United Nations

Financial report and audited financial statements

for the year ended 31 December 2022

and

Report of the Board of Auditors

Volume I
United Nations

General Assembly
Official Records
Seventy-eighth 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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Contents

Letters of transmittal

Letter dated 31 March 2023 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 2022, 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 26 July 2023 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 2022.

(*Signed*) **Hou** Kai
Auditor General of the People's Republic of China
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 2022 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 2022, 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 and the International Standards of Supreme Audit Institutions. 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 2022, 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*) **Hou** Kai
Auditor General of the People's Republic of China
Chair of the Board of Auditors
(Lead Auditor)

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

(*Signed*) Pierre **Moscovici**
First President of the French Cour des comptes

26 July 2023

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 2022. 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.

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 2022 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 2022 remains sound. Approximately 99 per cent of the regular budget was used in 2022, leaving an underexpenditure of approximately $40.14 million. The Administration needs to continue to strengthen core business processes in budget, finance, assets (including the strategic heritage plan) and human resources management. The Board also identified areas for improvement in the operations of development, peace and security, humanitarian affairs, and information and communications technology.

Key findings

Accounts and financial reporting

Financial overview

Total revenue for the year 2022 amounted to $7.35 billion, a slight decrease from $7.55 billion in 2021, which was due mainly to a decrease of $0.41 billion in voluntary contributions. With regard to expenses, the total amount was $7.71 billion in 2022, an increase of $1.03 billion (15 per cent), compared with $6.68 billion in 2021, which was due mainly to an increase of $0.63 billion in grants and other transfers, as well as those expenses related to travelling and other operating expenses which had significantly increased since the recovery from the coronavirus disease (COVID-19) pandemic.

Net assets for the year 2022 increased by $1.2 billion (34 per cent), from $3.51 billion as at 31 December 2021 to $4.71 billion as at 31 December 2022, which was due mainly to the actuarial gains on employee benefits liabilities ($1.51 billion).

Liquidity management

The overall financial situation for the year 2022 was relatively healthy. For the regular budget and related funds, the cash ratio was 0.26, 0.76 and 0.69 at the end of 2020, 2021 and 2022, respectively, indicating a relatively good liquidity situation, but periodic cash shortages still existed. The regular budget continued to borrow from the Working Capital Fund during 2022 owing to the periodic cash shortages. At the end of 2022, there were no borrowings from the Working Capital Fund, the Special Account or closed peacekeeping missions.

The Administration informed the Board that, although the trend of increasing year-end arrears had been reversed, the fluctuations in regular budget collections increased uncertainty and the risk of rushed year-end spending. Therefore, the Administration needed more adequate and predictable liquidity to ensure the execution of the regular budget operations.

Budget management

Improvements needed for transparency of extrabudgetary resources in the proposed programme budget

The total proposed regular and extrabudgetary resources for humanitarian assistance (section 27) of the proposed programme budget only included expenditures for mandated programmatic activities directly implemented by the Office for the Coordination of Humanitarian Affairs, ranging from $352 million to $364 million from 2020 to 2022. The grants and transfers from the country-based pooled funds, the Central Emergency Response Fund and specially designated contributions to implementing partners, ranging from $1.55 billion to $2.56 billion from 2020 to 2022 according to relevant financial statements, were excluded from the proposed extrabudgetary resources. This gave rise to a difference between the presentation of financial statements and the programme budget. A similar case was noted for the political affairs section (section 3) of the proposed programme budget, in which the Peacebuilding Fund was not disclosed and its expenditures in 2022 amounted to $195.58 million.

Lack of clarity in asset allocation rules leading to inaccuracy in budget proposals for special political missions

The budget proposals for vehicles and computing devices of some sampled special political missions were not accurate to the extent possible. For instance, when preparing the budget proposals for 2022 at year-end 2020, the existing passenger vehicle holdings of 13 missions (68 per cent of 19 sampled missions) had already exceeded their standard allocation for vehicles for 2022, and the existing computing device holdings of 19 missions (50 per cent of a total of 38 missions) had already exceeded their standard allocation and spares quantities for 2022.

As at 31 December 2022, the actual vehicle holdings of 15 missions (79 per cent of 19 sampled missions) had exceeded their standard allocation quantity for 2022, and the actual computing device holdings of 26 missions (68 per cent of a total of 38 missions) had exceeded their standard allocation and spares quantity for 2022.

