0.3) and the ratio of current assets to current liabilities was 1.0 (2020: 1.1).

Table IV.1
Liquidity ratio by fund group
(Millions of United States dollars)

Fund group	31 December 2021					31 December 2020	
	Cash assets[a]	Total current assets	Current liabilities	Cash assets to current liabilities	Current ratio	Cash assets to current liabilities	Current ratio
	A	B	C	A/C	B/C		
Regular budget and related funds	675.2	775.7	770.3	0.9	1.0	0.3	1.1
Trust funds	2 705.1	3 907.9	299.8	9.0	13.0	8.2	10.4
Capital assets and construction-in-progress	152.7	134.1	39.7	3.8	3.4	2.4	6.0
Common support services	599.1	605.2	49.4	12.1	12.2	11.4	10.8
Long-term employee benefits	292.4	251.4	162.1	1.8	1.6	1.7	1.3
Insurance/workers' compensation	887.9	705.9	183.1	4.9	3.9	5.2	3.8
Other	285.3	248.5	240.9	1.2	1.0	1.2	1.0
Consolidated total[b]	**5 597.6**	**6 620.7**	**1 737.2**	**3.2**	**3.8**	**3.3**	**3.8**

[a] Cash assets consist of cash, cash equivalents and investments in cash pools, which comprise cash, cash equivalents and short-term and long-term investments.
[b] Consolidated figures include eliminations that are not shown.

Assets

54. Total assets increased by $1,450.6 million (14.1 per cent increase) during 2021, from $10,273.3 million to $11,723.9 million. The increase was due mainly to the net effect of increases in cash and cash pool investments of $956.0 million, voluntary contributions receivable of $534.4 million and other assets of $246.6 million, offset by a decrease in assessed contributions receivable of $330.0 million. The changes in categories of assets are shown in table IV.2.

Table IV.2
Changes in assets
(Millions of United States dollars)

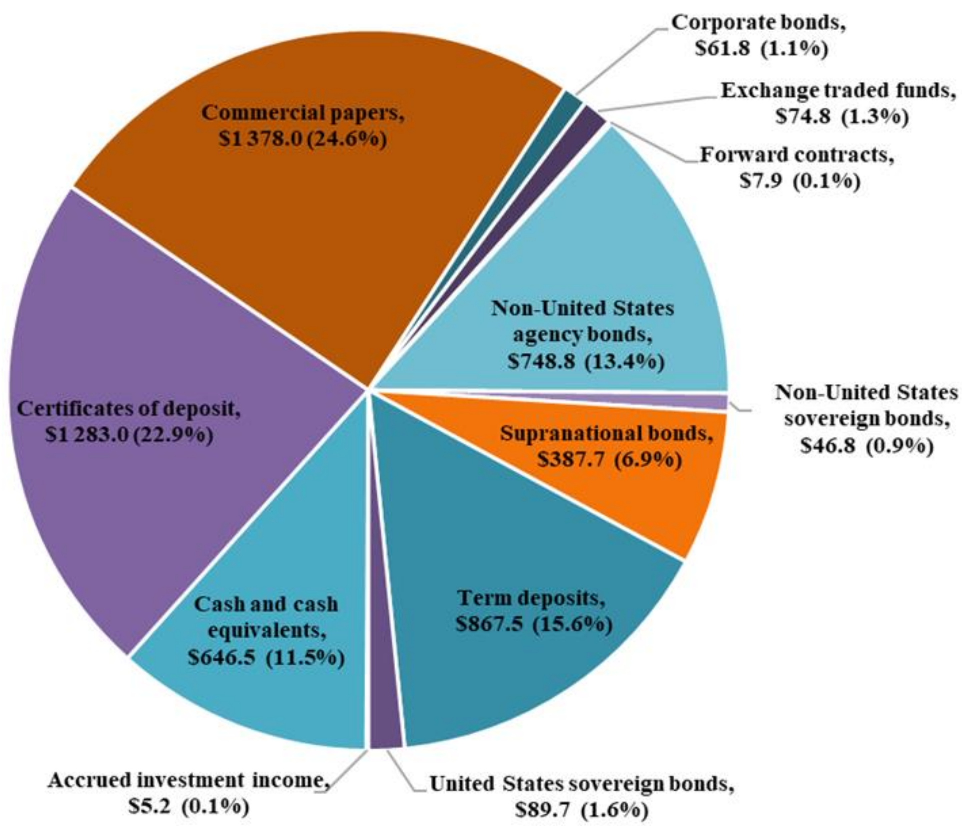
	2021	2020	Change	Percentage change
Cash and cash pool investments	5 597.6	4 641.6	956.0	20.6
Assessed contributions receivable	118.2	448.2	(330.0)	(73.6)
Voluntary contributions receivable	2 067.6	1 533.2	534.4	34.9
Property, plant and equipment	2 980.8	2 939.4	41.4	1.4
Inventories	31.3	29.1	2.2	7.7
Intangible assets	147.3	147.4	(0.1)	(0.0)
Other assets[a]	781.0	534.4	246.6	46.1
Total assets	**11 723.9**	**10 273.3**	**1 450.6**	**14.1**

[a] Other assets of $619.7 million, other receivables of $156.4 million and share of joint ventures of $4.9 million (2020: other assets of $371.5 million, other receivables of $159.0 million and share of joint ventures of $3.9 million).

Cash and cash pool investments

55. As at 31 December 2021, the Organization held cash and cash pool investments of $5,597.6 million (2020: $4,641.6 million). Cash and cash pool investments were the biggest asset group, representing 48 per cent of total assets. The cash pool consists mainly of investments in commercial papers, term deposits, certificates of deposit and bonds issued by Governments, government agencies and supranational entities (see figure IV.V).

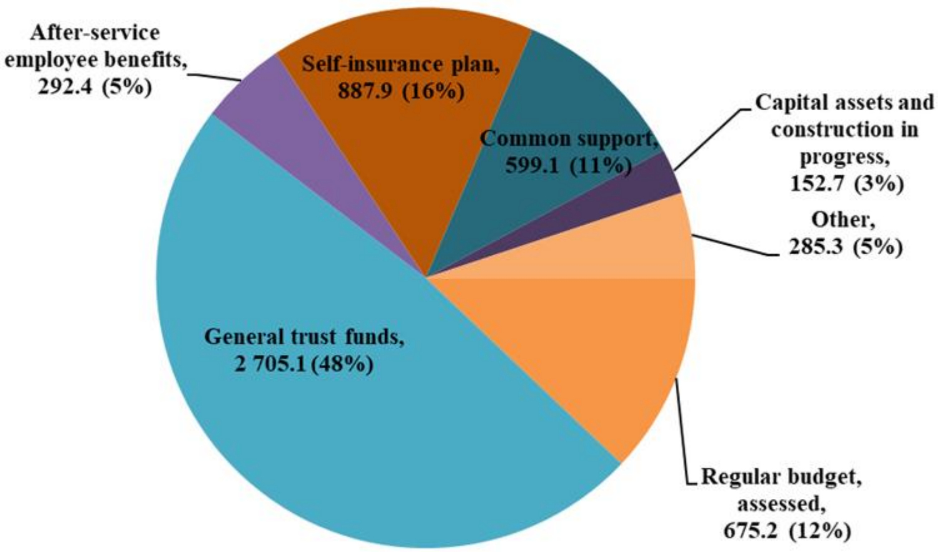
Figure IV.V
Cash and cash pool investments, by instrument type
(Millions of United States dollars)



56. In 2021, the net investment income from cash pools was $30.4 million (2020: $78.5 million). The rate of return in the main pool was 0.41 per cent (2020: 1.11 per cent). The decline in the rate of return between 2020 and 2021 was due to new and maturing funds being invested or reinvested in 2021 in the very low interest rate environment. The Federal Reserve cut the policy target interest rate range to 0–0.25 per cent in March 2020 in response to the economic impact of the COVID-19 pandemic. For 2020, the rate of return remained higher because of longer-dated, higher-yielding investments that had been made prior to this rate cut. The Federal Reserve's policy interest rate range remained at 0–0.25 per cent throughout 2021.

57. The trust funds group accounted for 48 per cent of the cash pools, while 16 per cent was held by insurance/workers' compensation funds (see figure IV.VI below).

Figure IV.VI
Cash and cash pools by fund group
(Millions of United States dollars)



Assessed contributions receivable

58. Outstanding assessed contributions receivable as at 31 December 2021 were $118.2 million ($458.3 million, less allowance for doubtful receivables of $340.1 million). Assessed contributions receivable decreased from the prior year by $330.0 million (74 per cent decrease) (see table IV.3).

Table IV.3
Assessed contributions: receivables from non-exchange transactions
(Millions of United States dollars)

	2021	*2020*	*Change*	*Percentage change*
Assessed contributions receivable	458.3	831.6	(373.3)	(44.9)
Allowance for doubtful receivables	(340.1)	(383.4)	43.3	(11.3)
Total assessed contributions receivable	**118.2**	**448.2**	**(330.0)**	**(73.6)**

Voluntary contributions receivable

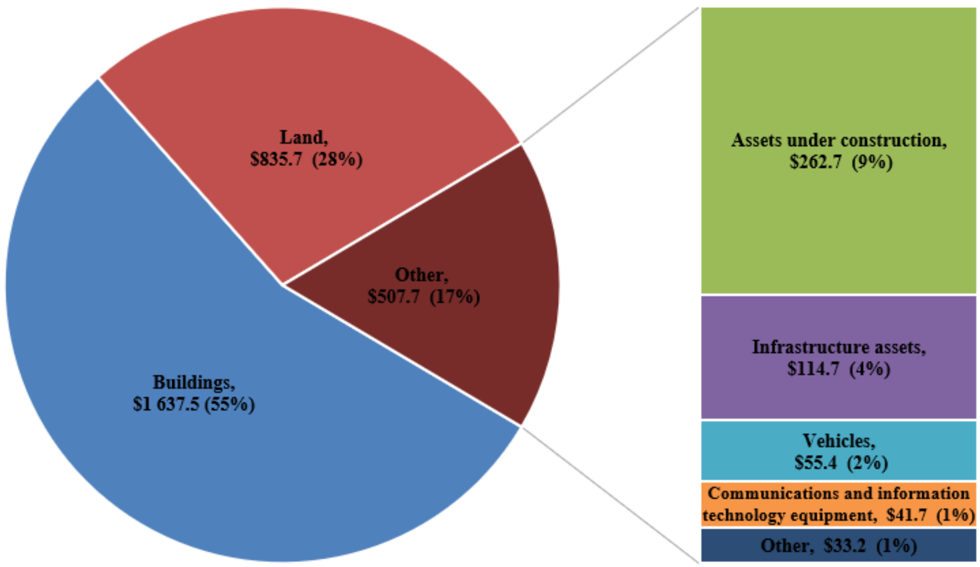
59. Voluntary contributions receivable as at 31 December 2021 amounted to $2,067.6 million (2020: $1,533.2 million), an increase of 34.9 per cent compared with the prior year. The increase is due primarily to the increase in multi-year pledges for the Central Emergency Response Fund.

60. Voluntary contributions receivable were related mainly to the human rights and humanitarian affairs projects ($1,477.7 million, or 71.5 per cent), which comprised mainly the receivables of the Central Emergency Response Fund ($953.0 million) and the Office for the Coordination of Humanitarian Affairs ($377.0 million).

Property, plant and equipment

61. The carrying value of property, plant and equipment was $2,980.8 million at the end of 2021 (2020: $2,939.4 million), with the largest asset category (buildings) representing 55 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.VII.

Figure IV.VII
Property, plant and equipment
(Millions of United States dollars and percentage)



62. Buildings comprise in large part those located at United Nations Headquarters in New York, the United Nations Office at Geneva and the United Nations Assistance Mission in Afghanistan, valued at $1,092.6 million, $209.5 million and $96.7 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 $54.4 million.

63. 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.

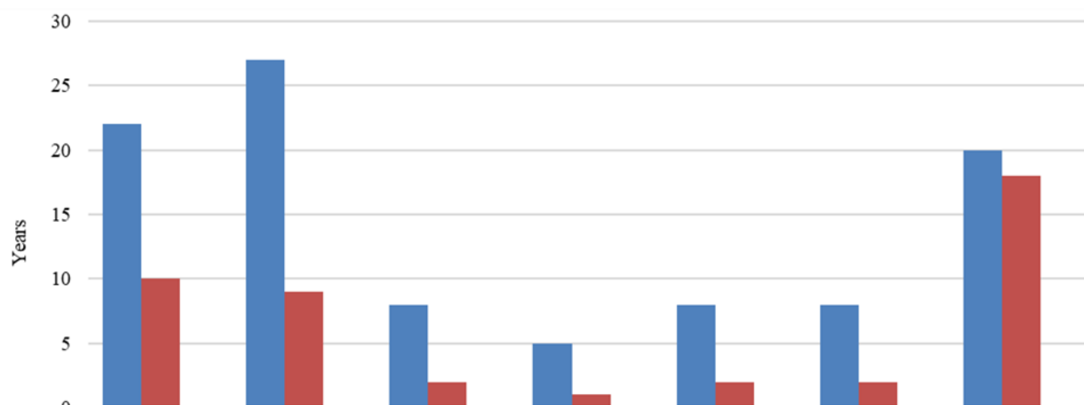
64. A summary of major additions during the year and balances as at 31 December 2021 for assets under construction is presented in table IV.4. Additions in 2021 were affected by the COVID-19 pandemic and fell short of the planned target by 4 percentage points on average.

Table IV.4
Assets under construction: major additions
(Millions of United States dollars)

Project	*Additions in 2021*	*Construction-in-progress at 31 December 2021*
United Nations Office at Geneva – strategic heritage plan	89.2	213.5
United Nations Office at Geneva – other works	7.1	7.4
United Nations Office at Nairobi – buildings A–J and other works	3.5	6.0
Special political missions – buildings and infrastructure	1.4	2.0
Economic and Social Commission for Asia and the Pacific – seismic mitigation	1.3	7.2
Economic Commission for Africa – Africa Hall	1.2	13.5
Economic Commission for Africa – other works	0.7	2.4

65. The average remaining years of useful life as at the end of 2021 and the original average useful life of various categories of property, plant and equipment are shown in figure IV.VIII. The average remaining useful life of communications and information technology equipment, machinery and equipment, vehicles and furniture are less than two years and the fully depreciated assets in those categories were 67, 49, 33 and 18 per cent, respectively.

Figure IV.VIII
Remaining useful lives of property, plant and equipment
(Years and percentage)



	Buildings	Infrastructure	Vehicles	Communications and information technology equipment	Machinery and equipment	Furniture	Leasehold improvements
Total	22	27	8	5	8	8	20
Remaining	10	9	2	1	2	2	18
Percentage	45	33	25	20	25	25	90

Liabilities

66. Total liabilities increased by $109.6 million (1.4 per cent) during 2021, from $8,099.4 million to $8,209.0 million. The most notable change was an increase in provisions by $264.4 million, due to a combined effect of increases in credits to Member States ($242.0 million) and insurance claims incurred but not yet reported ($22.4 million). Another notable change was a decrease in employee benefits

liabilities by $251.6 million (see para. 68 below). Employee benefits liabilities accounted for 77.2 per cent of total liabilities. Table IV.5 shows the changes in liabilities.

Table IV.5
Changes in liabilities
(Millions of United States dollars)

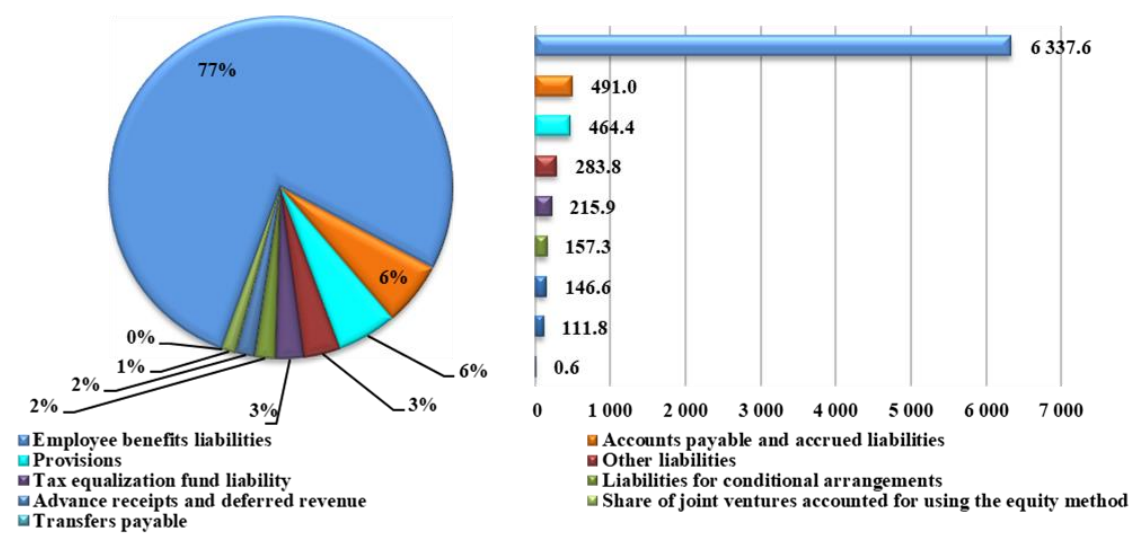
	2021	*2020*	*Change*	*Percentage change*
Employee benefits liabilities	6 337.6	6 589.2	(251.6)	(3.8)
Accounts payable and accrued liabilities	491.0	521.2	(30.2)	(5.8)
Provisions	464.4	200.0	264.4	132.2
Tax equalization fund liability	215.9	200.2	15.7	7.8
Transfers payable	0.6	0.8	(0.2)	(25.0)
Advance receipts and deferred revenue	146.6	119.8	26.8	22.4
Other liabilities[a]	552.9	468.1	84.8	18.1
Total liabilities	**8 209.0**	**8 099.4**	**109.6**	**1.4**

[a] Share of joint venture of $111.8 million, liabilities for conditional arrangements of $157.3 million and other liabilities of $283.8 million (2020: share of joint venture of $107.4 million, liabilities for conditional arrangements of $133.1 million and other liabilities of $227.6 million).