Continuous overexpenditure on furniture and equipment

The Board noted an upward trend of overexpenditure on furniture and equipment from 2019 to 2022. In 2022, expenditure on furniture and equipment of all 36 sections totalled $49.79 million, with an overexpenditure rate of 71 per cent, with the political affairs section having the largest overexpenditure amount, at $16.48 million. This may indicate that overall internal control mechanisms in this regard needed further improvement. For instance, the United Nations Integrated Transition Assistance Mission in the Sudan (UNITAMS) overspent by 34 per cent on furniture and equipment in 2022, with total expenditure of $3.26 million, including $1.3 million for 45 vehicles and $0.49 million for 429 computing devices. As at 31 December 2022, UNITAMS held 149 vehicles and 594 computing devices (including 134 devices that were idle) for a total of 231 staff members.

Weaknesses in mobile communication services usage and cost reimbursement

In 2022, at 18 sampled special political missions, 47 per cent of costs for mobile device services related to non-official communications and 30 per cent of personnel used mobile devices only for private purposes. From 2018 to 2022, of a total of $2.39 million in private call costs of the 18 sampled missions, $1.43 million (60 per cent) had not been recovered, and $2.3 million (96 per cent) had not been refunded to the regular budget-related fund.

Disclosure of special commitments in financial performance reports

Following the Board's observation on the insufficient disclosure of special commitments in financial performance reports, an overview of the establishment, utilization and cancellation of the special commitments created in 2019 and 2020 is provided in annexes X and XI of the financial performance report on the programme budget for 2022 (A/78/89).

Cost-recovery services

A total of $452.92 million in accumulated surplus from cost-recovery services

The accumulated surplus of cost-recovery services under the 10RCR fund (cost-recovery fund) totalled $452.92 million as at 31 December 2022, an increase of $4.38 million compared with the year-end balances of 2021, indicating improvement in annual surplus management in 2022, while the upward trend of the accumulated surplus had not been reversed. The percentage of the accumulated surplus, compared with annual 10RCR expenses (i.e. reserve ratio) among the entities varied significantly, from 51 to 321 per cent.

Revenue-producing activities

A total of $23.50 million in operating losses for revenue-producing activities

Revenue-producing activities had operated at a loss for the past seven years (2016 to 2022), with a total amount of $23.50 million in accumulated losses, which might bring extra burden to the Member States in the future if the losses could not be recovered from the net operational revenue of relevant activities. For instance, the accumulated losses related to catering operations totalled $7 million as at 31 December 2022, an increase of 247 times compared with the amount at year-end 2016.

Fund management

A total of $135 million in cash balances of closing/closed voluntary contribution grants were not addressed in a timely manner

As at 31 December 2022, volume I entities managed 139 trust funds with a cash balance of $2.75 billion, reflecting an 11 per cent increase from year-end 2020. As at 4 March 2023, 1,755 grants in the amount of $135 million (4.8 per cent of the total cash balance) were listed as "operationally closing/closed", with an average duration of 24 months spent in the operational closing stage. In addition, 48 grants listed as closed had unspent balances totalling $1.39 million.

Significant cash balance amount ($140.83 million) in the 64CFA fund at year-end 2022

With regard to the 64CFA fund (construction fund), there was an overall upward trend in the cash balance from 2016 to 2022, leading to a total cash balance of $140.83 million as at 31 December 2022 – an increase of 240 per cent compared with the amount at the end of 2016. The increase was due mainly to the mismatch between the resource request in the budget proposal and the actual progress of project implementation. The Administration explained that the situation was significantly affected by restrictions imposed during the COVID-19 pandemic and subsequent global supply chain failures and inflation, which inhibited effective procurement and delivery.

Health insurance programme

Deficiencies in the reserve management of health insurance plans

The Medical Insurance Plan for United Nations locally recruited staff at designated duty stations away from Headquarters has had a continuous deficit since 2018, leading to a ratio of reserve balance to average expenses per month of 0.72 as at 31 December 2022, which is far below the recommended reserve level of six to eight average months of claim costs. In addition, the reserve levels of the United Nations worldwide plan, the Cigna Dental plan and the Aetna plan were higher than the recommended ceilings of four to eight average months of claim costs.

Asset management

Management of heritage property in need of improvement

Through sample-based physical verification and further investigation, the Board noted three major shortcomings in the management of heritage property at United Nations Headquarters. First, there were some discrepancies between the actual status of heritage items and their records in Umoja. Second, the warehouse under the United Nations Secretariat building was not in an ideal condition for the storage of heritage items. Third, some heritage items were not under proper stewardship, or were even located in a hazardous environment.