67. Figure IV.IX presents the composition of the liabilities as at 31 December 2021.

Employee benefits liabilities

Figure IV.IX
Liabilities as at 31 December 2021
(Millions of United States dollars and percentage)



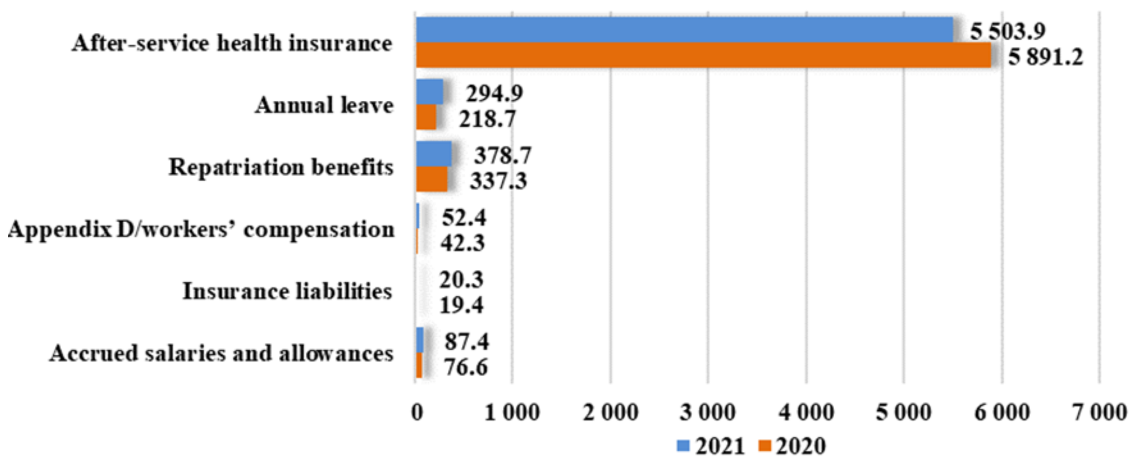
68. Total employee benefits liabilities decreased by $251.6 million in 2021. This is caused mainly by a decrease of $387.3 million in an actuarially valued after-service health insurance liability, offset in part by an increase in other actuarially valued

amounts, including annual leave and repatriation grant benefits, as well as workers' compensation liability. The changes in employee benefits liabilities are shown in figure IV.X. The decrease in after-service health insurance liability was due in large part to the increase in discount rates used for actuarial valuation (2021: 2.35 per cent; 2020: 2.07 per cent), as well as a decrease in initial health-care cost trend rates, offset in part by an increase in the final rates used for the 2021 valuation.

69. Defined-benefits liabilities of the regular budget ($4,851.1 million in total) remain unfunded and the pay-as-you-go approach continues for the present time, posing a long-term risk.

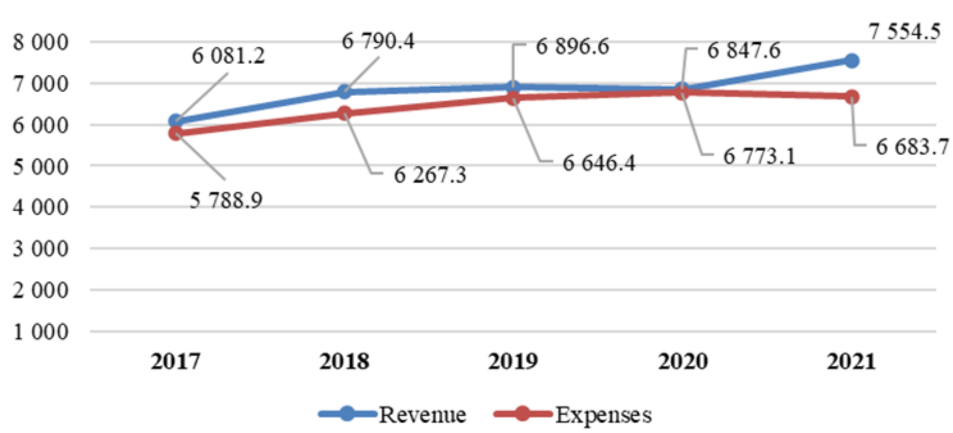
70. For extrabudgetary funds, after-service health insurance liabilities are funded at 6 per cent of employee salaries. The funding provided up to 31 December 2021 was $138 million (2020: $96.1 million, which represented 12.2 per cent (2020: 9.8 per cent) of the respective liabilities.

Figure IV.X
Employee benefits liabilities
(Millions of United States dollars)



F. Overview of financial performance

Figure IV.XI
Total revenue and expenses, 2017–2021
(Millions of United States dollars)



Revenue

71. Total revenue for 2021 was $7,554.5 million (2020: $6,847.6 million), an increase of $706.8 million, or 10.3 per cent, compared with the prior year. Voluntary contributions increased by $861.9 million, contributions for self-insurance funds by $20.0 million, and other transfers and allocations by $10.1 million. Those increases were offset by a decrease in assessed contributions of $18.8 million, investment revenue of $60.8 million and in other revenue of $105.5 million (see table IV.6).

Table IV.6
Changes in revenue by nature
(Millions of United States dollars and percentage)

	2021	*2020*	*Change*	*Percentage change*
Assessed contributions	2 934.2	2 953.0	(18.8)	(0.6)
Voluntary contributions	3 796.1	2 934.2	861.9	29.4
Contribution to self-insurance	448.9	428.9	20.0	4.7
Other revenue	216.0	321.5	(105.5)	32.8
Other transfers and allocations	136.0	125.9	10.1	8.0
Investment revenue	23.3	84.1	(60.8)	(72.3)
Total revenues	**7 554.5**	**6 847.6**	**706.9**	**10.3**

72. Figures IV.XII and IV.XIII provide an analysis of revenue by nature and by segment.

Figure IV.XII
Revenue by nature
(Millions of United States dollars and percentage)

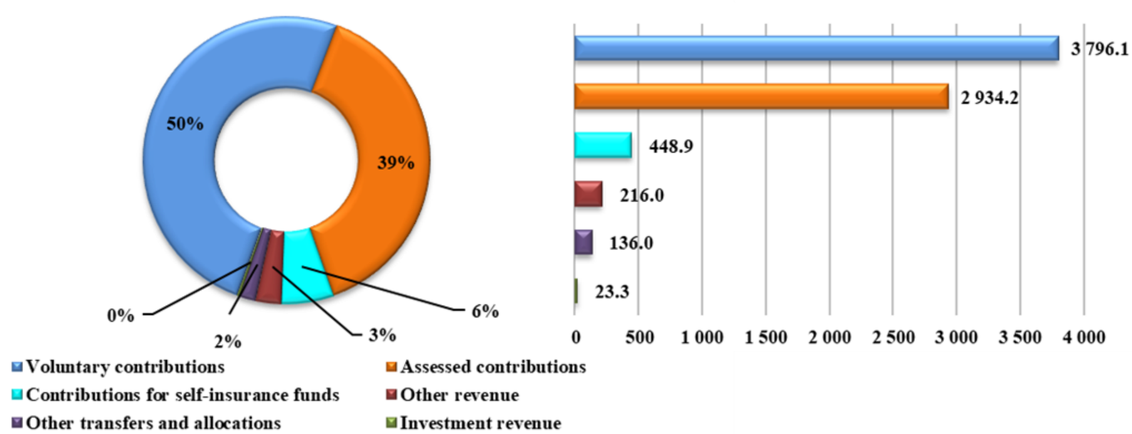
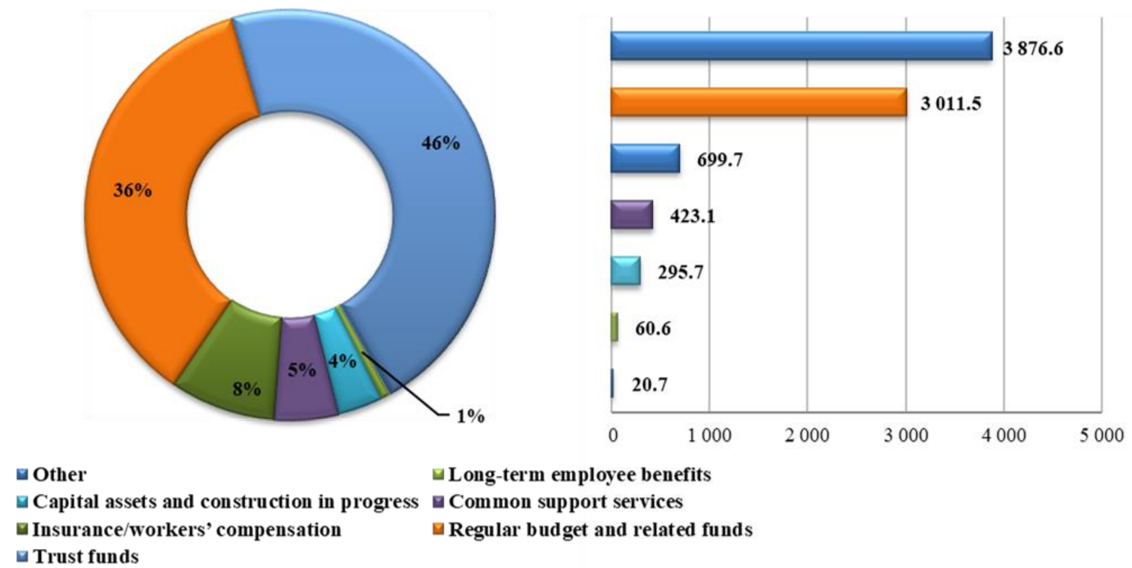


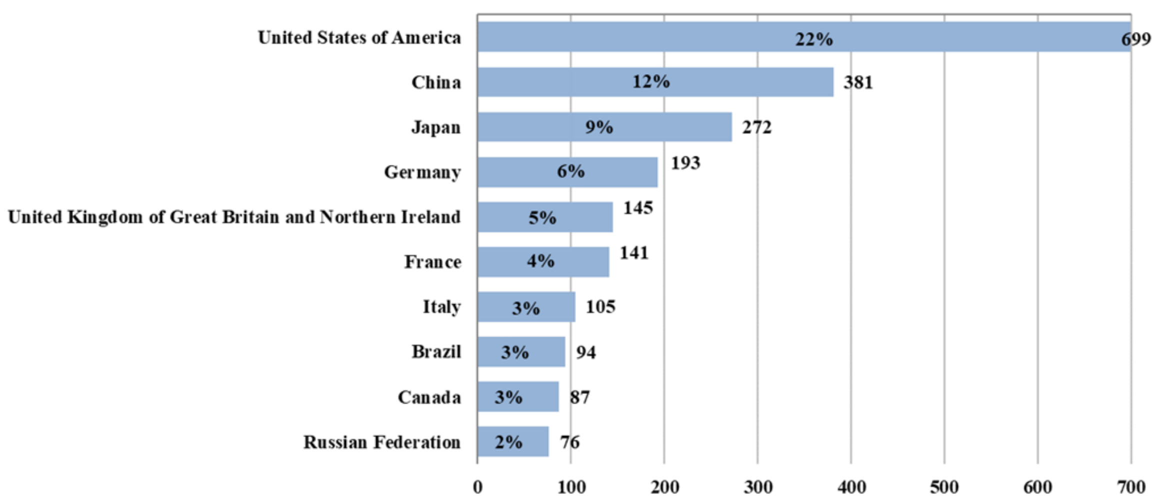
Figure IV.XIII
Revenue by segment[a]
(Millions of United States dollars and percentage)



[a] The figures above do not include inter-segment elimination revenue of $833.4 million.

73. Assessed contributions revenue of $2,934.2 million in 2021 was $18.8 million (0.6 per cent) less than $2,953.0 million in 2020 and comprised 38.8 per cent of total revenue. Assessed contributions are based on a scale of assessments approved by the General Assembly; figure IV.XIV indicates the Member States with the largest assessments for 2021.

Figure IV.XIV
Top 10 contributors of assessed contributions
(Millions of United States dollars and percentage)



74. Voluntary contributions revenue amounted to $3,796.1 million, comprising 50.3 per cent of total revenue. Voluntary contributions revenue of 2021 was $861.9 million (29.4 per cent) more than the $2,934.2 million of 2020, owing mainly to increases in

contributions for the common humanitarian multi-partner trust funds ($243.5 million), the trust fund for strengthening the Office of the Emergency Relief Coordinator ($226.2 million), the Central Emergency Response Fund ($382.5 million) and the peacebuilding multi-partner trust fund ($31.9 million). The increase was offset by decreases in contributions for the United Nations democracy trust fund ($18.5 million), the COVID-19 response and recovery multi-partner trust fund ($65.8 million) and the special purpose trust fund for a reinvigorated resident coordinator system ($12.0 million).

75. Figure IV.XV shows the top 10 voluntary contributors in 2021, along with their contributions in 2020. Table IV.7 highlights voluntary contributions by programme segment. In both 2021 and 2020, voluntary contributions were directed in large part to the human rights and humanitarian affairs segment.

Figure IV.XV
Major voluntary contributions
(Millions of United States dollars and percentage)

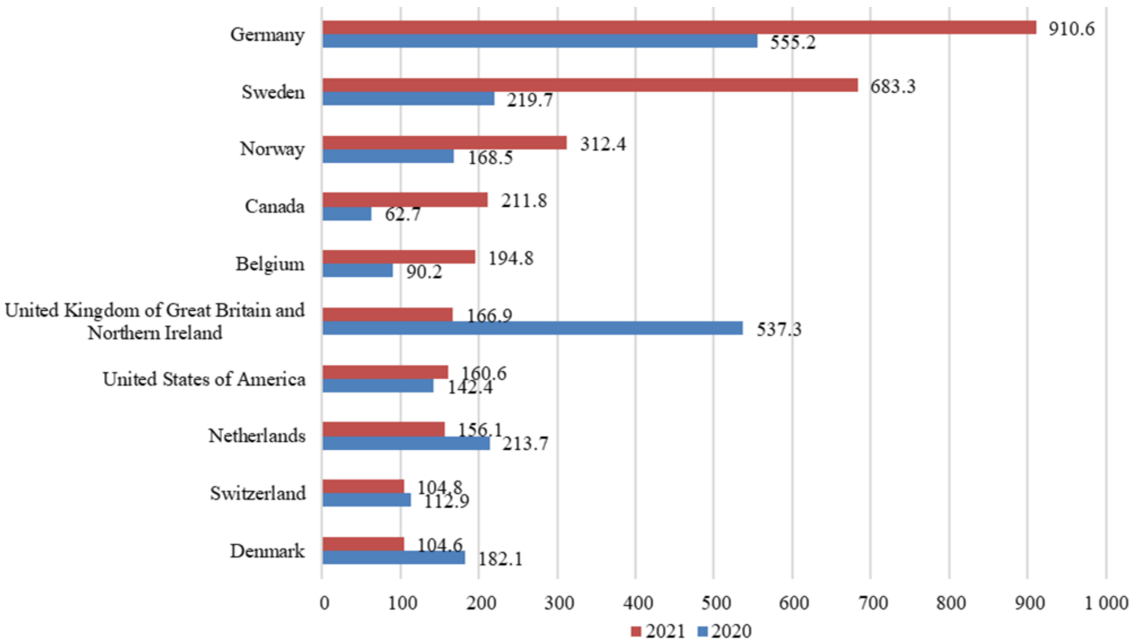


Table IV.7
Voluntary contributions by programme segment
(Millions of United States dollars and percentage)

	2021	*2020*	*Change*	*Percentage change*
Human rights and humanitarian affairs	2 966.1	2 124.3	841.8	39.6
Political and peacekeeping affairs	399.3	386.7	12.6	3.3
Cooperation and development	218.7	208.3	10.4	5.0
Common support services	153.9	152.9	1.0	0.7
Crime prevention	15.0	25.3	(10.3)	(40.7)
Other	43.1	36.7	6.4	17.4
Total revenue	**3 796.1**	**2 934.2**	**861.9**	**29.4**

Expenses

76. Total expenses for 2021 were $6,683.7 million (2020: $6,773.1 million). The decrease of $89.4 million, or 1.3 per cent, was attributable mainly to a decrease in grants and other transfers of $356.3 million and contributions to and share of deficit of joint ventures of $20.8 million. There was also an increase in employee salaries, allowances and benefits of $156.2 million due to increases in salaries and the number of trust fund-related staff posts. Self-insurance claims and expenses and travel increased by $82.8 million and $27.1 million, respectively, which was associated with the lifting of COVID-19-related restrictions on doctors' visits and travel. Table IV.8 shows changes in expenses.

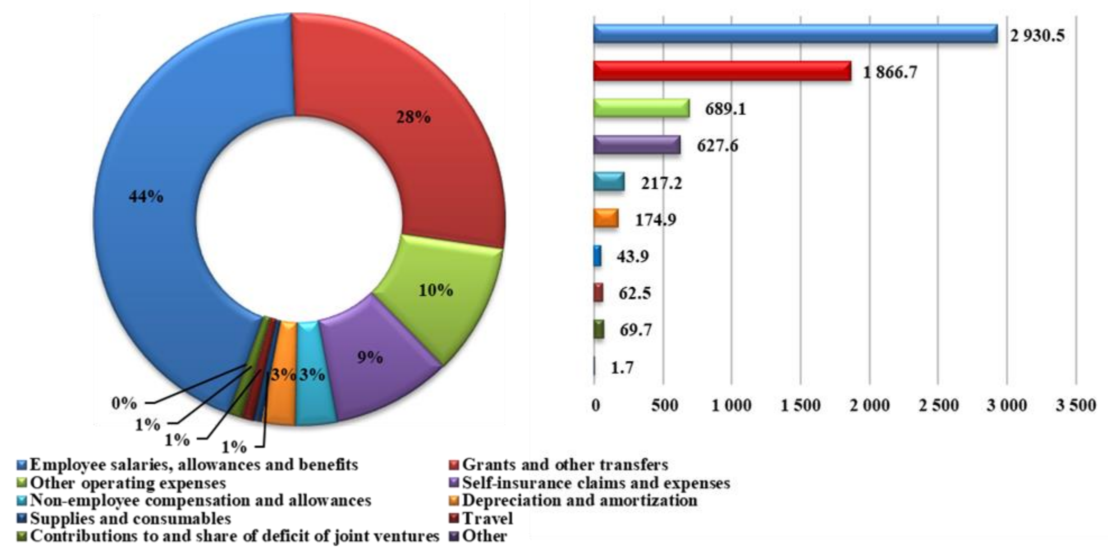
Table IV.8
Changes in expenses by nature
(Millions of United States dollars)

	2021	*2020*	*Change*	*Percentage change*
Employee salaries, allowances and benefits	2 930.5	2 774.3	(156.2)	(5.6)
Grants and other transfers	1 866.7	2 223.0	356.3	16.0
Self-insurance claims and expenses	627.6	544.8	(82.8)	(15.2)
Non-employee compensation and allowances	217.2	191.1	(26.1)	(13.7)
Depreciation and amortization	174.9	176.0	1.1	0.6
Other expenses[a]	866.8	863.9	(2.9)	(0.3)
Total expenses	**6 683.7**	**6 773.1**	**(89.4)**	**(1.3)**

[a] Operating expenses of $689.1 million, contributions to and share of deficit of joint ventures of $69.7 million and other expenses of $108.0 million (2020: 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).

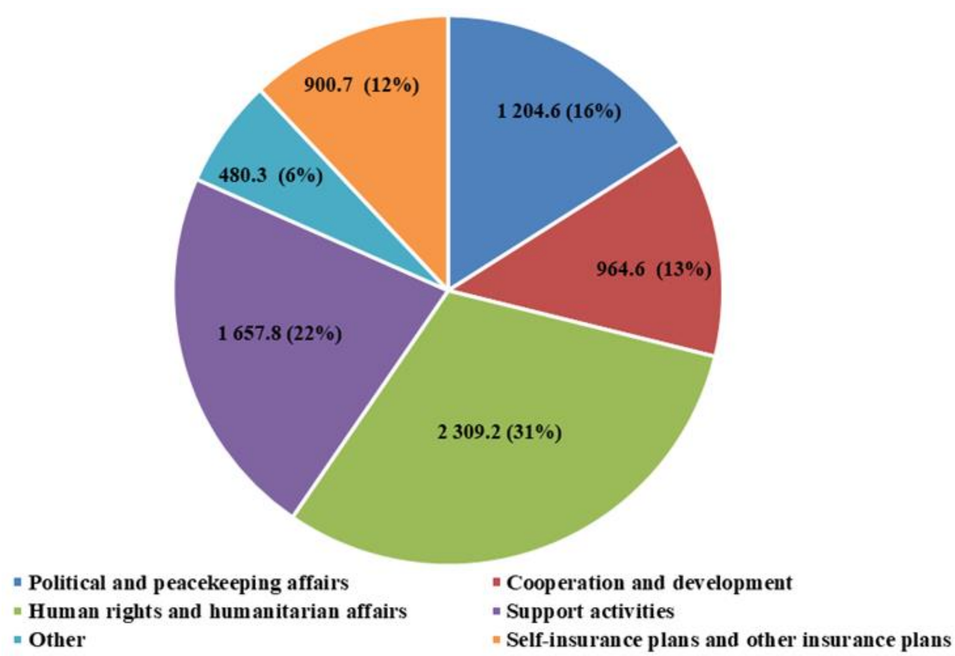
77. Figure IV.XVI highlights expenses by nature. The largest classes were employee salaries, allowances and benefits, in the amount of $2,930.5 million (43.8 per cent), and grants and transfers to end beneficiaries and implementing partners, in the amount of $1,866.7 million (27.9 per cent). Other operating expenses, in the amount of $689.1 million, was also a significant class (10.3 per cent) and was composed mainly of contracted services, acquisition of goods and rental of office space.

Figure IV.XVI
Expenses by nature
(Millions of United States dollars and percentage)



78. Figure IV.XVII 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.XVII
Expenses by work pillar[a]
(Millions of United States dollars)



[a] Eliminations are not included.

G. Net assets

79. Net assets of $3,515.0 million as at 31 December 2021 consisted of an accumulated surplus of $3,427.7 million and reserves of $87.3 million held by, inter alia, the United Nations Staff Mutual Insurance Society against Sickness and Accidents. The increase in net assets in 2021 was $1,341.1 million and was attributable primarily to the surplus for the year ($870.8 million) and actuarial gain on employee benefits liabilities ($483.2 million). The net assets as at 31 December 2020 were adjusted by $2.1 million, from $2,171.8 million to $2,173.9 million, in order to account for a restatement of the workers' compensation liability ($1.1 million) and the capitalization of additional flexible workspace-related property, plant and equipment ($3.2 million). Net asset changes by fund group are presented in table IV.9.

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 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	(3 015)	–	(318 541)	(138)	–	(321 694)
Share of changes recognized by joint ventures directly in net assets	(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**
Recognition of additional appendix D/workers' compensation liability (see note 19, para. 155)	(1 103)	–	–	–	–	(1 103)
Recognition of additional flexible workspace-related property, plant and equipment capitalization (see note 15, para. 126)	3 179	–	–	–	–	3 179
Net assets as at 31 December 2020	**249 138**	**4 076 473**	**(6 214 951)**	**745 816**	**3 317 358**	**2 173 834**
Changes in net assets						
Actuarial gains/(losses) on employee benefits liabilities	(300)	–	493 108	(9 562)	–	483 246
Share of changes recognized by joint ventures directly in net assets	(12 821)	–	–	–	(50)	(12 871)
Surplus/(deficit) for the year	15 805	988 957	(165 473)	25 065	6 406	870 760
Total changes in net assets	**2 684**	**988 957**	**327 635**	**15 503**	**6 356**	**1 341 135**
Net assets as at 31 December 2021	**251 822**	**5 065 430**	**(5 887 316)**	**761 319**	**3 323 714**	**3 514 969**

H. Budgetary performance of the regular budget

80. 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.

81. 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.

82. In 2021, the final amount of the regular budget was $3,224.7 million, which was 4.9 per cent more than the 2020 budget of $3,073.8 million. The budget utilized during 2021 was $3,017.9 million, which was 93.6 per cent of the final budget. The underutilization of the budget was related mainly to the liquidity problems that caused a number of posts and positions to remain vacant. This was exacerbated by the COVID-19 pandemic, which disrupted travel, events and conferences across the Organization, in particular travel for internal audit and evaluation and the travel of representatives of the Human Rights Council and other bodies, and caused the postponement and/or cancellation of activities related to construction in various special political missions. The underutilization of the budget was also related to a change in the operating conditions in UNAMA due to the deteriorating security situation in Afghanistan and the uncertainty of the new mandate.

I. Risks and uncertainties

Liquidity

83. The insufficient or untimely receipt of contributions hinders the Organization's ability to effectively carry out mandates and objectives. Late or non-payment of assessed contributions by Member States creates cash liquidity issues with the risk of a hiring freeze and high mandatory vacancy rates that might further prevent the Organization from implementing planned activities in full. The Secretary-General, in his report on improving the financial situation of the United Nations (A/76/429), proposed to increase the Working Capital Fund by $200 million, to $350 million, and replenish the Special Account by at least $63.2 million by transferring to the account 50 per cent of the credits return against the 2022 assessments and the remainder through voluntary contributions. In addition, the Secretary-General proposed to approve the return of credits for the regular budget only if outstanding assessments were less than the regular budget liquidity reserves, and to limit the amount to the difference between the liquidity reserves and the outstanding assessments. The Advisory Committee on Administrative and Budgetary Questions did not agree with the proposals.

Coronavirus disease

84. Since the outbreak of the COVID-19 pandemic, United Nations entities have been adapting their ways of working to respond flexibly to the impact of the pandemic on their workforce and operations. In 2021, the Secretariat slowly began to implement a flexible back-to-office strategy in consideration of the situation of the pandemic and host country guidelines and restrictions. Hybrid meetings were made possible and related travel resumed. Travel levels were higher in 2021 compared with 2020. However, it was far from the pre-pandemic level and remained at approximately one third the level of 2019. Travel restrictions due to the pandemic still resulted in reassessments and delays of certain programmatic activities and meetings. The pandemic's lingering effects on the global economy, supply chains and inflation persist. Amid the uncertainty, it cannot be reasonably estimated how long it might take for the operations to return to normal pre-pandemic levels.

Chapter V
Financial statements for the year ended 31 December 2021

Operations of the United Nations as reported in volume I

I. Statement of financial position as at 31 December 2021

(Thousands of United States dollars)

	Reference	*31 December 2021*	*31 December 2020 (restated)*
Assets			
Current assets			
Cash and cash equivalents	Note 7	646 533	544 417
Investments	Note 8	4 030 283	2 979 153
Assessed contributions receivable	Note 9	118 208	448 183
Voluntary contributions receivable	Note 10	1 018 291	848 619
Other receivables	Note 11	156 372	159 007
Inventories	Note 12	31 326	29 085
Other assets	Note 13	619 723	371 533
Total current assets		**6 620 736**	**5 379 997**
Non-current assets			
Investments	Note 8	920 786	1 118 048
Voluntary contributions receivable	Note 10	1 049 326	684 572
Property, plant and equipment	Note 15	2 980 811	2 939 392
Intangible assets	Note 16	147 335	147 360
Share of joint arrangements accounted for using the equity method	Note 25	4 912	3 888
Total non-current assets		**5 103 170**	**4 893 260**
Total assets		**11 723 906**	**10 273 257**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	Note 17	490 982	521 206
Advance receipts and deferred revenue	Note 18	146 592	119 783
Employee benefits liabilities	Note 19	269 721	237 985[a]
Provisions	Note 20	463 802	199 421
Tax equalization liability	Note 21	215 858	200 240
Liabilities for conditional arrangements	Note 22	120 032	105 217
Other liabilities	Note 23	30 192	36 247
Total current liabilities		**1 737 179**	**1 420 099**

Operations of the United Nations as reported in volume I

I. Statement of financial position as at 31 December 2021 (continued)

(Thousands of United States dollars)

	Reference	*31 December 2021*	*31 December 2020*
Non-current liabilities			
Transfers payable		637	846
Employee benefits liabilities	Note 19	6 067 846	6 351 262[a]
Provisions	Note 20	622	548
Liabilities for conditional arrangements	Note 22	37 220	27 855
Other liabilities	Note 23	253 627	191 370
Share of joint arrangements accounted for using the equity method	Note 25	111 806	107 443
Total non-current liabilities		**6 471 758**	**6 679 324**
Total liabilities		**8 208 937**	**8 099 423**
Net of total assets and total liabilities		**3 514 969**	**2 173 834**
Net assets			
Accumulated surplus	Note 26	3 427 669	2 091 474[a]
Reserves	Note 26	87 300	82 360
Total net assets		**3 514 969**	**2 173 834**

[a] Restated. See note 19 (para, 155) and note 15 (para. 126).

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 2021

(Thousands of United States dollars)

	Reference	*2021*	*2020*
Revenue			
Assessed contributions	Note 27	2 934 195	2 953 044
Voluntary contributions	Note 27	3 796 101	2 934 201
Contributions for self-insurance funds	Note 29	448 885	428 927
Other revenue	Note 28	215 976	321 493
Other transfers and allocations	Note 27	135 986	125 886
Investment revenue	Note 31	23 330	84 081
Total revenue		**7 554 473**	**6 847 632**
Expenses			
Employee salaries, allowances and benefits	Note 30	2 930 515	2 774 272
Non-employee compensation and allowances		217 169	191 136
Grants and other transfers	Note 30	1 866 654	2 223 045
Supplies and consumables		43 909	47 037
Depreciation and amortization	Notes 15,16	174 919	175 995
Impairment	Notes 15,16	357	3 074
Travel		62 467	35 335
Other operating expenses	Note 30	689 132	680 715
Self-insurance claims and expenses	Note 29	627 631	544 782
Finance costs	Note 23	1 066	5 448
Contributions to and share of deficit of joint arrangements accounted for on the equity method	Note 25	69 667	90 489
Other expenses	Note 30	227	1 767
Total expenses		**6 683 713**	**6 773 095**
Surplus for the year		**870 760**	**74 537**

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 2021

(Thousands of United States dollars)

	Reference	*Accumulated surplus*	*Reserves*	*Total net assets*
Net assets as at 1 January 2020		**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**
Recognition of additional appendix D/workers' compensation liability (see note 19, para. 155)		(1 103)	–	(1 103)
Recognition of additional flexible workspace-related property, plant and equipment capitalization (see note 15, para. 126)		3 179	–	3 179
Net assets as at 31 December 2020, adjusted	**Note 26**	**2 091 474**	**82 360**	**2 173 834**
Changes in net assets				
Actuarial gains on employee benefits liabilities	Note 26	483 246	–	483 246
Share of changes recognized by joint arrangements directly in net assets	Note 25	(12 871)	–	(12 871)
Transfers (from)/to reserves		(4 940)	4 940	–
Surplus for the year		870 760	–	870 760
Total changes in net assets		**1 336 195**	**4 940**	**1 341 135**
Net assets as at 31 December 2021	**Note 26**	**3 427 669**	**87 300**	**3 514 969**

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 2021

(Thousands of United States dollars)

	Reference	*2021*	*2020*
Cash flows from operating activities			
Surplus for the year		**870 760**	**74 537**
Non-cash movements			
Depreciation and amortization	Notes 15, 16	174 919	175 995
Impairment of property, plant and equipment and intangibles	Note 15	357	3 074
Actuarial gain/(loss) on employee benefits liabilities		483 246	(321 694)
Share of changes in net assets recognized by joint arrangements	Note 25	(12 871)	(9 289)
Net loss on disposal of property, plant and equipment and inventory		2 927	2 098
Transfers, donations of assets and other additions	Notes 15, 16	(11 962)	(7 833)
Changes in assets			
(Increase)/decrease in assessed contributions receivable	Note 9	329 975	(6 893)
(Increase)/decrease in voluntary contributions receivable	Note 10	(534 426)	(73 530)
(Increase)/decrease in other receivables	Note 11	2 635	(22 003)
(Increase)/decrease in inventories	Note 12	(2 241)	2 281
(Increase)/decrease in other assets	Note 13	(248 190)	12 705
(Increase)/decrease in share of joint arrangements assets accounted for using the equity method	Note 25	(1 024)	(443)
Changes in liabilities			
Increase/(decrease) in share of joint arrangements liabilities accounted for using the equity method	Note 25	4 363	25 311
Increase/(decrease) in accounts payable and accrued liabilities	Note 17	(30 224)	33 163
Increase/(decrease) in transfers payable		(209)	254
Increase/(decrease) in advance receipts and deferred revenue	Note 18	26 809	25 272
Increase/(decrease) in employee benefits liabilities	Note 19	(251 680)	549 111
Increase/(decrease) in provisions	Note 20	264 455	74 439
Increase/(decrease) in Tax Equalization Fund liability	Note 21	15 618	17 645
Increase/(decrease) in liabilities for conditional arrangements	Note 22	24 180	6 691
Increase/(decrease) in other liabilities	Note 23	(3 717)	12 079
Investment revenue presented as investing activities	Note 31	(23 330)	(84 081)
Net cash flows from operating activities		**1 080 370**	**488 889**

Operations of the United Nations as reported in volume I

IV. Statement of cash flows for the year ended 31 December 2021 (continued)

(Thousands of United States dollars)

	Reference	*2021*	*2020*
Cash flows from investing activities			
Pro rata share of net decrease/(increase) in cash pool	Note 31	(853 868)	(1 045 328)
Investment revenue presented as investing activities	Note 31	23 330	84 081
Acquisitions of property, plant and equipment	Note 15	(181 266)	(134 583)
Proceeds from disposal of plant and equipment		793	218
Acquisitions of intangibles	Note 16	(27 162)	(27 495)
Net cash flows from/(used in) investing activities		**(1 038 173)**	**(1 123 107)**
Cash flows from financing activities			
Proceeds from borrowings	Note 23	59 919	67 638
Net cash flows from financing activities		**59 919**	**67 638**
Net increase/(decrease) in cash and cash equivalents		102 116	(566 580)
Cash and cash equivalents – beginning of year		544 417	1 110 997
Cash and cash equivalents – end of year	**Note 7**	**646 533**	**544 417**

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 2021

(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)	2 905 557	2 922 114	2 892 559	0.6	(1.0)
Staff assessment	283 438	283 525	271 240	–	(4.3)
General income	19 265	19 265	25 967	–	34.8
Services to the public	(180)	(180)	(10 227)	–	(5 581.7)
Total income	**3 208 080**	**3 224 724**	**3 179 539**	**0.5**	**(1.4)**
Expenditure					
Regular budget by part					
Overall policymaking, direction and coordination	419 789	419 916	380 568	–	(9.4)
Political affairs	865 254	865 254	791 242	–	(8.6)
International justice and law	88 433	105 331	102 179	19.1	(3.0)
International cooperation for development	262 008	262 008	250 426	–	(4.4)
Regional cooperation for development	324 844	324 844	298 574	–	(8.1)
Human rights and humanitarian affairs	224 786	221 597	199 588	(1.4)	(9.9)
Global communications	99 066	99 066	90 944	–	(8.2)
Common support services	305 063	306 303	305 655	0.4	(0.2)
Internal oversight	20 790	20 790	18 716	–	(10.0)
Jointly financed administrative activities and special expenses	86 979	89 848	89 848	3.3	–
Capital expenditure	84 309	84 309	84 195	–	(0.1)
Security and safety	130 207	128 819	121 398	(1.1)	(5.8)
Development Account	15 199	15 199	15 199	–	–
Staff assessment	281 353	281 440	269 359	–	(4.3)
Total expenditure	**3 208 080**	**3 224 724**	**3 017 891**	**0.5**	**(6.4)**
Net total	**–**	**–**	**161 648**	**–**	**–**

[a] Refers to the United Nations regular budget for 2021. 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 the United Nations Environment Programme, the United Nations Office on Drugs and Crime, the United Nations Human Settlement Programme (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 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 (the Economic Commission for Africa) 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 2022 in resolution 76/247, 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 2021 to the Board of Auditors by 31 March 2022. 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 new standard would result in a change in accounting policy for the recognition of expenses whereby the transfer provider will recognize an expense as the transfer recipient satisfies an obligation by transferring goods or service to a third-party beneficiary. The IPSAS Board is expected to issue the standard by the end of 2022. In order to prepare for the adoption of this new standard, data-collection efforts and revision of the agreement template are under way;

(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 2022;

(d) Leases: the objective of the project is to replace IPSAS 13: Leases in order to maintain alignment with International Financial Reporting Standard 16. IPSAS 43: Leases was issued in January 2022;

(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: Financial instruments, 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.