Deficiencies in Africa Hall renovation project management led to $3.69 million in losses and a 42-month delay

The Board identified some deficiencies in the Africa Hall renovation project management. First, the Administration awarded the project before the contractor had attained the status of a qualified level 2 vendor, thereby failing to fully comply with the requirements of the United Nations Procurement Manual. Second, the Administration did not terminate the contract in a timely manner when the contractor was unable to fulfil its obligations. Third, there was a lack of action regarding a joint venture's liability for contract termination costs. These deficiencies resulted in a delay of 42 months from the approved project timeline and preliminary estimated losses of $3.69 million owing to the termination of the initial contract.

Strategic heritage plan of the United Nations Office at Geneva

The completion of the works for the project, initially scheduled for the end of 2023, has been extended until December 2025 according to the strategic heritage plan team, and potentially until July 2026 according to an independent risk analysis. This delay necessitates an extension of the audit work of the Board to allow for the submission of a separate audit report in 2026.

Human resources management

Weaknesses in position management for staff members contracted by the United Nations Development Programme

As at 31 December 2022, five entities of United Nations operations as reported in volume I employed 1,398 staff members contracted by the United Nations Development Programme (UNDP). Those staff members were funded by the extrabudgetary resources of the entities but contracted by UNDP through service-level agreements. The Board noted that approval from the appropriate legislative bodies had not been sought for 10 positions (2 Assistant Secretary-General, 5 D-2 and 3 D-1) that had been established by the Office for the Coordination of Humanitarian

Affairs for more than one year, with the earliest position (Assistant Secretary-General) having been established in 2012.

Review needed for the existing modality for information and communications technology staffing support service by company "T" as well as the solicitation process

As at 31 December 2022, there were 1,306 personnel contracted by company "T" through three contracts signed respectively in 2005, 2009 and 2020, providing information and communications technology (ICT) support service to the United Nations Secretariat. This indicates that the Secretariat relies heavily on company T to provide ICT staffing support service, compared to a total of 1,629 ICT staff funded by the regular budget. The actual expenditures of those contracts totalled $1.01 billion as at 4 May 2023. In addition, 1,013 contracted personnel (78 per cent) had worked for the Secretariat for more than one year, including 145 who had worked for more than 10 years, with the longest-serving having worked for 17 years. Furthermore, company T had not met the initial mandatory criteria for pre-qualification when it was finally awarded the contract. In addition, the Secretariat did not conduct sufficient planning with regard to the solicitation process, which resulted in missed opportunities and the existing contracts not being replaced in a timely manner, as envisaged. Furthermore, there were weaknesses in the solicitation process, including a lack of fairness and transparency.

Significant deficiencies in the management and selection process of a position at the P-5 level

The Department of Political and Peacebuilding Affairs established a position at the P-5 level, related to the construction of a website for the Security Council, against which someone had been selected for a three-month period; however, the Department did not issue a temporary job opening. Significant deficiencies were identified in the position management and selection process, requiring review, including whether there was a risk of conflict of interest.

Supply chain management

Difficulties affecting the effectiveness of fair competition and the overall efficiency of procurement

The procurement process is well organized as far as the procedures are concerned. The United Nations Global Market registration system ensures that tender files are traceable. The Board conducted an analysis of this contract database and randomly studied a sample of 18 procurement exercises conducted by the Procurement Division at Headquarters.

The Board found that the tender files were, in general, well kept and complete. However, the Board noted a series of issues that tended to hinder the effectiveness of fair competition and the overall efficiency of procurement. The Organization has had difficulties in mobilizing the suppliers that are the most appropriate for its needs. This is due mainly to: (a) insufficient knowledge of potential applicants during the pre-contract phase; (b) a lack of competition during the solicitation process; (c) long contracting time frames; (d) frequent modifications of some existing contracts without resorting to new competitive phases; (e) frequent exceptions to the rule of open competition; and (f) all problems that are liable to reduce the efficiency of the procurement process.

Management reform

Opportunities to improve existing key performance indicators for delegation of authority

The Board reviewed existing 16 key performance indicators and noted the following: (a) some key performance indicators were not sufficiently relevant to delegation of authority, including the 120-day recruitment target, mandatory learning for all, timely payments to service providers and the advance travel purchase policy; and (b) current monitoring and analysis did not systematically facilitate a more granular and targeted analysis to determine those underperforming entities that had a bigger influence on performance in relation to some key performance indicators.