Standard	*Anticipated impact in the year of adoption*
	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 4 per cent to 27 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 40 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

Class	*Subclass*	*Estimated useful life*
	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
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 fewer 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. As a practical expedient, operationally, revenue may be billed in advance, with service provision following shortly thereafter;

(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. COVID-19 remained a global challenge and continued to have an impact on the global economy in an unprecedented manner. The Organization dealt with 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.

101. COVID-19 continues to present a variety of challenges and risks, such as heightened economic uncertainty, disruptions in the global supply chain and challenges in ensuring the safety of personnel. There is a high degree of uncertainty regarding the trajectory of the pandemic and the time needed to return to a normal environment. It is expected that the pandemic will continue to delay the implementation of many projects as a result of travel restrictions and supply chain bottlenecks.

102. The Organization is leveraging opportunities for innovation and efficiency to combat the disruptions resulting from the pandemic such as the deployment of applications to support remote working arrangements and allowing flexible working arrangements. The Organization was able to cope with the new challenges and risks through the application of business processes, effective risk mitigation strategies and the dedication and commitment of its staff.

Note 5
Segment reporting

103. 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.

104. 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 the Economic Commission for Africa 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.

105. 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.
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.

Segment	*Activities in segment*
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 2021

(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	74 358	296 997	16 609	65 736	32 079	129 456	31 298	–	646 533
Investments	507 267	2 028 850	114 821	449 355	219 300	496 731	213 959	–	4 030 283
Assessed contributions receivable	118 198	–	10	–	–	–	–	–	118 208
Voluntary contributions receivable	–	1 016 302	–	–	–	–	1 989	–	1 018 291
Other receivables	4 790	41 389	15	71 091	–	47 135	3	(8 051)[a]	156 372
Inventories	27 276	84	5	3 961	–	–	–	–	31 326
Other assets	43 762	524 322	2 675	15 083	–	32 598	1 283	–	619 723
Total current assets	**775 651**	**3 907 944**	**134 135**	**605 226**	**251 379**	**705 920**	**248 532**	**(8 051)**	**6 620 736**
Non-current assets									
Investments	93 588	379 251	21 224	83 997	40 994	261 737	39 995	–	920 786
Voluntary contributions receivable	–	1 049 326	–	–	–	–	–	–	1 049 326
Property, plant and equipment	281 433	56 182	2 627 454	15 742	–	–	–	–	2 980 811
Intangible assets	7 567	10 802	124 902	3 237	–	827	–	–	147 335
Share of joint ventures accounted for using the equity method	3 279	–	1 633	–	–	–	–	–	4 912
Total non-current assets	**385 867**	**1 495 561**	**2 775 213**	**102 976**	**40 994**	**262 564**	**39 995**	**–**	**5 103 170**
Total assets	**1 161 518**	**5 403 505**	**2 909 348**	**708 202**	**292 373**	**968 484**	**288 527**	**(8 051)**	**11 723 906**
Liabilities									
Current liabilities									
Accounts payable and accrued liabilities	264 975	108 635	32 489	35 781	–	39 698	9 404	–	490 982
Advance receipts and deferred revenue	92 073	48 816	27	4 177	–	2	1 497	–	146 592
Employee benefits liabilities	63 825	17 820	684	3 524	162 070	21 531	267	–	269 721
Provisions	341 289	190	500	–	–	121 823	–	–	463 802

	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	–	–	–	–	–	–	215 858	–	215 858
Liabilities for conditional arrangements	–	120 032	–	–	–	–	–	–	120 032
Other liabilities	8 087	4 329	6 046	5 948	–	–	13 833	(8 051)[a]	30 192
Total current liabilities	**770 249**	**299 822**	**39 746**	**49 430**	**162 070**	**183 054**	**240 859**	**(8 051)**	**1 737 179**
Non-current liabilities									
Transfers payable	–	637	–	–	–	–	–	–	637
Employee benefits liabilities	26 116	–	–	–	6 017 619	24 111	–	–	6 067 846
Provisions	215	116	291	–	–	–	–	–	622
Liabilities for conditional arrangements	–	37 220	–	–	–	–	–	–	37 220
Other liabilities	1 310	280	252 012	25	–	–	–	–	253 627
Share of joint ventures accounted for using the equity method	111 806	–	–	–	–	–	–	–	111 806
Total non-current liabilities	**139 447**	**38 253**	**252 303**	**25**	**6 017 619**	**24 111**	–	–	**6 471 758**
Total liabilities	**909 696**	**338 075**	**292 049**	**49 455**	**6 179 689**	**207 165**	**240 859**	**(8 051)**	**8 208 937**
Net of total assets and total liabilities	**251 822**	**5 065 430**	**2 617 299**	**658 747**	**(5 887 316)**	**761 319**	**47 668**	**–**	**3 514 969**
Net assets									
Accumulated surplus/(deficit)	251 822	5 065 430	2 617 299	658 747[b]	(5 887 316)	674 019	47 668	–	3 427 669
Reserves	–	–	–	–	–	87 300	–	–	87 300
Total net assets	**251 822**	**5 065 430**	**2 617 299**	**658 747**	**(5 887 316)**	**761 319**	**47 668**	–	**3 514 969**

[a] Cross-borrowings of $8.000 million between the regular budget and related funds and common support services segments and $0.051 million between common support services and trust funds segments.

[b] On an exceptional basis, a total amount of $28.718 million was transferred from regular fund and related funds segment to com mon support services segment by the end of 2020 for business continuity purposes. A total of $6.644 million thereof was utilized in 2021. Therefore, the accumulated sur plus of common support services includes $21.678 million transferred from the regular budget and related funds in 2020. At the end of 2022, any unspent funds will be returned.

All funds

Statement of financial position by fund group as at 31 December 2020 (restated)

(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	276 189	56 248	2 593 844	13 111	–	–	–	–	2 939 392
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	**329 993**	**1 296 849**	**2 733 290**	**134 763**	**51 619**	**288 200**	**58 546**	–	**4 893 260**
Total assets	**1 019 982**	**4 404 955**	**2 870 918**	**649 223**	**234 006**	**927 281**	**284 289**	**(117 397)**	**10 273 257**
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	57 636	18 326	429	2 468	138 173	20 266	687	–	237 985

	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*
Provisions	99 372	211	289	128	–	99 421	–	–	199 421
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	**636 948**	**299 447**	**23 052**	**47 429**	**138 211**	**166 997**	**225 412**	**(117 397)**	**1 420 099**
Non-current liabilities									
Transfers payable	–	846	–	–	–	–	–	–	846
Employee benefits liabilities	26 048	–	–	–	6 310 746	14 468	–	–	6 351 262
Provisions	215	32	301	–	–	–	–	–	548
Liabilities for conditional arrangements	–	27 855	–	–	–	–	–	–	27 855
Other liabilities	190	302	190 817	53	–	–	8	–	191 370
Share of joint ventures accounted for using the equity method	107 443	–	–	–	–	–	–	–	107 443
Total non-current liabilities	**133 896**	**29 035**	**191 118**	**53**	**6 310 746**	**14 468**	**8**	–	**6 679 324**
Total liabilities	**770 844**	**328 482**	**214 170**	**47 482**	**6 448 957**	**181 465**	**225 420**	**(117 397)**	**8 099 423**
Net of total assets and total liabilities	**249 138**	**4 076 473**	**2 656 748**	**601 741**	**(6 214 951)**	**745 816**	**58 869**	–	**2 173 834**
Net assets									
Accumulated surplus/(deficit)	249 138	4 076 473	2 656 748	601 741	(6 214 951)	663 456	58 869	–	2 091 474
Reserves	–	–	–	–	–	82 360	–	–	82 360
Total net assets	**249 138**	**4 076 473**	**2 656 748**	**601 741**	**(6 214 951)**	**745 816**	**58 869**	–	**2 173 834**

[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; and 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; and 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.

[d] Cross-borrowings of $8.000 million between regular budget and common support services segments.

Statement of financial performance by fund group for the period ended 31 December 2021

(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	2 934 195	–	–	–	–	–	–	–	2 934 195
Voluntary contributions	38 180	3 735 114	15 525	2 600	–	–	4 682	–	3 796 101
Contributions for self-insurance funds	–	–	–	–	–	682 105	–	(233 220)[a]	448 885
Other revenue	33 347	1 478	182 708	395 766[d]	60 139	4 734	744	(462 940)[b]	215 976
Other transfers and allocations	–	136 797	97 188	24 008	–	–	15 199	(137 206)[c]	135 986
Investment revenue	5 797	3 188	259	720	442	12 823	101	–	23 330
Total revenue	**3 011 519**	**3 876 577**	**295 680**	**423 094**	**60 581**	**699 662**	**20 726**	**(833 366)**	**7 554 473**
Expenses									
Employee salaries, allowances and benefits	2 077 914	719 464	4 727	161 656	225 958	25 074	2 727	(287 005)	2 930 515
Non-employee compensation/allowances	95 581	95 877	24	12 154	–	–	17 026	(3 493)	217 169
Grants and other transfers	309 030	1 671 608	–	4 326	–	–	5 363	(123 673)	1 866 654
Supplies and consumables	28 379	10 251	880	5 260	–	3	3	(867)	43 909
Depreciation and amortization	33 090	8 446	131 016	2 264	–	103	–	–	174 919
Impairment	265	–	–	92	–	–	–	–	357
Travel	31 132	30 021	(69)	871	–	2	1 412	(902)	62 467
Other operating expenses	349 461	351 591	197 271	179 420	96	23 323	5 396	(417 426)	689 132
Self-insurance claims and expenses	1 532	7	–	–	–	626 092	–	–	627 631
Finance costs	–	–	1 066	–	–	–	–	–	1 066
Contributions to and share of deficit of joint ventures on an equity basis	69 501	–	166	–	–	–	–	–	69 667
Other expenses	(171)	355	–	43	–	–	–	–	227
Total expenses	**2 995 714**	**2 887 620**	**335 081**	**366 086**	**226 054**	**674 597**	**31 927**	**(833 366)**	**6 683 713**
Surplus/(deficit) for the year	**15 805**	**988 957**	**(39 401)**	**57 008**	**(165 473)**	**25 065**	**(11 201)**	**–**	**870 760**
Capital expenditure	**31 348**	**8 748**	**136 061**	**10 235**	–	–	–	–	**186 392**

(Footnotes on following page)

(Footnotes to Table)

[a] Contributions for health insurance of $233.220 million from insurance/workers' compensation segment against employee salaries of $232.667 million and non-employee compensation of $0.553 million.

[b] Internal cost recovery of $229.442 million from the common support services segment; internal transfer of property, plant and equipment of $183.066 million ($179.002 million from the capital assets and construction-in-progress segment, $3.483 million from the regular budget and related segment, $0.556 million from the trust funds segment and $0.025 million from common support services segment); funding of long-term employee benefits (after-service health insurance and repatriation grant) of $49.907 million from the long-term employee benefits segment; and travel fee allocation of $0.525 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 $137.206 million ($78.757 million from the capital assets and construction-in-progress segment, $23.166 million from the trust funds segments, $20.084 million from the common support services segment and $15.199 million from the other segment).

[d] On an exceptional basis, common support services segment received contributions from regular budget and related funds segment in the amount of $18.594 million. This contribution pertains to delayed activities that could not be implemented in 2020 as a result of liquidity constraints.

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

	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*
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**

[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 pillar for the period ended 31 December 2021

(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	852 687	105 337	706 351	219 757	100 752	131 557	33 046	784 708	–	–	–	2 934 195
Voluntary contributions	399 339	10 121	218 679	2 966 088	3 522	–	15 003	153 908	29 441	–	–	3 796 101
Contributions for self-insurance funds	–	–	–	–	–	–	–	(2)	–	682 107	(233 220)[a]	448 885
Other revenue	14 448	1 107	19 515	59 794	1 087	11	–	518 036	45	64 873	(462 940)[b]	215 976
Other transfers and allocations	(2 707)	221	46 888	30 190	15	–	219	199 594	(1 228)	–	(137 206)[c]	135 986
Investment revenue	343	43	4 864	2 620	33	–	(28)	2 183	7	13 265	–	23 330
Total revenue	**1 264 110**	**116 829**	**996 297**	**3 278 449**	**105 409**	**131 568**	**48 240**	**1 658 427**	**28 265**	**760 245**	**(833 366)**	**7 554 473**
Expenses												
Employee salaries, allowances and benefits	625 325	67 460	663 116	544 757	92 896	99 653	25 627	838 585	9 069	251 032	(287 005)	2 930 515
Non-employee compensation/ allowances	63 500	8 169	78 852	31 022	2 519	133	2 831	32 271	1 365	–	(3 493)	217 169
Grants and other transfers	216 637	24 510	95 844	1 475 821	297	4 060	43 676	110 723	18 759	–	(123 673)	1 866 654
Supplies and consumables	25 395	403	3 544	3 415	170	312	19	11 439	76	3	(867)	43 909
Depreciation and amortization	22 572	1 229	2 136	4 592	139	357	1 150	141 953	688	103	–	174 919
Impairment	–	–	–	–	–	–	–	357	–	–	–	357
Travel	18 359	1 413	8 980	20 292	294	985	1 306	11 412	327	1	(902)	62 467
Other operating expenses	232 719	12 146	87 858	229 137	12 110	3 531	9 291	487 950	8 396	23 420	(417 426)	689 132
Self-insurance claims and expenses	2	–	1 530	–	–	–	–	–	6	626 093	–	627 631
Finance costs	–	–	–	–	–	–	–	1 066	–	–	–	1 066
Contributions to and share of deficit of joint ventures on an equity basis	95	–	22 970	–	–	24 906	–	21 696	–	–	–	69 667

	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	26	17	(245)	114	5	8	–	301	1	–	–	227
Total expenses	**1 204 630**	**115 347**	**964 585**	**2 309 150**	**108 430**	**133 945**	**83 900**	**1 657 753**	**38 687**	**900 652**	**(833 366)**	**6 683 713**
Surplus/(deficit) for the year	**59 480**	**1 482**	**31 712**	**969 299**	**(3 021)**	**(2 377)**	**(35 660)**	**674**	**(10 422)**	**(140 407)**	–	**870 760**
Capital expenditure	**15 917**	**363**	**3 086**	**2 724**	**800**	**11**	**72**	**163 397**	**22**	–	–	**186 392**

[a] Contributions for health insurance of $233.220 million from the self-insurance plans and other insurance plans segment against employee salaries of $232.667 million and non-employee compensation of $0.553 million.

[b] Internal cost recovery of $229.442 million from the common support services segment; internal transfer of property, plant and equipment of $183.066 million ($181.674 million from the common support services segment, $0.726 million from the global communications segment, $0.453 million from the human rights and humanitarian affairs segment, $0.133 million from the international justice and law segment, $0.075 million from the cooperation and development segment and $0.005 from the political and peacekeeping affairs segment); funding of long-term employee benefits (after-service health insurance and repatriation grant) of $49.907 million from the self-insurance plans and other insurance plans segment; and travel fee allocation of $0.525 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.

[c] Internal cross-funding of $137.206 million ($112.240 million from the common support services segment, $22.734 million from the cooperation and development segment, $1.898 million from the human rights and humanitarian affairs segment, $0.306 million from the political and peacekeeping affairs segment and $0.028 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).

Note 6
Comparison to budget

106. 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.

107. For IPSAS reporting purposes, approved budgets are the appropriations and income estimates authorized by resolutions of the General Assembly.

108. The original budget for 2021 is the budget approved by the General Assembly for 2021 in resolution 75/254 A to C. The final budget reflects additional appropriations in accordance with resolutions 75/253 B and 75/253 C and the proposed transfers between sections of the budget to be concurred by 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.

109. 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 34.8 per cent more than final budget** The variance is attributable mainly to higher-than-budgeted income from bank interest, sale of used equipment and timing difference in the recording of income from the cost-sharing for the administration of justice.
Services to the public	**Actual income 5,581.7 per cent less than final budget** The variance is attributable mainly to lower revenue from the sale of publications and guided tours resulting from the closure of premises to the public during the COVID-19 pandemic, as well as subsidy payments to the catering provider at Headquarters based on contractual terms.
Expenditure:	
Overall policymaking, direction and coordination	**Actual expenditure 9.4 per cent less than final budget** The variance is attributable mainly to the higher-than-budgeted vacancy rates for posts and positions, which remained vacant owing in part to the liquidity crisis of the Organization, and the reduced utilization of temporary staff for meetings due to the cancellation and postponement of meetings and to reduced travel of representatives to the meetings because they were held virtually owing in large part to the pandemic.
Political affairs	**Actual expenditure 8.6 per cent less than final budget** The variance is attributable to: (a) the higher-than-budgeted vacancy rates for posts and positions that remained vacant owing in part to the liquidity crisis of the Organization; (b) lower travel and consultancy related expenditure in special political missions due to COVID-19-related restrictions; (c) lower operational expenditure to support the lower-than-expected number of staff on the ground;

Budget part	*Material differences greater than 5 per cent*
	(d) lower flight hours for air operations and their cost of operations due to reconfiguration of the fleet of aircraft; (e) postponement and/or cancellation of activities related to construction in various special political missions due to the pandemic and the closure of field locations; and (f) the change in operating conditions in UNAMA due to the deteriorating security situation in Afghanistan and the uncertainty of the new mandate.
International justice and law	**Final budget 19.1 per cent more than original budget** The variance is attributable mainly to the additional appropriation of $15.5 million to supplement the voluntary financial resources of the Special Tribunal for Lebanon by way of a subvention.
Regional cooperation for development	**Actual expenditure 8.1 per cent less than final budget** The variance is attributable mainly to the higher-than-budgeted vacancy rates for posts and positions that remained vacant owing in part to the liquidity crisis of the Organization. as well as lower staff costs in Lebanon, mainly under the General Service category.
Human rights and humanitarian affairs	**Actual expenditure 9.9 per cent less than final budget** The variance is attributable mainly to the reduced number of in-person meetings of the human rights treaty bodies, which were held virtually for the most part owing to the pandemic and higher-than-budgeted vacancy rates for posts and positions that remained vacant owing in part to the liquidity crisis of the Organization.
Global communications	**Actual expenditure 8.2 per cent less than final budget** The variance is attributable mainly to the higher-than-budgeted vacancy rates for posts and positions that remained vacant owing in part to the liquidity crisis of the Organization, and the reduced number of in-person meetings and travel due to the pandemic.
Internal oversight	**Actual expenditure 10.0 per cent less than final budget** The variance is attributable mainly to the higher-than-budgeted vacancy rates for posts and positions that remained vacant owing in part to the liquidity crisis of the Organization and the cancellation or postponement of audits and evaluation assignments requiring in-person or direct observation, due to the pandemic.
Security and safety	**Actual expenditure 5.8 per cent less than final budget** The variance is attributable mainly to the higher-than-budgeted vacancy rates for posts and positions that remained vacant owing in part to liquidity crisis of the Organization and the lower-than-anticipated share of expenditure related to jointly financed regional field security operations and the malicious acts insurance policy.

Reconciliation between actual amounts on a comparable basis and the statement of cash flows

110. 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)	**(3 017 891)**	–	–	**(3 017 891)**
Basis differences	249 898	(207 635)	–	42 263
Entity differences	(3 706 110)	–	59 919	(3 646 191)
Presentation differences	7 554 473	(830 538)	–	6 723 935
Actual amounts in statement of cash flows (statement IV)	**1 080 370**	**(1 038 173)**	**59 919**	**102 116**

111. 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.

112. 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.

113. 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.

114. 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 2021 annual budget.

Note 7
Cash and cash equivalents

(Thousands of United States dollars)

	31 December 2021	*31 December 2020*
Main pool (notes 31 and 32)[a]	588 031	484 029
Euro pool (notes 31 and 32)	11 351	11 043
United Nations Staff Mutual Insurance Society against Sickness and Accidents investments (note 31)	38 251	39 637
Other cash and cash equivalents	8 900	9 708
Total	**646 533**	**544 417**

[a] Includes non-convertible Syrian pounds equivalent to -$0.464 million (2020: -$3.197 million).

115. Cash and cash equivalents include trust fund money totalling $296.8 million (2020: $269.7 million) held for the specific purposes of the respective trust funds. Similarly, $121.9 million (2020: $131.3 million) in insurance funds and $32.1 million in long-term employee benefits funds (2020: $25.6 million) are restricted to the specific purposes.

Note 8
Investments

31 December 2021

(Thousands of United States dollars)

	Trust fund investments	*Insurance/ workers' compensation funds*	*Long-term employee benefits*	*Other investments*	*Total 31 December 2021*
Current					
Main pool (notes 31 and 32)	2 028 850	494 267	219 300	1 277 514	4 019 931
Euro pool	–	5	–	–	5
United Nations Staff Mutual Insurance Society against Sickness and Accidents investments (note 31)	–	2 459	–	–	2 459
Derivative instruments: currency forwards	–	–	–	7 888	7 888
Subtotal	**2 028 850**	**496 731**	**219 300**	**1 285 402**	**4 030 283**
Non-current					
Main pool (notes 31 and 32)	379 251	92 393	40 993	238 805	751 442
Euro pool	–	1 614	–	–	1 614
United Nations Staff Mutual Insurance Society against Sickness and Accidents investments (note 31)	–	167 730	–	–	167 730
Subtotal	**379 251**	**261 737**	**40 993**	**238 805**	**920 786**
Total	**2 408 101**	**758 468**	**260 293**	**1 524 207**	**4 951 069**

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**

116. The principal of two trust funds (United Nations Library Endowment Fund and Sasakawa-UNDRO Disaster Prevention Award Endowment Fund), amounting to $3.2 million (2020: $3.2 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 2021	*31 December 2020*
Member States	457 912[a]	831 165[a]
Non-member States	366	447
Allowance for doubtful assessed contributions receivable	(340 070)	(383 429)
Total assessed contributions receivable	**118 208**	**448 183**

[a] This amount includes outstanding regular budget assessments due from current Member States of $434.426 million as at 31 December 2021 and $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 2021*
Voluntary contributions	1 034 631	1 049 326	2 084 157
Allowance for doubtful voluntary contributions receivable	(16 340)	–	(16 340)
Total voluntary contributions receivable	**1 018 291**	**1 049 326**	**2 067 617**

(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**

117. The non-current voluntary contributions receivable of $1,049.3 million (2020: 684.5 million) represents the discounted value of future year receivables. The current voluntary contributions receivable includes $136.9 million (2020: $49.3 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 $79.3 million (2020: $82.4 million) of consolidated voluntary contributions receivable of the multi-partner trust fund.

Note 11
Other accounts receivable: receivables from exchange transactions and loans

(Thousands of United States dollars)

	31 December 2021	*31 December 2020*
Loans receivable – loans provided by the Central Emergency Response Fund (note 33)	28 000	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	73 921	59 397
Other accounts receivable	22 580	44 904
Subtotal	**208 877**	**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	(3 056)	(5 858)
Allowance for other doubtful receivables	(2 073)	(6 436)
Total other receivables	**156 372**	**159 007**

Loans provided by the Central Emergency Response Fund

118. During 2021, the Central Emergency Response Fund granted loans of $43.0 million to UNRWA. The Agency repaid $15.0 million in 2021; the loan of $28.0 million was outstanding as at 31 December 2021 and was repaid on 26 January 2022.

Note 12
Inventories

119. Inventory balances held as at 31 December 2021 increased by 8 per cent compared with the balances held at the end of the previous year. The levels of purchases and consumption decreased by 18 and 32 per cent, respectively, owing to the continued liquidation activities of the United Nations Integrated Peacebuilding Office in Guinea-Bissau.

(Thousands of United States dollars)

	Held for sale	*Raw materials*	*Strategic reserves*	*Consumables and supplies*	*Total*
Opening inventory as at 1 January 2020	**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**
Purchase	1 903	484	675	19 588	22 650
Consumption	(2 023)	(641)	(591)	(15,360)	(18 615)
Impairment and write-offs	–	–	–	(1 794)	(1 794)
Total inventory as at 31 December 2021	**2 489**	**121**	**747**	**27 969**	**31 326**

Note 13
Other assets

(Thousands of United States dollars)

	31 December 2021	*31 December 2020*
Advances to United Nations Development Programme and other United Nations agencies[a]	36 601	35 093
Advances to vendors	2 554	1 578
Advances to staff	28 165	27 622
Advances to military and other personnel	7 743	3 065
Deferred charges	55 802	36 343
United Nations Development Programme multi-partner trust fund advances[b]	469 970	250 400
Other	18 888	17 432
Total other assets	**619 723**	**371 533**

[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

120. 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 2021, a painting entitled "The Unseen Afghanistan", representing the right to education for all, was donated by the Government of Afghanistan. Additional artworks were donated to the Organization. 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

121. The net book value of property, plant and equipment as at 31 December 2021 was $2,980.8 million (2020: $2,939.4 million). The total cost of acquisitions and transfers during 2021 was $197.7 million (2020: $149.9 million).

122. During the year, the Organization disposed of assets in the amount of $3.7 million at net book value (2020: $2.3 million). Equipment was written down by $3.7 million (2020: $1.2 million), owing mainly to scheduled replacements ($2.1 million), surplus ($0.7 million), obsolescence and other losses ($0.6 million) and accidents ($0.3 million). Buildings and infrastructure were written down with zero net book value (2020: $1.2 million).

123. An impairment review was conducted and no other significant impairment was identified.

Assets under construction

124. During the year, additions of $112.3 million (2020: $100.3 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 ($89.2 million), additional capital projects, alterations and improvements at the United Nations Office at Geneva ($6.1 million), replacement of office blocks A through J at the United Nations Office at Nairobi ($3.1 million), construction of buildings and infrastructure assets in the special political missions ($1.4 million), leasehold improvements in the ESCAP building in Bangkok ($1.3 million) and the renovation of Africa Hall at ECA ($1.2 million).

125. The strategic heritage plan of the United Nations Office at Geneva has a total projected cost of SwF 836.5 million (equivalent to $914.2 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. 175). 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.

126. Assets under construction amounting to $167.4 million (2020: $11.9 million) were completed and became operational, relating primarily to the completion of projects at the Palais des Nations under the strategic heritage plan of the United Nations Office at Geneva ($123.2 million), completion of the flexible workspace project at United Nations Headquarters ($25.4 million), completion of buildings and infrastructure assets in special political missions ($7.3 million) and completion of leasehold improvements to the ESCAP building in Bangkok ($2.4 million).

An additional flexible workspace project at Headquarters ($3.2 million), which was completed in prior years, was recognized in the current period.

127. Assets under construction at year end in the amount of $262.7 million (2020: $314.6 million) comprise primarily the refurbishment and renovation of the Palais des Nations ($213.5 million), the renovation of Africa Hall at ECA ($13.5 million), additional capital projects, alterations and improvements at the United Nations Office at Geneva ($7.4 million), leasehold improvements for ESCAP ($7.2 million), the replacement of office blocks A through J at the United Nations Office at Nairobi ($4.7 million), completion of the COVID-19 medical facility at the Nairobi Hospital ($4.5 million) and construction of buildings and infrastructure assets in special political missions ($3.8 million).

Finance lease assets

128. As at 31 December 2021, the cost of assets under finance leases amounted to $144.7 million ($144.5 million net book value), comprising donated right-to-use assets of $139.0 million at replacement cost ($55.6 million net book value) and a commercial lease costing $5.6 million (nil net book value). The donated-right-to-use represents mainly the cost of the Vienna International Centre ($136.6 million at cost, $54.4 million at book value). The commercial lease represents network equipment.

129. 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 23.00 per cent in 2020 to 22.97 per cent in 2021. 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.

130. In 2021, the share of leasehold improvements made to the Vienna International Centre buildings in the amount of $1.4 million (2020: $1.3 million) was capitalized. This amount has been restated from $1.7 million reported for 2020.).

131. The land of the Vienna International 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: 2021

(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 2020	**835 698**	**3 825 234**	**322 372**	**184 075**	**175 599**	**56 241**	**5 148**	**317 822**	**11 727**	**5 733 916**
Additions	–	44 480	2 285	8 272	12 764	4 576	217	112 323	1 474	186 391
Disposals	–	(2 532)	(1 603)	(14 601)	(9 111)	(4 238)	(178)	–	–	(32 263)
Completed assets under construction	–	154 363	4 801	–	–	–	7 730	(167 407)	513	–
Transfers	–	6 507	854	956	380	816	1 844	–	–	11 357
Cost as at 31 December 2021	**835 698**	**4 028 052**	**328 709**	**178 702**	**179 632**	**57 395**	**14 761**	**262 738**	**13 714**	**5 899 401**
Accumulated depreciation as at 31 December 2020	**–**	**2 283 438**	**204 418**	**122 228**	**136 173**	**38 848**	**3690**	**–**	**5 729**	**2 794 524**
Depreciation	–	107 651	10 929	12 668	10 044	3 302	1 267	–	1 951	147 812
Disposals	–	(1 929)	(1 603)	(12 389)	(8 895)	(3 565)	(162)	–	–	(28 543)
Transfers	–	1 436	307	825	309	774	789	–	–	4 440
Impairment losses	–	–	–	–	350	–	–	7	–	357
Accumulated depreciation as at 31 December 2021	**–**	**2 390 596**	**214 051**	**123 332**	**137 981**	**39 359**	**5 584**	**7**	**7 680**	**2 918 590**
Net carrying amount										
31 December 2020	835 698	1 541 796	117 954	61 847	39 426	17 393	1 458	317 822	5 998	2 939 392
31 December 2021	**835 698**	**1 637 456**	**114 658**	**55 370**	**41 651**	**18 036**	**9 177**	**262 731**	**6 034**	**2 980 811**

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	103 456[a]	1 568	145 268
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**	**317 822**	**11 727**	**5 733 916**
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**	**317 822**	**5 998**	**2 939 392**

[a] Restated. See paragraph 126.

Note 16
Intangible assets

132. 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.

133. The net book value of intangible assets as at 31 December 2021 was $147.3 million (2020: $147.4 million). The total costs of acquisitions and amortization during 2021 were $27.2 million and $27.1 million, respectively.

134. The total carrying value of the Umoja project as at year end was $124.9 million (2020: $125.7 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.

135. During the year, additions of $27.2 million (2020: $27.5 million) were capitalized to assets under development, relating primarily to Umoja software of $22.4 million, and a total of $23.3 million assets under development were completed and became operational.

136. Assets under development at year end amounting to $6.7 million (2020: $2.9 million) relate primarily to the development of meeting and delegate management software ($4.3 million) and improvements to the grants management system ($1.4 million). No assets under development remain outstanding on the Umoja project as at 31 December 2021.

Intangible assets: 2021

(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 2020	**275 271**	**21 638**	**16 364**	**154**	**–**	**2 864**	**316 291**
Additions	–	–	–	–	22 363	4 799	27 162
Disposals	–	–	–	–	–	–	–
Completed assets under development	22 363	898	–	–	(22 363)	(898)	–
Transfers	–	–	–	–	–	(80)	(80)
Cost as at 31 December 2021	**297 634**	**22 536**	**16 364**	**154**	**–**	**6 685**	**343 373**
Accumulated amortization as at 31 December 2020	**149 531**	**13 669**	**5 588**	**143**	–	–	**168 931**
Amortization	23 201	2 215	1 685	6	–	–	27 107
Disposals	–	–	–	–	–	–	–
Transfers	–	–	–	–	–	–	–
Accumulated amortization as at 31 December 2021	**172 732**	**15 884**	**7 273**	**149**	–	–	**196 038**
Net carrying amount							
31 December 2020	125 740	7 969	10 776	11	–	2 864	147 360
31 December 2021	**124 902**	**6 652**	**9 091**	**5**	–	**6 685**	**147 335**

Intangible assets: 2020

(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 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	1 792	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**

Note 17
Accounts payable and accrued liabilities

(Thousands of United States dollars)

	31 December 2021	*31 December 2020*
Payable to vendors	60 093	49 748
Transfers payable	17 705	81 760
Payable to other United Nations entities	76 715	44 265
Accruals for goods and services	147 370	124 695
Accounts payable – other	37 139	69 387
Subtotal	**339 022**	**369 855**
Payable to Member States	1 960	1 351
Working Capital Fund payable to Member States[a]	150 000	150 000
Subtotal	**151 960**	**151 351**
Total accounts payable and accrued liabilities	**490 982**	**521 206**

[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 2021	*31 December 2020*
Deferred revenue	146 515	119 665
Advance receipts from Member States	77	118
Total advance receipts and deferred revenue	**146 592**	**119 783**

Note 19
Employee benefits liabilities

(Thousands of United States dollars)

	Current	*Non-current*	*Total 31 December 2021*
After-service health insurance	74 218	4 299 801	4 374 019
Annual leave	23 838	184 305	208 143
Repatriation benefits	30 837	238 077	268 914
Total attributable to regular budget	*128 893*	*4 722 183*	*4 851 076*
After-service health insurance	14 864	1 115 007	1 129 871
Annual leave	6 850	79 918	86 768
Repatriation benefits	9 263	100 503	109 766
Total attributable to extrabudgetary resources	*30 977*	*1 295 428*	*1 326 405*
Defined end-of-service/post-employment benefits liabilities	**159 870**	**6 017 611**	**6 177 481**

	Current	*Non-current*	*Total 31 December 2021*
Appendix D/workers' compensation	2 378	49 989	52 367
Insurance liabilities	20 276	–	20 276
Accrued salaries and allowances	87 197	246	87 443
Total employee benefits liabilities	**269 721**	**6 067 846**	**6 337 567**

(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**
Appendix D/workers' compensation[a]	2 099	40 187	42 286
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	**237 985**	**6 351 262**	**6 589 247**

[a] Restated. See paragraph 155.

137. 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 2021, while actuarially valued balances as of 31 December 2020 represent results of the roll-forward exercise of the 2019 full valuation.

138. Prior to 2021, the Organization used 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. During 2021, a special project was carried out to enrich historic information on periods of enrolment of active staff in eligible medical insurance programmes. This is a more precise method to be used for assessing eligibility for after-service health insurance, given that eligibility is based on insurance enrolment period rather than the period of employment of a staff member. The enriched data allowed the Organization's actuaries to use the enrolment period in place of the Pension Fund entry-on-duty date

for calculation of actuarial liabilities for active staff during the 2021 full valuation. In cases in which historic data on medical enrolment were not available or incomplete, the entry-on-duty date in the Pension Fund was retained for the 2021 valuation to ensure a more prudent approach to calculating after-service health insurance liability.

139. The after-service health insurance obligation related to active employees is distributed to the regular budget, extrabudgetary resources and peacekeeping operations on the basis of the source of funding for each employee's position. After-service health insurance liabilities related to retired employees is apportioned on the basis of a pre-set ratio owing to the lack of limited data on the funding source for their position prior to retirement. In previous years, the Organization had applied the estimated ratio of 77 per cent to the regular budget, 8 per cent to extrabudgetary resources and 15 per cent to peacekeeping operations. In 2021, the Organization reviewed historic records of the retirees available in Umoja and the legacy system and updated the apportionment ratio, as follows: 69 per cent to the regular budget, 14 per cent to the extrabudgetary sources and 17 per cent to peacekeeping operations. The impact of the change on after-service health insurance liabilities as at 31 December 2021 was a decrease of approximately $58 million.

Defined end-of-service/post-employment benefits liabilities

Actuarial valuation: assumptions

140. The principal actuarial assumptions used to determine the employee benefits obligations at 31 December 2021 and 31 December 2020 are shown below.

Actuarial assumptions

(Percentage)

Assumptions	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Discount rates 31 December 2020	2.07	2.15	2.25
Discount rates 31 December 2021	2.35	2.70	2.75

141. The yield curves used in the calculation of the discount rates in respect of the United States dollar, 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.

142. The salary increase rate and the demographic assumptions used for the 2021 full valuation were provided by the United Nations Joint Staff Pension Fund. 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 65 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 3.97 per cent at the age of 65 years. These are capped at 65 because this is the mandatory age of retirement for United Nations staff.

143. 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 2021 valuation.

	2021			*2020*		
Cost trend assumptions	*Initial*	*Final*	*Grade down*	*Initial*	*Final*	*Grade down*
United States non-Medicare	5.17%	3.95%	10 years	5.31%	3.65%	14 years
United States Medicare	5.03%	3.95%	10 years	5.15%	3.65%	14 years
United States dental	4.53%	3.95%	10 years	4.59%	5.65%	14 years
Non-United States (Switzerland)	3.44%	2.25%	7 years	3.64%	2.75%	8 years
Non-United States (eurozone)	3.75%	3.75%	none	3.73%	3.25%	6 years

144. The per capita claim costs for the after-service health insurance plans are updated to reflect recent claims and enrolment experience.