Development reform

Adverse impacts resulted from the liquidity challenge with regard to the special purpose trust fund

With rising expenditures in 2022, the special purpose trust fund for the funding of the resident coordinator system had a deficit of $36.51 million, which depleted the fund's cumulative cash balance to $40.86 million: $1.14 million below the $42.00 million cash reserve for operating requirements. This decline in liquidity was due to the combined effects of the funding gap as well as the delayed translation of commitments to cash. The liquidity challenge could hamper the ability of the resident coordinator system to fully implement its mandate and meet the growing calls of stakeholders for increased coordination efforts.

Concentrated geographical representation of resident coordinators and resident coordinator pool members

As at 31 December 2022, of the 113 resident coordinators, 42 (37 per cent) were from eight countries in the Group of Western European and Other States while 10 (9 per cent) were from three African countries. Meanwhile, the 189 members in the resident coordinator pool were from 69 countries, representing only 36 per cent of the total 193 Member States, and 92 of those (49 per cent) were from countries in the Group of Western European and Other States.

Operations related to peace and security affairs

Ensure transparency and reporting on activities to relevant governing bodies

Upon the request of the Government of Member State "I", the United Nations Assistance Mission for Iraq signed a memorandum of understanding in 2011 with Member State I to relocate the members of organization "M" when it was listed as a foreign terrorist organization by many Member States. The Department of Political Affairs (now the Department of Political and Peacebuilding Affairs) received voluntary contributions of $18 million and $341,000 in 2016 and 2021 respectively from Member State "A" to support the relocation of members of organization M to Member State "B" and to support the latter in providing permanent resident identification to the members of organization M. Considering the sensitivity of these cases, the Board is of the view that formal reporting needs to be made to the relevant governing bodies to ensure transparency.

Weaknesses in implementation of the initiatives of peace and security reform relating to shared structure

The Department of Political and Peacebuilding Affairs-Department of Peace Operations shared structure, one of the key peace and security reform initiatives, was not duly reflected in the proposed budget documents. In addition, the Office of the Director for Coordination and Shared Services did not have an integrated workplan to ensure that the mandates of both Departments were duly integrated into the workplan of the Departments as well as the results framework.

Humanitarian affairs

Insufficient documentation on the selection process for anticipatory action pilot countries

As at 31 December 2022, 13 countries and one thematic area (cholera) had been selected as pilot countries or areas for anticipatory action. The information on the selection of the initial 43 countries, including consultations with external humanitarian agencies and key donors, was not documented, nor was a specific detailed rationale for the narrowing down of the 43 countries to a long list of 15 possible candidates recorded. Furthermore, no written records were provided on the in-house consultation process that resulted in the proposed portfolio of 13 countries and one thematic area for the final decision of the Emergency Relief Coordinator.

Information and communications technology

Shortcomings in the information and communications technology governance framework

The Board noted that there was no clearly defined guideline elaborating on which ICT activities should be centrally decided and monitored, and which needed to be decentralized to heads of entity for operational freedom, nor was there a guideline providing checks and balances between the Office of Information and Communications Technology and respective entities. The Board also noted instances of insufficient representation and performance of members of the Architecture Review Board, the ICT Policy Committee, the Information Security Board and the Technology Innovation Governance Committee, as required in their terms of reference.

Main recommendations

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

Budget management

(a) **Make appropriate disclosures on the funds received in its budget documents to ensure transparency;**

(b) **Update the vehicle holding ratio and related guidance, as well as the computing device allocation "ratio", as part of the Standard Cost and Ratio Manual in order to enable the missions to improve the transparency and quality of vehicles and computing devices budget proposals in the future;**

(c) **Continue to monitor budget implementation, in particular for those entities with continuous overexpenditure on furniture and equipment, in accordance with the parameters established by the General Assembly;**

(d) **Inform respective entities to implement the mobile communication services recovery and refund mechanism to ensure that non-official mobile communication service costs are recovered and refunded to the regular budget in a timely manner;**

Cost-recovery services

(e) **Expedite its review of the cost-recovery fund (10RCR) balances and the relevant reserve levels to ensure that the fund may be utilized in a more efficient and effective manner and the overall fund balance is maintained at an appropriate level, in accordance with the relevant policy and guidelines;**

Revenue-producing activities

(f) **Request the Department of Operational Support, the Department of Global Communications and other responsible entities to continue to review their revenue-producing activities and take appropriate measures to minimize losses to avoid a potential financial burden on Member States;**