145. With regard to the valuation of repatriation benefits inflation in travel costs was assumed to be 2.50 based on Aon Hewitt reference (2.20 per cent used for 2020 valuation) on the basis of the projected consumer price index over the coming 20 years.

146. 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.

147. For defined-benefit plans, assumptions regarding future mortality are based on published statistics and mortality tables. Salary increases, retirement, withdrawal and pre-retirement mortality assumptions were provided by the United Nations Joint Staff Pension Fund. In line with recommendations of the Task Force on Accounting Standards, weighted headcount mortality tables provided by the Buck consultancy firm were used for post-retirement mortality assumptions in the 2021 valuation.

Actuarial valuation: movement in post-employment benefits liabilities accounted for as defined-benefit plans

(Thousands of United States dollars)

	2021	*2020*
Net defined-benefits liability as at 1 January	**6 447 247**	**5 916 555**
Current service cost	227 702	208 938
Interest cost	135 639	144 101
Total costs recognized in the statement of financial performance	**363 341**	**353 039**
Benefits paid	(139 999)	(140 888)
Actuarial (gains)/losses recognized directly in the statement of changes in net assets[a]	(493 108)	318 541
Due to changes in financial assumptions	(370 640)	318 541
Due to changes in demographic assumptions	39 778	–
Due to experience adjustment	(162 246)	–
Net defined-benefits liability as at 31 December	**6 177 481**	**6 447 247**

[a] The net cumulative amount of actuarial losses recognized in the statement of changes in net assets is $1,086.203 million (net actuarial loss 2020: $1,579.311 million).

148. The after-service health insurance portion of the actuarially valued liability is the largest defined-benefit liability among those reported in these financial statements and therefore has the most impact on the calculation of the actuarial gains and losses. The financial gain in 2021 reflects an increase in the discount rate and a decrease in initial health-care trend rates, offset in part by an increase in the final rates for 2021 as shown in the tables above. The loss due to change in demographic assumption is due mainly to the application of a different set of mortality tables as mentioned above. The gain resulting from the experience adjustment in 2021 stems mainly from use of periods of enrolment in United Nations medical plans, as described above, supplemented by a change in the census data between 2019 and 2021.

Actuarial valuation: discount rate sensitivity analysis

149. 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 2021	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Increase of discount rate by 0.5 per cent	(568 671)	(14 290)	(11 665)
As a percentage of year-end liability	(10)	(4)	(4)
Decrease of discount rate by 0.5 per cent	665 988	15 352	12 566
As a percentage of year-end liability	12	4	4

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

Actuarial valuation: medical costs sensitivity analysis

150. 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)

2021	*Increase*		*Decrease*	
Effect on the defined-benefit obligation	11.57%	637 014	(10.02%)	(551 245)
Effect on the aggregate of the current service cost and interest cost	0.96%	52 790	(0.81%)	(44 749)
Total effect		**689 804**		**595 994**

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)**

Historical information: total liability for after-service health insurance, repatriation benefits and annual leave as at 31 December

(Millions of United States dollars)

	2021	*2020*	*2019*	*2018*	*2017*
Present value of the defined-benefit obligations	6 177	6 447	5 917	4 705	5 043

Funding of defined benefit liabilities: extrabudgetary resources

151. 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.

152. 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.

153. The following table summarizes the funding position of actuarially valued liabilities pertaining to extrabudgetary resources as at 31 December 2021.

(Thousands of United States dollars)

Attributable to extrabudgetary resources	*Liability*	*Funded*	*Unfunded*	*Percentage of liability funded*
After-service health insurance	1 129 871	138 048	991 823	12.2
Repatriation benefits	109 766	152 538	–	139.0
Annual leave	86 768	–	86 768	–
Total	**1 326 405**	**290 586**	**1 078 591**	**21.9**

154. 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

155. 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 2021, estimated at $52.4 million (2020: $42.3 million), are based on an actuarial valuation as at the same date. Owing to the omission of some claims, the liability of previous years was understated. An adjustment of $1.1 million was made for 2020.

156. The cost-of-living adjustment for 2021 as determined by Aon Hewitt is 2.5 per cent (2020: 2.0 per cent) and is calculated using market-based inflation. As with defined-benefit liabilities, the Aon Hewitt yield curves were used in determining the 31 December 2021 obligation. Appendix D/workers' compensation uses mortality assumptions based on World Health Organization statistical tables.

Appendix D/workers' compensation costs actuarial valuation: sensitivity analysis

157. 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 2021	*31 December 2020*[a]
Increase of cost-of-living adjustment by 1 per cent	8 679	5 715
As a percentage of year-end liability	16.57	13.52
Decrease of cost-of-living adjustment by 1 per cent	(6 583)	(4 654)
As a percentage of year-end liability	(12.57)	(11.30)

[a] Restated. See paragraph 155.

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 2021	*31 December 2020*[a]
Increase of discount rate by 1 per cent	(6 783)	(4 999)
As a percentage of year-end liability	(12.95)	(11.82)
Decrease of discount rate by 1 per cent	8 699	6 260
As a percentage of year-end liability	16.61	15.02

[a] Restated. See paragraph 155.

Appendix D/workers' compensation costs actuarial valuation: funding

158. The liabilities pertaining to the regular budget ($27.3 million) have not been funded. The pertinent budget is provided based on claims experience in previous years.

159. The liabilities pertaining to extrabudgetary resources ($25.1 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 $87.1 million as at 31 December 2021.

Accrued salaries and allowances

160. Accrued salaries and allowances comprise $23.7 million (2020: $15.9 million) in accrued salaries and home leave benefits of $54.5 million (2020: $51.7 million).

United Nations Joint Staff Pension Fund

161. 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 Pension Fund will be sufficient to meet its liabilities.

162. 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 Pension 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 Pension 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.

163. The most recent actuarial valuation for the Pension Fund was completed as at 31 December 2019, and the valuation as at 31 December 2021 is being performed. A roll-forward of the participation data as at 31 December 2019 to 31 December 2020 was used by the Pension Fund for its 2020 financial statements.

164. The actuarial valuation as of 31 December 2019 resulted in a funded ratio of actuarial assets to actuarial liabilities, assuming no future pension adjustments, of 144.4 per cent. The funded ratio was 107.1 per cent when the current system of pension adjustments was taken into account.

165. After assessing the actuarial sufficiency of the Pension 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, given that 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.

166. Should article 26 be invoked because of an actuarial deficiency, either during the ongoing operation or owing to the termination of the Pension 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 Pension Fund during the preceding three years (2018, 2019 and 2020) amounted to $7,993.15 million, of which 18.8 per cent was contributed by the Organization.

167. During 2021, the Organization's contributions, including the staff portion, paid to the Pension Fund amounted to $530.4 million (2020: $509.8 million). The Organization expects to contribute approximately the same amount in 2022.

168. Membership in the Pension 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 Pension 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 Pension Fund on the date of termination; no part of the assets that are in excess of the liabilities are included in the amount.

169. 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 Pension Fund publishes quarterly reports on its investments, which can be viewed on the Fund's website (www.unjspf.org).

Note 20
Provisions

2021

(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 2020	**98 494**	**1 160**	**894**	**99 421**	**199 969**
Additional provisions made	254 281	962	75	121 823	377 141
Amounts reversed	(12 287)	(397)	(21)	–	(12 705)
Amounts used	–	(560)	–	(99 421)	(99 981)
Provisions as at 31 December 2021	**340 488**	**1 165**	**948**	**121 823**	**464 424**
Current	340 488	1 165	326	121 823	463 802
Non-current	–	–	622	–	622
Total	**340 488**	**1 165**	**948**	**121 823**	**464 424**

2020

(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**

170. The provisions for credits to Member States comprise the cancellation of 2018-2019 biennium and year 2020 commitments of $120.5 million and unencumbered balances of appropriations in years 2020 and 2021 of $264.7 million, offset by a combined net change of $44.7 million from staff assessment income, general income and income from services to the public. Provisions for $1.2 million (2020: $1.2 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

171. 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.

172. The Fund includes as expenditure credits against the assessed contributions for the regular budget, peacekeeping and the International Residual Mechanism for Criminal Tribunals 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 2021*	*31 December 2020*
Staff assessment receipts from:				
United Nations regular budget	59 673	211 567	271 240	263 693
Peacekeeping operations	49 529	128 054	177 583	175 285
International Residual Mechanism for Criminal Tribunals	2 165	6 514	8 679	8 884
Interest revenue split	(209)	(652)	(861)	1 092
Total staff assessment revenue	**111 158**	**345 483**	**456 641**	**448 954**
Staff costs and other	79 786	–	79 786	70 075
Contractual services	309	–	309	188
Credits given to other Member States for:				
United Nations regular budget	–	221 130	221 130	217 833
Peacekeeping operations	–	137 931	137 931	126 590

	United States of America	*Other Member States*	*31 December 2021*	*31 December 2020*
International Residual Mechanism for Criminal Tribunals	–	5 267	5 267	6 297
Total expenses	**80 095**	**364 328**	**444 423**	**420 983**
Net excess of revenue over	**31 063**	**(18 845)**	**12 218**	**27 971**

[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 $12.218 million, representing excess of revenues over expenses has been added to cumulative surplus balances during 2021 and transferred to the tax equalization liability financial statement line.

173. The cumulative surplus accumulated in the Tax Equalization Fund as at 31 December 2021 was $163.2 million (2020: $151.0 million), consisting of amounts payable to the United States of America at year-end of $140.4 million (2020: $109.3 million) and to other Member States of $22.8 million (2020: $41.7 million). The overall amount payable of the Fund is $215.8 million (2020: $200.2 million), which includes an estimated tax liability of $52.6 million relating to the 2021 and prior tax years (2020: $49.3 million), of which approximately $29.1 million was disbursed in January 2022 and approximately $23.5 million was expected to be settled in April 2022.

Note 22
Liabilities for conditional arrangements

(Thousands of United States dollars)

	31 December 2021	*31 December 2020*
Current		
Liabilities – cash received	57 134	58 555
Liabilities – cash not received	62 898	46 662
Subtotal	**120 032**	**105 217**
Non-current		
Liabilities – cash not received	37 220	27 855
Total conditional liabilities	**157 252**	**133 072**

174. Liabilities for conditional arrangements consist of cash received from donors, identified as conditional and not yet utilized, in the amount of $57.1 million (2020: $58.5 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 2021*
Liabilities under donated right-to-use arrangements	3 353	53 937	57 290
Straight-lining of operating lease	13 894	–	13 894
Borrowings	2 734	189 912	192 646
Other liabilities	10 211	9 778	19 989
Total other liabilities	**30 192**	**253 627**	**283 819**

(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**

Borrowings

175. 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 2021, the nominal loan amount withdrawn was $191.4 million (equivalent to SwF 175.1 million) and the nominal loan amount reimbursed was $2.7 million (equivalent to SwF 2.5 million). Its corresponding fair value at amortized cost is $192.6 million.

176. 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 2021, the statement of financial performance includes notional finance costs of $1.1 million (2020: $5.4 million). The notional finance costs are not paid in cash.

Note 24
Controlled multi-partner trust funds

177. 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

178. 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.

179. The Peacebuilding Fund has financed numerous projects in multiple 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 fund.

180. 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.

181. 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.

182. The COVID-19 response and recovery multi-partner trust fund was established in 2020 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.

183. 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 2021					
	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	560 572	262 088	(183)	1 024	10 129	833 630
Expenses	(294 105)	(215 488)	–	(1 849)	(22 212)	(533 654)
Net surplus/(deficit)	**266 467**	**46 600**	**(183)**	**(825)**	**(12 083)**	**299 976**
Net assets as at 31 December 2020	192 974	166 878	421	6 800	12 638	379 711
Net assets as at 31 December 2021	**459 441**	**213 478**	**238**	**5 975**	**555**	**679 687**

(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
Net assets as at 31 December 2020	**192 974**	**166 878**	**421**	**6 800**	**12 638**	**379 711**

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 2021

(Thousands of United States dollars)

		Statement of changes in net assets			
	Net assets/ (liability) as at 1 January 2021	*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 2021*
Interest in joint arrangements: non-current assets					
United Nations System Staff College	2 039	(325)	–	1 565	3 279
Vienna International Centre Major Repair and Replacement Fund	1 849	–	(50)	(166)	1 633
Total non-current assets	**3 888**	**(325)**	**(50)**	**1 399**	**4 912**
Interest in joint arrangements: non-current liabilities					
International Trade Centre	(26 980)	275	18	4 818	(21 869)
United Nations Office at Vienna	(32 728)	(20 857)	–	(1 654)	(55 239)
Other joint ventures	(47 735)	8 068	–	4 969	(34 698)
Total non-current liabilities	**(107 443)**	**(12 514)**	**18**	**8 133**	**(111 806)**
Net interest in joint arrangements	**(103 555)**	**(12 839)**	**(32)**	**9 532**	**(106 894)**
Net contribution to joint arrangements[a]				(79 199)	
Statement II: contributions to and share of deficit of joint arrangements accounted for using the equity method				**(69 667)**	

[a] Represents the 2021 regular budget contribution to the funds accounted for under the joint venture equity method, broken down into $58.274 million to joint financing arrangements, $20.046 million to the International Trade Centre, $0.150 million to the United Nations System Staff College and $0.729 million to the Vienna International Centre Major Repair and Replacement Fund.

Joint arrangements accounted for using the equity method, as at 31 December 2020

(Thousands of United States dollars)

	Net assets/ (liability) as at 1 January 2020	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 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	(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 the International Trade Centre, $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: non-current assets

184. 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 $20.0 million in 2021 (2020: $18.4 million), is accounted for using the equity method. A summary of the financial performance and net assets position of ITC is provided below.

185. 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 2021 core contribution, the Organization’s share is 29.61 per cent (2020: 29.61 per cent). A summary of the financial performance and net assets position of the College is shown below.

186. 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 $0.7 million to the Fund in 2021 (2020: $0.6 million), which represents 11.50 per cent of the total revenue received by the Fund in 2021 (2020: 11.50 per cent). A summary of the financial performance and net assets position of the Fund are presented below.

187. 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 2021.

Joint arrangements accounted for using the equity method: non-current liabilities

188. 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.

189. 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 2021

(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	264 258	17 336	17 621	16 838	50 363	366 416
Non-current assets	128 370	16 283	–	841	7 945	153 439
Total assets	**392 628**	**33 619**	**17 621**	**17 679**	**58 308**	**519 855**
Current liabilities	(103 491)	(3 813)	(3 425)	(18 948)	(31 876)	(161 553)
Non-current liabilities	(332 877)	(18 734)	–	(88 186)	(154 691)	(594 488)
Total liabilities	**(436 368)**	**(22 547)**	**(3 425)**	**(107 134)**	**(186 567)**	**(756 041)**
Net of total assets and total liabilities	**(43 740)**	**11 072**	**14 196**	**(89 455)**	**(128 259)**	**(236 186)**
Net assets: accumulated surplus/(deficit)	**(43 740)**	**11 072**	**14 196**	**(89 455)**	**(128 259)**	**(236 186)**

Joint arrangements accounted for using the equity method: statement of financial performance as at 31 December 2021

(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	160 509	19 924	6 105	47 496	159 620	393 654
Expenses	(150 873)	(14 638)	(7 551)	(49 400)	(158 199)	(380 661)
Surplus/(deficit) for the year	**9 636**	**5 286**	**(1 447)**	**(1 904)**	**1 421**	**12 993**
Net assets/(liabilities) at beginning of year	**(53 962)**	**6 886**	**16 074**	**(53 775)**	**(159 505)**	**(244 282)**
Surplus/(deficit) for the year	9 636	5 286	(1 447)	(1 904)	1 421	12 993
Actuarial gains/(losses) on employee benefits liabilities	550	(1 100)	–	(33 776)	29 825	(4 501)
Other changes in net assets	36	–	(431)	–	–	(395)
Net assets/(liabilities) at year end	**(43 740)**	**11 072**	**14 196**	**(89 455)**	**128 259**	**(236 185)**
Organization's interest in the joint arrangements (percentage)	**50.00**	**29.61**	**11.50**	**61.75**	**27.05**	
Share of surplus/(deficit) for the year	4 818	1 565	(166)	(1 654)[a]	4 969[b]	9 532
Share of actuarial gains/(losses) recognized directly in net assets	275	(325)	–	(20 857)	8 068	(12 839)
Share of other changes in net assets	18	–	(50)	–	–	(32)
Share of net assets/(liabilities) at year end	**(21 869)**	**3 279**	**1 633**	**(55 239)**	**(34 698)**	**(106 894)**

[a] Adjusted to reflect a change in the interest of the Organization from 60.86 per cent in 2020 to 61.75 per cent in 2021.
[b] Adjusted to reflect a change in the interest of the Organization from 29.93 per cent in 2020 to 27.05 per cent in 2021.

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 23.82 per cent in 2020.

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 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**
Recognition of additional appendix D/workers' compensation liability (see note 19, para. 155)	(1 103)	–	–	–	–	(1 103)
Recognition of additional flexible workspace related property, plant and equipment capitalization (see note 15, para. 126)	3 179	–	–	–	–	3 179
Net assets as at 31 December 2020, adjusted	**249 138**	**4 076 473**	**(6 214 951)**	**745 816**	**3 317 358**	**2 173 834**
Changes in net assets						
Actuarial gains/(losses) on employee benefits liabilities (note 19)	(300)	–	493 108	(9 562)	–	483 246
Share of changes recognized by joint ventures directly in net assets (note 25)	(12 821)	–	–	–	(50)	(12 871)
Surplus/(deficit) for the year	15 805	988 957	(165 473)	25 065	6 406	870 760
Total changes in net assets	**2 684**	**988 957**	**327 635**	**15 503**	**6 356**	**1 341 135**
Net assets as at 31 December 2021	**251 822**	**5 065 430**	**(5 887 316)**	**761 319**	**3 323 714**	**3 514 969**

Net assets as at 31 December 2021

(Thousands of United States dollars)

	Accumulated surplus/deficit	*Reserves*	*Total net assets*
General Fund and related funds	251 754	–	251 822
Trust funds	5 065 430	–	5 065 430
Long-term employee benefits funds	(5 887 316)	–	(5 887 316)
Insurance/workers' compensation funds	674 019	87 300	761 319
Other funds	3 323 714	–	3 323 714
Total net assets	**3 427 601**	**87 300**	**3 514 969**

Net assets as at 31 December 2020[a]

(Thousands of United States dollars)

	Accumulated surplus/deficit	*Reserves*	*Total net assets*
General Fund and related funds	249 138	–	249 138
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	**2 091 474**	**82 360**	**2 173 834**

[a] Net assets adjusted as at 31 December 2020.