Fund management

(g) **Continue supporting offices and departments in enhancing their self-monitoring by establishing key performance indicators that depict operationally closed grants that require financial closure in accordance with donor agreements, the grant master data status of inactive grants and the corresponding unspent project balances and cash balances;**

(h) **Improve the formulation of resources required for multi-year capital construction budgets based on actual project implementation and revised project schedules in order to limit the unspent balances of the projects at the end of each budget period;**

Health insurance programme

(i) **Establish an institutional mechanism for United Nations Medical Insurance Plan management to periodically review the performance of the Plan, propose premium-rate adjustments and closely monitor the reserve balance of the Plan to ensure its sustainability;**

Assets management

(j) **Conduct a professional assessment of the warehouse's environment at United Nations Headquarters and take necessary measures to ensure the safe storage of heritage assets;**

(k) **Conduct a thorough review of the procurement process for the Africa Hall renovation project to ensure full compliance with relevant regulations;**

Human resources management

(l) **Ensure that the Office for the Coordination of Humanitarian Affairs enhances the governance of those high-level positions, in collaboration with the Inter-Agency Standing Committee and UNDP, to ensure they are under adequate supervision;**

(m) **Conduct a thorough workforce review of the information and communications technology staffing support service and avoid overreliance on third-party contract personnel;**

(n) **Review procurement issues that arose from previous solicitations to ensure lessons learned are incorporated into the new procurement process for the same requirements to ensure that the process is in accordance with the United Nations procurement principles;**

(o) **Conduct a review of the management and selection process for the P-5 position, including to determine any deficiencies that may have occurred and whether there was a risk of a conflict of interest, and consider any further appropriate administrative action following the results of this review;**

Supply chain management

(p) **Issue, at the level of the Headquarters Committee on Contracts, an annual report based on its reviews, focusing on key areas of improvement and good practices which should be shared widely;**

(q) **Explore ways to systematically review and update the vendor database as well as the financial information of vendors that are selected for award;**

(r) **Strengthen coordination on vendor sanctions with other agencies, funds and programmes of the United Nations system with the objective of assessing the feasibility and benefits of establishing, in the medium term, a joint vendor committee to harmonize procedures and actions taken;**

Management reform

(s) **Conduct a review of the existing key performance indicators to ensure that only those key performance indicators measuring the impact of decisions are used for monitoring delegation of authority before the shift to Umoja Analytics, and conduct more granular and targeted analysis on the priority results of delegation of authority monitoring;**

Development reform

(t) **Take measures to ensure adequate liquidity to finance operational requirements in the short term, including ensuring measures for the timely recovery of outstanding receivables, and formulate a comprehensive scenario analysis which covers short-, medium- and long-term plans to address the potential liquidity challenge;**

(u) **Ensure recruitment on as wide a geographical basis as possible of resident coordinators and resident coordinator pool members;**

Operations related to peace and security affairs

(v) **Ensure transparency and report on activities of this nature to relevant governing bodies;**

(w) **Reference the shared structure under the relevant subprogramme to better reflect the reform structures, and also reflect the shared structure and its mandates in relevant workplans and associated performance reporting;**

Humanitarian affairs

(x) **Keep the rationale for the Emergency Relief Coordinator's final decision on the selection of countries for anticipatory action well documented;**

Information and communications technology

(y) **Clarify the balance between central control and operational freedom in the proposed information and communications technology accountability framework and establish standards and assessment methods when designating entities as information and communications technology certified.**

Follow-up on previous recommendations

The Board noted that there were 262 outstanding recommendations for the operations of the United Nations as reported in volume I up to the year ended 31 December 2021, of which 111 (42 per cent) had been implemented, 140 (54 per cent) were under implementation and 11 (4 per cent) had been overtaken by events. The reasons for some recommendations being kept as pending can be attributed mainly to workplan implementation schedules and timelines, as some recommendations involve multiple accountable entities or are composed of several elements.

Key facts

$7.35 billion	Total revenue
$7.71 billion	Total expenses
$0.36 billion	Deficit for the year
$11.66 billion	Assets
$6.95 billion	Liabilities
$4.71 billion	Total net assets
$3.10 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 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 2022 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 2022 in accordance with General Assembly resolution 74 (I). The audit was conducted in conformity with the Financial Regulations and Rules of the United Nations, the International Standards on Auditing and the International Standards of Supreme Audit Institutions for the financial audit of public sector entities. 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 2022 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 of the United Nations. 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, assets (including the strategic heritage plan) and human resources management. The Board also identified different areas for improvement in the operations of development, peace and security, humanitarian affairs, and information and communications technology (ICT).

B. Findings and recommendations

1. Follow-up on previous recommendations

8. There were 262 outstanding recommendations up to the year ended 31 December 2021, of which 111 (42 per cent) had been implemented, 140 (54 per cent) were under implementation and 11 (4 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 year ended 31 December 2014 (A/70/5 (Vol. I) and A/70/5 (Vol. I)/Corr.1, chap. II).

Table II.1
Status of implementation of recommendations

Audit report year	*Report*	*Number of recommendations*	*Recommendations pending as at 31 December 2021*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*	*Recommendations pending as at 31 December 2022*
2014	A/70/5 (Vol. I) and A/70/5 (Vol. I)/Corr.1, chap. II	26	2	2	–	–	–	–
2015	A/71/5 (Vol. I)	44	7	1	6	–	–	6
2016	A/72/5 (Vol. I) and A/72/5 (Vol. I)/Corr.1, chap. II[a]	53	8	4	1	–	3	1
2017	A/73/5 (Vol. I)	71	8	6	1	–	1	1
2018	A/74/5 (Vol. I)[a]	71	19	9	8	–	2	8
2019	A/75/5 (Vol. I)	113	39	18	20	–	1	20
2020	A/76/5 (Vol. I)[a]	126	77	38	38	–	1	38
2021	A/77/5 (Vol. I)	102	102	33	66	–	3	66
	Total	**606**	**262**	**111**	**140**	**–**	**11**	**140**

[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).

9. With regard to the ageing of the 140 pending recommendations, 16 (12 per cent) had been pending for more than three years and 20 (14 per cent) for three years; 38 (27 per cent) had been made two years ago and 66 (47 per cent) had been made one year ago. The reasons those recommendations are pending can be attributed mainly to workplan implementation schedules and timelines, as some recommendations involve multiple accountable entities or are composed of several elements.

10. Of the 37 open recommendations relating to the Umoja system as at 31 December 2022, 19 (51 per cent) had been implemented, 17 (46 per cent) were under implementation and 1 (3 per cent) had been overtaken by events (see annex II).

11. In addition, as at 31 December 2022, of the 29 outstanding recommendations relating to the strategic heritage plan project, 17 (59 per cent) had been fully implemented, 9 (31 per cent) were under implementation, 1 (3 per cent) was not implemented and 2 (7 per cent) had been overtaken by events (see annex III).

12. Furthermore, as at 31 December 2022, of the 16 outstanding recommendations relating to the ICT strategy, 2 (13 per cent) had been implemented, 13 (81 per cent) were under implementation and 1 (6 per cent) had been overtaken by events (see annex IV). The Board is concerned about the oldest recommendations, which have been pending since 2012.

13. Lastly, there were two outstanding recommendations relating to the capital master plan, of which one had been fully implemented and one was still under implementation as at 31 December 2022 (see annex V).

2. Accounts and financial reporting

(a) Financial overview

14. Total revenue for the year 2022 amounted to $7.35 billion, a slight decrease from $7.55 billion in 2021, due mainly to the decrease of $0.41 billion in voluntary contributions. The decrease in revenue from voluntary contributions was attributable mainly to the upfront recognition of revenue related to 2022 in 2021 by the Central Emergency Response Fund in accordance with the IPSAS principle of early recognition of unconditional revenue under multi-year agreements. With regard to expenses, the total amount was $7.71 billion in 2022, an increase of 15 per cent compared with $6.68 billion in 2021, driven by a $0.63 billion increase in grants and other transfers, due primarily to the provision of additional humanitarian assistance for projects in Ukraine and Afghanistan during 2022. There was also a 27 per cent increase in expenses related to travelling and other operating expenses compared with prior years (2022: $0.95 billion; 2021: $0.75 billion) owing to the recovery from the coronavirus disease (COVID-19) pandemic.

15. Net assets for the year 2022 increased by $1.20 billion (34 per cent), from $3.51 billion as at 31 December 2021 to $4.71 billion as at 31 December 2022, which was due mainly to actuarial gains on employee benefits liabilities (2022: $1.52 billion; 2021: 0.48 billion).