Accumulated surplus

190. 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

191. Reserves comprise a premium stabilization reserve amounting to $1.4 million (2020: $1.4 million) with regard to the United Nations Group Staff Life Insurance Reserve Fund, and $85.9 million (2020: $81.0 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

192. 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 $208.4 million (2020: $207.4 million), of which $48.7 million (2020: $48.7 million) relates to the Special Account principal from contributions and $159.7 million (2020: $158.7 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

193. Assessed contributions of $2,934.2 million (2020: $2,953.0 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)

	2021	*2020*
Gross amount assessed to Member States[a]	3 176 059	3 084 608
Additional assessment[b]	–	(58 390)
Additional appropriation approved for the year[c]	16 644	–
Increase in income other than staff assessment reported in statement V for the 2018–2019 biennium and accounted for in 2020 year,[d] offset by 2021 appropriations	12 287	(12 287)
Decrease in income other than staff assessment reported in financial statement V for 2021 and 2020[e]	11 877	3 916
Decrease in staff assessment income reported in financial statement V for 2021	12 285	–
Cancellation of 2020 commitments[f]	(88 254)	–
Unencumbered balances of 2021 appropriations	(206 901)	–
Cancellation of biennium 2018–2019 commitments	–	(32 231)
Unencumbered balances of 2020 appropriations	–	(57 890)
Utilization of cancelled biennium 2016–2017 commitments[g]	–	25 192
Non-member States' assessments	130	126
Amount reported in statement II: assessed contributions	**2 934 195**	**2 953 044**

[a] In accordance with General Assembly resolution 75/254 C and ST/ADM/SER.B/1023 for 2021 and Assembly resolution 74/264 C and ST/ADM/SER.B/1008 for 2020.

[b] 2020 adjustment pertains to the year 2019.

[c] In accordance with General Assembly resolution 75/253 C pertaining to 2021.

[d] A $12.287 million increase in income other than staff assessment for the biennium 2018-2019 accounted for in 2020 and further utilized in the 2021 appropriations in accordance with General Assembly resolution 75/254 C.

[e] Decrease in income other than staff assessment reported in financial statement V in the amount of $11.877 million for 2021 and $3.916 million for 2020.

[f] Special commitments of $116.664 million were established by the end of 2020 for the activities postponed due to liquidity constraints in the regular budget and the COVID-19 pandemic. During 2021, $23.122 million was consumed. A total of $75.803 million was cancelled, and that amount was included in the total cancellation of $88.254 million. As a result, the remaining special commitments were $17.739 million as at 31 December 2021. At the end of 2022, any unspent funds will be cancelled and returned to the Member States.

[g] Set up as provisions in 2018 and utilized in 2020 in accordance with General Assembly resolution 74/264 C.

Voluntary contributions

(Thousands of United States dollars)

	2021	*2020*
Voluntary monetary contributions	3 743 609	2 874 180
Voluntary in-kind contributions	62 067	71 965
Total voluntary contributions	**3 805 676**	**2 946 145**
Refunds	(9 575)	(11 944)
Net voluntary contributions	**3 796 101**	**2 934 201**

194. All voluntary contributions under binding agreements signed during 2021 are recognized as revenue in 2021, including the future portion of multi-year agreements. Voluntary monetary contributions include $4.7 million (2020: $3.1 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 $832.4 million (2020: $622.3 million) in consolidated voluntary contributions to the UNDP multi-partner trust fund.

195. During 2021, the total amount of voluntary contributions in kind recognized for right-to-use arrangements was $62.0 million (2020: $70.1 million) and of voluntary contributions in kind recognized for donated assets was less than $0.1 million (2020: $1.9 million).

196. The special purpose trust fund for a 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 $81.3 million in 2021 (2020: $71.1 million); a 1 per cent levy on tightly earmarked third party non-core contributions to United Nations development-related activities, amounting to $28.8 million in 2021 (2020: $51.0 million); and a cost-sharing arrangement among United Nations development system entities, amounting to $77.5 million in 2021 (2020: $77.5 million) and reported as other transfers and allocations.

197. Major funds that received more than 87 per cent of voluntary contributions revenue recognized in 2021 are listed below.

(Thousands of United States dollars)

	2021	*2020*
Trust fund for strengthening the Office of the Emergency Relief Coordinator[a]	1 523 301	1 053 455
Central Emergency Response Fund	1 085 833	703 327
Trust fund for the Peacebuilding Support Office[b]	261 726	229 811
Trust fund for the support of the Centre for Human Rights	170 391	148 800
Special purpose trust fund for a reinvigorated resident coordinator system	110 130	122 162
Voluntary trust fund for assistance in mine action	69 685	58 874

	2021	*2020*
Trust fund for disaster risk reduction	61 121	50 353
Trust Fund for the Junior Professional Officers Programme administered by the Department of Economic and Social Affairs	42 927	46 652
Total major funds that received voluntary contributions	**3 325 114**	**2 413 434**
Other funds	480 562	532 711
Total voluntary contributions received	**3 805 676**	**2 946 145**

[a] Includes voluntary contributions received through the multi-partner trust funds of $559.744 million (2020: $316.227 million).
[b] Includes voluntary contributions received through the multi-partner trust funds of $261.726 million (2020: $229.811 million).

198. Revenue for voluntary contributions recognized in 2021 is intended for the following years as shown below.

(Thousands of United States dollars)

	Voluntary contribution
2021	2 304 672
2022	725 662
2023	364 560
2024	202 339
2025	204 655
Beyond 2025	3 788
Total voluntary contributions	**3 805 676**

Other transfers and allocations

(Thousands of United States dollars)

	2021	*2020*
Inter-organizational arrangements	118 949	111 945
Other transfers and allocations	17 037	13 941
Total other transfers and allocations	**135 986**	**125 886**

Services in kind

199. 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 $38.3 million (2020: $9.3 million).

Note 28
Other revenue

(Thousands of United States dollars)

	2021	2020
Revenue from services rendered	156 438	193 474
Rental income	28 438	30 839
Revenue-producing activities and other miscellaneous revenue	31 100	32 574
Net foreign exchange gains	–[a]	64 606
Total other revenue	**215 976**	**321 493**

[a] See note 30 for net foreign exchange losses.

200. 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

201. 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 based mostly in Geneva.

202. 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.

203. 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.

204. 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.

205. 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. Major external entities and agencies are listed in the table below.

External entity/agency	*Number of staff members/retires enrolled*	*Amount contributed in 2021 (thousands of United States dollars)*
United Nations Children's Fund	9 248	69 017
United Nations High Commissioner for Refugees	6 156	57 951
United Nations Development Programme	5 972	50 350
United Nations Population Fund	1 828	16 034
International Telecommunication Union	1 653	18 359
United Nations Environment Programme	1 098	8 050
United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women)	973	8 915
United Nations Office for Project Services	833	7 087
International Residual Mechanism for Criminal Tribunals	712	3 192
World Meteorological Organization	685	6 495
United Nations Joint Staff Pension Fund	672	7 406
International Trade Centre	600	6 090
Other (39 entities)	2 482	17 270
	32 912	**276 216**

206. 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 2021

(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	42 722	2 289	62 864	107 875
Investments	346 653	18 574	218 123	583 350
Other receivables	42 486	–	4 184	46 670
Other assets	30 783	339	903	32 025
Total assets	**462 644**	**21 202**	**286 074**	**769 920**
Liabilities				
Accounts payable and accrued liabilities	35 774	2 266	83	38 123
Employee benefits liabilities	13 695	32	6 502	20 228
Advance receipts and deferred revenue	2	–	–	2
Provisions	60 818	7 705	53 300	121 823
Total liabilities	**110 289**	**10 003**	**59 885**	**180 177**
Net of total assets and total liabilities	**352 355**	**11 199**	**226 189**	**589 743**
Net assets				
Accumulated surplus	352 355	11 199	140 289	503 843
Reserves	–	–	85 900	85 900
Total net assets	**352 355**	**11 199**	**226 189**	**589 743**

Self-insurance funds: statement of financial performance for the year ended 31 December 2021

(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	435	8	12 145	12 588
Contributions for self-insurance funds	483 101	34 048	155 928	673 077
Total revenue	**483 536**	**34 056**	**168 073**	**685 665**
Expenses				
Self-insurance claims and expenses	432 733	42 836	148 934	624 503
Employee salaries, allowances and benefits	11 978	559	5 506	18 043
Supplies and consumables	–	–	3	3
Depreciation and amortization	–	–	103	103
Other operating expenses	13 288	2 598	6 679	22 565
Total expenses	**457 999**	**45 993**	**161 225**	**665 217**
Surplus/(deficit) for the year	**25 537**	**(11 937)**	**6 848**	**20 448**

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**
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".

Note 30
Expenses

Employee salaries, allowances and benefits

207. 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)

	2021	*2020*
Salary and wages	2 347 204	2 259 483
Pension and insurance benefits	457 179	409 362
After-service health insurance	82 458	81 448
Repatriation benefits	21 829	12 144
Leave benefits	21 845	11 835
Total employee salaries, allowances and benefits	**2 930 515**	**2 774 272**

Grants and other transfers

208. 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)

	2021	*2020*
Trust fund for strengthening the Office of the Emergency Relief Coordinator[a]	731 998	859 488
Central Emergency Response Fund	563 368	813 961
United Nations General Fund[b]	197 913	166 784
Trust fund for the Peacebuilding Support Office[a]	190 286	157 575
Voluntary trust fund for assistance in mine action	57 317	54 470
COVID-19 response and recovery multi-partner trust fund[a]	22 008	62 537
United Nations Fund for International Partnerships	10 781	7 352
Trust fund for counter-terrorism	9 147	4 909
Total major funds that incurred expenses of grants and other transfers	**1 782 818**	**2 127 026**
Other funds	83 836	95 969
Total grants and other transfers[a]	**1 866 654**	**2 223 045**

[a] Includes grants and transfers to implementing partners through the multi-partner trust funds of $273.396 million (2020: $288.397 million).
[b] Includes grants provided to related party entities (note 33).

209. 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 2021, the net transfers held by the implementing partners for project implementation were $1,422.54 million (2020: $1,287.76 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

210. 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)

	2021	*2020*
Rent – offices and premises	93 654	101 968
Facilities, maintenance and repair, and utilities	85 484	97 360
Communication and information technology	91 399	87 007
Net foreign exchange losses	71 038	–
Security, consulting, audit and legal services	65 132	74 496
Air and ground transport	61 104	57 540
Acquisitions of goods and intangible assets	60 902	40 440
Contributions in kind	58 493	68 290
Bad debt/doubtful debt expenses	(50 749)	36 938
Other[a]	152 675	116 676
Total other operating expenses	**689 132**	**680 715**

[a] Includes contracted services, acquisition of goods relating to items not meeting the capitalization thresholds, maintenance expenses and other expenses.

Other expenses

211. Other expenses relate to ex gratia and compensation claims and other miscellaneous expenses. The negative position of ex gratia and compensation claims in 2021 comprises payments of $0.260 million and a reversal of accrued payables in the amount of $0.485 million, which was recorded in 2020 related to the explosion in Beirut.

(Thousands of United States dollars)

	2021	*2020*
Ex gratia and compensation claims	(225)	1 090
Other/miscellaneous expenses	452	677
Total other expenses	**227**	**1 767**

Note 31
Financial instruments and financial risk management

Summary of financial instruments

(Thousands of United States dollars)

	Reference	*31 December 2021*	*31 December 2020*
Financial assets			
Fair value through the surplus or deficit			
Short-term investments: main pool[a]	Notes 8 and 32	4 019 931	2 970 235
Short-term investments: euro pool[a]	Notes 8 and 32	5	5
Short-term investments: United Nations Staff Mutual Insurance Society against Sickness and Accidents[a]	Note 8	2 459	819
Derivative instruments: currency forward contracts	Note 8	7 888	8 094
Total short-term investments		**4 030 283**	**2 979 153**
Long-term investments: main pool	Notes 8 and 32	751 442	977 709
Long-term investments: euro pool	Notes 8 and 32	1 614	1 764
Long-term investments: United Nations Staff Mutual Insurance Society against Sickness and Accidents	Note 8	167 730	138 575
Total long-term investments		**920 786**	**1 118 048**
Total fair value through the surplus or deficit investments		**4 951 069**	**4 097 201**
Cash and cash equivalents			
Cash and cash equivalents: main pool	Notes 7 and 32	588 031	484 029
Cash and cash equivalents: euro pool	Notes 7 and 32	11 351	11 043
Cash and cash equivalents: United Nations Staff Mutual Insurance Society against Sickness and Accidents	Note 7	38 251	39 637
Cash and cash equivalents – other	Note 7	8 900	9 708
Total cash and cash equivalents		**646 533**	**544 417**
Receivables from exchange and non-exchange transactions and loans			
Assessed contributions	Note 9	118 208	448 183
Voluntary contributions	Note 10	2 067 617	1 533 191
Other receivables	Note 11	156 372	159 007
Other assets (excluding advances and deferred charges)	Note 13	251	252
Total of cash and cash equivalents, receivables from exchange and non-exchange transactions and loans		**2 988 981**	**2 685 050**
Total carrying amount of financial assets		**7 940 050**	**6 782 251**
Of which relates to financial assets held in main pool	Note 32	5 359 404	4 431 973
Of which relates to financial assets held in euro pool	Note 32	11 356	11 048
Of which relates to financial assets held in the United Nations Staff Mutual Insurance Society against Sickness and Accidents	Note 32	208 440	179 031
Financial liabilities at amortized cost			
Accounts payable and accrued liabilities	Note 17	490 982	521 206
Transfers payable		637	846

	Reference	*31 December 2021*	*31 December 2020*
Tax Equalization Fund liability	Note 21	215 858	200 240
Other liabilities	Note 23	226 529	167 598
Total carrying amount of financial liabilities		**934 006**	**889 890**
Summary of net revenue from financial assets			
Net cash pool revenue		9 440	72 287
Net United Nations Staff Mutual Insurance Society against Sickness and Accidents gain/(loss)		12 018	5 420
Other investment revenue		1 872	6 374
Total net revenue from financial assets		**23 330**	**84 081**

[a] Short-term investments include accrued investment revenue of $10.904 million (2020: $7.655 million) for the main pool, $0.005 million (2020: $0.005 million) for the euro pool and $0.254 million (2020: $0.221 million) for the United Nations Staff Mutual Insurance Society against Sickness and Accidents.

Financial risk management

Overview

212. The Organization has exposure to the following financial risks:

(a) Credit risk;

(b) Liquidity risk;

(c) Market risk.

213. 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

214. 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

215. 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.

216. 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

217. 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

218. 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 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**
Bad debt/doubtful debt expenses	(43 359)	(913)	(6 138)	(50 410)
Amounts written off		(17)	(1 027)	(1 044)
As at 31 December 2021	**340 070**	**16 340**	**52 505**	**408 915**

Amounts written off

(Thousands of United States dollars)

Fund/activity	*2021*	*2020*
United Nations General Fund and related funds	1 006	93
Trust funds	23	4
Other funds	15	30
Total	**1 044**	**127**

219. 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 2021		*31 December 2020*	
	Gross receivable	*Allowance*	*Gross receivable*	*Allowance*
Less than one year	86 140	875	440 890	31 321
One to two years	33 705	850	75 264	36 773
More than two years	338 433	338 345	315 458	315 335
Total	**458 278**	**340 070**	**831 612**	**383 429**

220. 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 2021		*31 December 2020*	
	Gross receivable	*Allowance*	*Gross receivable*	*Allowance*
Neither past due nor impaired	2 005 562	–	1 394 414	–
Less than one year	214 978	–	277 952	–
One to two years	3 104	617	24 840	6 189
Two to three years	2 006	1 172	2 859	1 694
More than three years	67 184	67 056	69 073	69 057
Total	**2 292 834**	**68 845**	**1 769 138**	**76 940**

Credit risk: cash and cash equivalents

221. At year end, the Organization had cash and cash equivalents of $646.5 million (2020: $544.4 million), which is the maximum credit exposure on those assets.

Credit risk: currency forward contracts

222. 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

223. 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).

224. 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 2021				*Ratings as at 31 December 2020*			
Bonds (long-term ratings)								
	AAA	*AA+/AA/AA-/AAu/AA-u*	*A+/A+u*	*Not rated/WD*	*AAA*	*AA+/AA/AA-*	*A+/A*	*Not rated/WD*
S&P Global Ratings	4.1	66.1	24.0	5.8	3.2	36.6	13.4	46.8
Fitch	4.1	71.2	12.6	12.1	3.4	37.8	8.2	50.6
	Aaa	*Aa1/Aa2/Aa3*	*A1*	*Not rated*	*Aaa*	*Aa1/Aa2/Aa3*	*A1*	*Not rated*
Moody's	6.6	84.4	6.3	2.7	3.1	46.8	4.7	45.4

Financial risk management: liquidity risk

225. 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.

226. 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.

227. 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.

228. Notwithstanding an improvement in the liquidity situation during 2021, the periodic cash shortage in the regular budget persisted and the regular budget fund had to borrow from the Working Capital Fund. The liquidity reserve of the Fund of $149.9 million was exhausted in November 2021. The regular budget repaid $149.9 million to the Fund and the beginning of December 2021. As at 31 December 2021, there were no borrowings from the Fund and the Special Account (2020: $149.6 million and $56 million, respectively).

229. In 2021, the Secretary-General, in his report on liquidity and the financial situation of the United Nations (A/76/429), reiterated his concern regarding the liquidity in the peacekeeping and the regular budgets and mentioned that the General Assembly had not approved two of the measures proposed in his report on improving the financial situation of the United Nations (A/73/809), namely, to create a peacekeeping working capital fund of $250 million and to temporarily suspend the return of unspent funds for peacekeeping operations.