(b) Liquidity management

16. The Board continued 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 the main liquidity ratios (i.e. cash ratio, quick ratio and current ratio) had declined from the previous year, due mainly to the increasing average duration of cash investments. Total assets remained stable compared with the previous year while total liabilities decreased by 15 per cent, resulting in an improvement in the solvency ratio, 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 2022*	*31 December 2021*	*31 December 2020*	*31 December 2019*	*31 December 2018*
Cash ratio[a]					
Cash plus short-term investments: current liabilities	2.31	2.69	2.48	2.73	2.84
Quick ratio[b]					
Cash plus short-term investments plus accounts receivable: current liabilities	3.05	3.44	3.51	3.78	3.85
Current ratio[c]					
Current assets: current liabilities	3.28	3.81	3.79	4.11	4.24
Solvency ratio[d]					
Total assets: total liabilities	**1.68**	**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 the fluctuating payment patterns continued in 2022. During the first four months of the year and in December, 80 per cent of the assessed contributions were collected ($1.7 billion and $0.64 billion, respectively). The liquidity of the regular budget and related funds remained low (see table II.3); although the large collections of assessed contributions received in December 2022 led to an increase in the cash ratio, that ratio was not representative of the overall liquidity position of the entire year.

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*[a]
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
2022	2 934	279	9.51	0.69

Source: Based on data provided by the Administration.

[a] The ratio of cash plus short-term investments divided by current liabilities (attributable to the fund group named "regular budget and related funds").

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 Working Capital Fund was maintained at $150 million. The regular budget continued to borrow from the Working Capital Fund during 2022 owing to periodic cash shortages, but did not borrow from the Special Account. By the end of 2022, 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	–	–
2022	–	–

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

19. The Administration informed the Board that, although the trend of increasing year-end arrears has been reversed, the fluctuations in regular budget collections increases uncertainty and risks for rushed year-end spending. Therefore, the Administration needs more adequate and predictable liquidity to ensure the execution of the regular budget operations.

3. Budget management

20. 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. According to the proposed programme budget for 2022 and the corresponding Assembly resolution, the total appropriations for 2022 approved by the Assembly amounted to $3.26 billion, the estimates for other assessed resources amounted to $420.14 million and extrabudgetary resources were estimated at $12.78 billion.

21. In its first report on the proposed programme budget for 2022 (A/76/7), the Advisory Committee on Administrative and Budgetary Questions focused on budget-related topics, including vacancy rates, the proposed ICT-related resources and disclosure of extrabudgetary resources. In the light of the Advisory Committee’s focus, the Board continued its review of budget formulation, implementation, redeployment and ICT-related resources and noted the issues outlined below for further improvement.

(a) Budget formulation

(i) Improvements needed for transparency of extrabudgetary resources in the proposed programme budget

22. In its resolution 74/262 on questions relating to the proposed programme budget for 2020, the General Assembly stressed that extrabudgetary resources should be used consistently with the policies, aims and activities of the Organization, and requested the Secretary-General to provide information on the financial and human resource

implications of the use of extrabudgetary resources in the Organization in his next budgetary proposal. In its report entitled "Financial reports and audited financial statements, and reports of the Board of Auditors for the period ended 31 December 2020" (A/76/554), 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.

23. In accordance with 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) and the budget guides from 2020 to 2022 issued by the United Nations Controller, all activities undertaken by the United Nations and all sources of funding should be presented in the programme budget.

24. The Board reviewed the proposed programme budgets for humanitarian assistance (section 27) from 2020 to 2022 as well as their supplementary information, and noted that the total proposed regular and extrabudgetary resources from 2020 to 2022 were $352 million, $361 million and $364 million, respectively (with estimated extrabudgetary resources of $334 million, $344 million and $346 million), for expenditures for mandated programmatic activities directly implemented by the Office for the Coordination of Humanitarian Affairs. The estimated allocations from the country-based pooled funds, the Central Emergency Response Fund and specially designated contributions to implementing partners were excluded from the extrabudgetary resources, with only a footnote outlining the estimated allocation amounts from the country-based pooled funds and the Central Emergency Response Fund, which did not include the estimated expenditure/allocation amounts of specially designated contributions.

25. The Board noted, however, that all grants and transfers to implementing partners from the country-based pooled funds, the Central Emergency Response Fund and specially designated contributions were consolidated into the financial statements of volume I. Therefore, the Office for the Coordination of Humanitarian Affairs, as a volume I entity responsible for the coordination of humanitarian assistance, is the principal entity responsible for the pooled funds of country-based pooled funds, the Central Emergency Response Fund and specially designated contributions. The revenues and expenses of those pooled funds were recorded under two trust funds (32DDN and 32CER), including six country-based pooled funds administered by the United Nations Development Programme (UNDP). The relevant revenues and expenses from 2020 to 2022 are provided in table II.5. Thus, the Board noted room for additional disclosures to clarify the difference between the presentation of financial statements and the programme budget and to further explain the different purpose of each report.