Liquidity risk: investments of the United Nations Staff Mutual Insurance Society against Sickness and Accidents

230. 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 fewer than 19 years (2020: fewer than 20 years). The Society's liquidity risk is therefore considered to be low.

Liquidity risk: financial liabilities

231. 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 (2020: 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 2021

(Undiscounted thousands of United States dollars)

	< 3 months	*3 to 12 months*	*> 1 year*	*Total*
Accounts payable and accrued liabilities	490 982	–	–	490 982
Transfers payable	–	–	637	637
Tax Equalization Fund liability	215 858	–	–	215 858
Other liabilities	26 839	–	199 691	226 530
Total	**733 679**	**–**	**200 328**	**934 006**

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**

Financial risk management: market risk

232. 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

233. 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 3.58 years (2020: 3.45 years), which, within the investment objectives of the Society, is considered to be an indicator of low interest rate risk.

Market risk: currency risk

234. 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.

235. The Organization's financial assets and liabilities are denominated primarily in United States dollars. Non-United States dollar financial assets relate primarily 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.

236. 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 66 other currencies, as shown below.

Currency exposure as at 31 December 2021

(Thousands of United States dollars)

	United States dollar	*Euro*	*Swiss franc*	*British pound*	*Other*	*Total*
Main cash pool	5 309 255	26 217	7 033	2 075	14 824	5 359 404
Euro cash pool	–	12 969	–	–	–	12 969
Subtotal	**5 309 255**	**39 186**	**7 033**	**2 075**	**14 824**	**5 372 373**
United Nations Staff Mutual Insurance Society against Sickness and Accidents investments	–	–	208 441	–	–	208 441
Total	**5 309 255**	**39 186**	**215 474**	**2 075**	**14 824**	**5 580 814**

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 risk: sensitivity analysis

237. 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 2021		*As at 31 December 2020*	
	Effect on net assets/surplus or deficit		*Effect on net assets/surplus or deficit*	
	Strengthening	*Weakening*	*Strengthening*	*Weakening*
Euro (10 per cent movement)	3 757	(3 757)	4 069	(4 069)
Swiss franc (10 per cent movement)	20 588	(20 588)	18 686	(18 686)
British pound (10 per cent movement)	208	(208)	296	296
Lebanese pound (10 per cent movement)	911	(911)	41	(41)

Currency risk: forward contracts

238. In 2021, 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 losses from those contracts amounted to $9.5 million (gains in 2020: $15.1 million) for the year. The losses were recorded against staff and non-staff costs, resulting in an increase in employee benefits and non-staff related expenses. There were 24 (2020: 24) forward contracts outstanding as at 31 December 2021 with a notional amount of SwF 327.6 million and €91.0 million with an unrealized gain of $7.9 million, maturing in 2022.

Other market price risk

239. 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

240. 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 2021.

Fair value hierarchy

241. 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 (i.e., as prices) or indirectly (i.e., derived from prices);

(c) Level 3: inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

242. 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.

243. 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.

244. 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. 259).

Fair value hierarchy: United Nations Staff Mutual Insurance Society against Sickness and Accidents

(Thousands of United States dollars)

	31 December 2021			*31 December 2020*		
	Level 1	*Level 2*	*Total*	*Level 1*	*Level 2*	*Total*
Financial assets at fair value through surplus or deficit						
Exchange – traded fund	74 755	–	74 755	62 682	–	62 682
Bonds – corporate	47 049	–	47 049	46 561	–	46 561
Bonds – non-United States agencies	24 169	–	24 169	9 265	–	9265
Bonds – non-United States sovereigns	5 366	–	5 366	6 867	–	6 867
Bonds – supranationals	18 597	–	18 597	13 769	–	13 769
Total[a]	**169 936**	–	**169 936**	**139 144**	–	**139 144**

[a] The total amount does not include accrued investment revenue of $0.221 million (2020: $0.250 million).

Note 32
Financial instruments: cash pools

245. 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.

246. 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.

247. As at 31 December 2021, the cash pools held total assets of $11,812.7 million (2020: $10,665.2 million), of which $5,373.0 million (2020: $4,444.9 million) was due to the Organization, and its share of revenue from cash pools was $8.4 million (2020: $78.5 million).

Summary of assets and liabilities of the cash pools as at 31 December 2021

(Thousands of United States dollars)

	Main pool	*Euro pool*	*Total*
Fair value through surplus or deficit			
Short-term investments	8 839 722	–	8 839 722
Long-term investments	1 654 439	1 614	1 656 053
Total fair value through surplus or deficit investments	**10 494 161**	**1 614**	**10 495 775**

	Main pool	Euro pool	Total
Loans and receivables			
Cash and cash equivalents	1 294 660	11 350	1 306 010
Accrued investment revenue	10 903	5	10 908
Total loans and receivables	**1 305 563**	**11 355**	**1 316 918**
Total carrying amount of financial assets	**11 799 724**	**12 969**	**11 812 693**
Cash pool liabilities			
Payable to funds reported in volume I	5 359 404	12 969	5 372 373
Payable to other cash pool participants	6 440 320	–	6 440 320
Total liabilities	**11 799 724**	**12 969**	**11 812 693**
Net assets	**–**	**–**	**–**

Summary of revenue and expenses of the cash pools for the year ended 31 December 2021

(Thousands of United States dollars)

	Main pool	Euro pool	Total
Investment revenue	46 322	(26)	46 296
Unrealized gains/(losses)	(37 495)	(13)	(37 508)
Investment revenue from cash pools	**8 827**	**(39)**	**8 788**
Foreign exchange gains/(losses)	(1 626)	–	(1 626)
Bank fees	(1 805)	–	(1 805)
Operating revenue/(expenses) of cash pools	**(3 431)**	**–**	**(3 431)**
Total revenue from and expenses of cash pools	**5 396**	**(39)**	**5 357**

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**

	Main pool	*Euro pool*	*Total*
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**

Financial risk management

248. 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.

249. 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.

250. An investment committee periodically evaluates investment performance and assesses compliance with the Guidelines and makes recommendations for updates thereto.

Financial risk management: credit risk

251. 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.

252. 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.

253. 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

(Percentage)

Main pool — *Ratings as at 31 December 2021*

Bonds (long-term ratings)				
	AAA/AAAu	*AA+u/AA+/AA*	*A+*	*N/A*
S&P	47.8%	48.1%	0.4%	3.7%
	AAA	*AA+/AA/AA-*		*N/A/NR*
Fitch	61.3%	15.7%		23.0%
	Aaa	*Aa1/Aa2/Aa3*	*A1*	*N/A*
Moody’s	61.1%	34.9%	0.4%	3.6%
Commercial papers/certificates of deposit (short-term ratings)				
	A-1+/A-1			
S&P	100.0%			
	F1+/F1			*NR*
Fitch	96.7%			3.3%
	P-1/P2			
Moody’s	100.0%			
Reverse repurchase agreement (short-term ratings)				
	A-1+u			
S&P	100.0%			
	F1+			
Fitch	100.0%			
	WR			
Moody’s	100.0%			
Term deposits/demand deposit account (Fitch viability ratings)				
	aa-	*a+/a/a-*		*N/A*
Fitch	34.1%	65.9%		

Main pool — *Ratings as at 31 December 2020*

Bonds (long-term ratings)				
	AAA	*AA+/AA/AA-*	*A+*	*Not rated/WD*
S&P	44.0%	53.2%		2.8%
Fitch	61.4%	15.5%		23.1%
	Aaa	*Aa1/Aa2/Aa3*	*A1*	
Moody’s	61.1%	34.9%	0.4%	3.6%
Commercial papers/certificates of deposit (short-term ratings)				
	A-1+/A-1			
S&P	100.0%			
	F1+/F1			*NR*
Fitch	98.0%			2.0%
	P-1			
Moody’s	100.0%			
Term deposits demand deposit account (Fitch viability ratings)				
	aaa	*aa/aa-*	*a+/a*	
Fitch	–	27.5%	72.5%	

Euro pool — *Ratings as at 31 December 2021*

Bonds (long-term ratings)		
	AA+/AA/AA-	*N/A*
S&P	100.0%	
	AA-/AAu	*N/A*
Fitch	67.8%	32.2%
	Aa1/Aa2	
Moody’s	100.0%	

Euro pool — *Ratings as at 31 December 2020*

Bonds (long-term ratings)		
	AA+/AA/AA-	*N/A*
S&P	100.0%	
	AA-/AAu	*N/A*
Fitch	67.7%	32.3%
	Aa1/Aa2	
Moody’s	100.0%	

254. 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

255. 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

256. 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 fewer than three years (2020: fewer than four years) in the main pool and four years in the euro pool (2020: five years). The average duration of the main pool on 31 December 2021 was 0.49 years (2020: 0.72 years). In addition, the average duration of the euro pool on 31 December 2021 was 0.26 years (2020: 0.42 years). These are considered to be indicators of low risk.

Cash pool interest rate risk sensitivity analysis

257. 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 2021

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	**51.61**	**38.71**	**25.81**	**12.90**	**–**	**(12.90)**	**(25.80)**	**(38.70)**	**(51.60)**
Total, euro pool	**0.06**	**0.04**	**0.03**	**0.01**	**–**	**(0.01)**	**(0.03)**	**(0.04)**	**(0.06)**
Total	**51.67**	**38.75**	**25.83**	**12.91**	**–**	**(12.91)**	**(25.83)**	**(38.74)**	**(51.66)**

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)**

Other market price risk

258. 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

259. 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 2021			*31 December 2020*		
	Level 1	*Level 2*	*Total*	*Level 1*	*Level 2*	*Total*
Financial assets at fair value through surplus or deficit						
Bonds – corporate	29 997	–	29 997	15 379	–	15 379
Bonds – non-United States agencies	1 595 405	–	1 595 405	1 368 666	–	1 368 666
Bonds – supranational	812 539	–	812 539	847 288	–	847 288
Bonds – United States treasuries	197 390	–	197 390	502 462	–	502 462
Bonds – non-United States sovereigns	90 163	–	90 163	90 910	–	90 910
Main pool – commercial papers	–	3 033 880	3 033 880	–	2 062 987	2 062 987
Main pool – certificates of deposit	–	2 824 787	2 824 787	–	2 762 615	2 762 615
Main pool – term deposits	–	1 910 000	1 910 000	–	1 820 000	1 820 000
Total	**2 725 494**	**7 768 667**	**10 494 161**	**2 824 705**	**6 645 602**	**9 470 307**
Euro pool						
Bonds – corporate	1 094	–	1 094	1 194	–	1 194
Bonds – non-United States sovereigns	520	–	520	570	–	570
Subtotal, euro pool	**1 614**	–	**1 614**	**1 764**	–	**1 764**
Total	**2 727 108**	**7 768 667**	**10 495 775**	**2 826 469**	**6 645 602**	**9 472 071**

Note 33
Related parties

Key management personnel

260. 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 2021

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
Unis Valencia Williams	Acting Director, Finance Division	January 2021

261. 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)

	2021	*2020*
Salary and post adjustment	3 527	3 179
Other monetary entitlements	717	763
Non-monetary benefits	720	720
Total remuneration for the year	**4 964**	**4 662**

262. A residence, with an annual rental fair value equivalent of $0.7 million (2020: $0.7 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

263. The Organization provided grants to related party entities as below.

Grants provided to related party entities

(Thousands of United States dollars)

	2021	*2020*
United Nations Office on Drugs and Crime	34 518	33 827
United Nations Environment Programme	25 409	25 523
United Nations Human Settlements Programme (UN-Habitat)	15 904	15 010
International Trade Centre	20 046	18 408
United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women)	9 459	9 692
United Nations Relief and Works Agency for Palestine Refugees in the Near East	30 879	30 551
Office of the United Nations High Commissioner for Refugees	43 132	40 110
Total	**179 347**	**173 121**

264. During 2021, the Organization granted loans of $43.0 million to related party entities, as the loan element of the Central Emergency Response Fund in accordance with ST/SGB/2010/5 (see para. 118).

Loans granted to related party entities as at 31 December 2021

(Thousands of United States dollars)

	Amount outstanding 1 January 2021	*Amount advanced in 2021*	*Amount reimbursed in 2021*	*Amount outstanding 31 December 2021*
United Nations Relief and Works Agency for Palestine Refugees in the Near East	30 000	43 000	45 000	28 000
Total	**30 000**	**43 000**	**40 000**	**28 000**

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 of the United Nations	–	10 000	10 000	–
Total	**30 000**	**40 000**	**40 000**	**30 000**

Trust fund activities related to peacekeeping and tribunal operations

265. All trust funds are consolidated in this set of volume I financial statements. There are certain trust funds that support peacekeeping operations. Those trust funds are precluded from the volume II financial statements according to United Nations financial rule 106.1, which limits volume II to peacekeeping operations with special accounts established by the Security Council.

Trust fund activities related to peacekeeping operations

(Thousands of United States dollars)

	2021				2020			
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	1 550	6	–	1 556	1 532	18	–	1 550
Trust fund for Somalia – unified command	428	2	–	430	423	5	–	428
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	9	–	–	9
Trust fund for the Police Assistance Programme in Bosnia and Herzegovina	337	1	–	338	333	4	–	337
Trust fund in support of United Nations peacemaking and peacekeeping activities	2 288	10	23	2 275	2 260	26	(2)	2 288
Trust fund in support of the Department of Peace Operations[a]	34 678	18 964	16 828	36 814	88 806	17 027	71 155	34 678
Trust fund to support the peace process in the Democratic Republic of the Congo	2 347	2	–	2 349	2 334	8	(5)	2 347
Trust fund to support the United Nations Interim Administration in Kosovo	1 150	5	–	1 155	1 137	13	–	1 150
Trust fund to support the Ituri Pacification Commission	8	–	–	8	8	–	–	8
Trust fund in support of the peace process in the Sudan	474	2	–	476	468	6	–	474
Trust fund for the African Union-United Nations Joint Mediation Support Team for Darfur	6 096	(3)	121	5 972	6 337	104	345	6 096
Trust fund for the support of the activities of the United Nations Mission in the Central African Republic and Chad	1 836	7	–	1 843	1 815	21	–	1 836
Subfund of the trust fund in support of the African Union Mission in Somalia	14 080	8 512	9 966	12 626	22 356	7 802	16 078	14 080
Trust fund to support lasting peace in Darfur	73	288	–	361	404	(282)	49	73
Trust fund in support of the African-led International Support Mission in Mali	782	–	–	782	769	13	–	782
Trust fund in support of peace and security in Mali	44 822	12 824	11 020	46 626	48 910	7 100	11 188	44 822
Trust fund for the United Nations Operation in Côte d'Ivoire	178	–	–	178	175	3	–	178
Trust fund in support of the political transition in Haiti	252	–	–	252	248	4	–	252
Trust fund in support of the African-led International Support Mission in the Central African Republic	214	1	–	215	211	3	–	214

Trust fund	*2021*				*2020*			
	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 for the United Nations Mission in South Sudan	997	1 940	759	2 178	630	515	148	997
Trust fund in support of the elimination of Syrian chemical weapons	320	1	–	321	316	4	–	320
Trust fund to support peace and security in Cyprus	26	–	–	26	–	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)	1 366	–	304	1 062	–	1 363	(3)	1 366
Total	**114 321**	**42 562**	**39 021**	**117 862**	**179 491**	**33 784**	**98 954**	**114 321**

[a] Trust fund in support of the Department of Peace Operations expenses include the transfer of $2.912 million 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)

	2021				2020			
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)	–	–
Trust fund to support the activities of the International Residual Mechanism for Criminal Tribunals	940	1 424	1 242	1 122	267	2 077	1 404	940
Total	**940**	**1 424**	**1 242**	**1 122**	**1 142**	**1 202**	**1 404**	**940**

The United Nations Foundation, Inc.

266. 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 2021, the Foundation made total contributions of $11.6 million to UNFIP (2020: $9.5 million). Audited financial statements of the Foundation can be found on its website (www.unfoundation.org).

Receivables due from peacekeeping operations

267. The Organization has receivables in the amount of $37.4 million (2020: $37.4 million) and $10.0 million (2020: $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

268. 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 $55.6 million (2020: $58.9 million). The main portion of the donated right-to-use amount relates to the $54.4 million (2020: $58.4 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 $1.1 million (2020: $5.4 million) relating to finance lease arrangements and associated strategic heritage plan loan borrowings relating to the strategic heritage plan at the United Nations Office at Geneva. 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 2021	54 352	1 217	55 569
As at 31 December 2020	58 391	489	58 880

269. No future minimum finance lease payments exist under non-cancellable commercial finance lease arrangements.

Operating leases

270. 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 $114.1 million (2020: $171.0 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 2021	*As at 31 December 2020* [a]
Due in less than 1 year	65 100	63 859
Due in 1 to 5 years	121 967	132 619
Due after 5 years	56 536	82 631
Total minimum operating lease obligations	**243 603**	**279 109**

[a] The 2020 balances reported for minimum lease payments have been restated by $11.711 million.

271. 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

272. 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 2021	*As at 31 December 2020*[a]
Receipts due in less than 1 year	9 372	13 358
Receipts due in 1 to 5 years	669	10 485
Receipts due after 5 years	–	–
Total minimum operating lease receipts (undiscounted)	**10 040**	**23 843**

[a] The 2020 balances reported for minimum lease receipts have been restated by $18.080 million.

273. As at 31 December 2021, the total of future minimum sublease payments expected to be received under subleases was $2.9 million (2020: $3.7 million. This amount has been restated from the $2.3 million reported for 2020).

Contractual commitments

274. 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 2021	*As at 31 December 2020*
Transfer of moneys to implementing partners	413 530	370 623
Property, plant and equipment	299 917	381 116
Intangibles	833	561
Goods and services	634 509	418 528
Total open contractual commitments	**1 348 789**	**1 170 828**

Note 35
Contingent liabilities and contingent assets

Contingent liabilities

275. 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.

276. 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 2021, contingent liabilities relating to commercial claims and other claims of a private law nature were estimated at $35.9 million (2020: none). Contingent liabilities relating to administration of justice claims as at 31 December 2021 were estimated at $1.8 million (2020: $2.1 million).

277. 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

278. In accordance with IPSAS 19: Provisions, contingent liabilities and contingent assets, 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 2021, there were $0.025 million (2020: $0.038 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.

279. 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 2021 is $41.3 million (2020: $91.9 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

280. 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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