Table II.5
Revenue and expenses of voluntary contribution funds for which the Office for the Coordination of Humanitarian Affairs acts as principal
(Millions of United States dollars)

	2020		*2021*		*2022*	
Fund	*Revenue*	*Expense*	*Revenue*	*Expense*	*Revenue*	*Expense*
32DDN	1 051.37	1 104.12	1 196.80	995.44	1 573.03	1 424.03
Six country-based pooled funds administrated by UNDP	319.48	351.19	560.57	294.11	477.24	708.26
32CER	735.40	829.74	1 087.26	605.13	473.12	780.60
Total	**2 106.25**	**2 285.05**	**2 844.63**	**1 894.68**	**2 523.39**	**2 912.89**

Source: Based on data from the financial report of volume I for the year ended 31 December 2021 (A/77/5 (Vol. I)), from the Business Planning and Consolidation module in Umoja and from the Administration.

26. The Administration explained that the purposes of the proposed programme budget and of the United Nations financial statements differ and therefore, the extrabudgetary estimates reported in the proposed programme budget will not be aligned with those reflected in the financial statements. The exclusion of extrabudgetary estimates relating to the country-based pooled funds, the Central Emergency Response Fund and specially designated contributions was due to the fact that the amounts are allocated to other United Nations entities, funds and programmes, and to participating organizations; hence, to include these estimates in the proposed programme budget proposals may result in the double counting of extrabudgetary estimates reported in the proposed programme budget.

27. The Board holds the view that, going forward, disclosing estimated allocations to implementing partners from country-based pooled funds, the Central Emergency Response Fund and specially designated contributions in the programme budget would better present the financial resources required for implementing humanitarian activities and improve the completeness and transparency of programme budget formulation.

28. A similar observation was made for the proposed programme budget for political affairs (section 3), in which the Peacebuilding Fund was not disclosed although its expenditures in 2022 amounted to $195.58 million. Considering the mandate of the Department of Political and Peacebuilding Affairs, the responsibilities of the Peacebuilding Support Office and the inconsistencies between the scope of the financial statements and the programme budget, the Board is of the view that the Department of Political and Peacebuilding Affairs should disclose the funds received in its budget documents to ensure transparency and completeness.

29. **The Board recommends that the Administration make appropriate disclosures on the funds received in its budget documents to ensure transparency.**

30. The Administration accepted the recommendation and will disclose in a footnote, where appropriate, the estimated resources for the Central Emergency Response Fund, the country-based pooled funds and specially designated contributions in the context of the extrabudgetary resource estimates presented in the proposed programme budget for the Office for the Coordination of Humanitarian Affairs. Similarly, the estimates for the Peacebuilding Fund will be disclosed in a

footnote in the context of the extrabudgetary resource estimates presented in the proposed programme budget for the Peacebuilding Support Office.

(ii) Variances between planned and actual extrabudgetary posts

31. 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. In addition, 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).

32. In its previous audits (A/76/5 (Vol. I), chap. II, paras. 86–91, and A/77/5 (Vol. I), chap. II, paras. 123–128), the Board had noted some variances between the number of planned and actual extrabudgetary posts for various Secretariat entities and recommended that the Administration disclose information on extrabudgetary posts more transparently, and review estimated extrabudgetary posts more strictly, to ensure that the extrabudgetary resource estimates presented in the budget fascicles were as complete and accurate as possible.

33. The Board continued its review in this regard for five sampled entities in 2022, and noted that two entities had high variances between the number of planned and actual extrabudgetary posts. With regard to the Department of Political and Peacebuilding Affairs and the United Nations Office at Nairobi, the number of estimated extrabudgetary posts outlined in their 2022 budget proposals were 81 and 240 respectively, while the actual extrabudgetary posts as at 31 December 2022 were 106 and 276 respectively. Although the variances between the actual and estimated extrabudgetary posts had been reduced over the past two years, there was a continuous trend of a variance rate of more than 30 per cent for the Department of Political and Peacebuilding Affairs. For the United Nations Office at Nairobi, the variance rate increased from 12 to 15 per cent. Details are shown in table II.6.

Table II.6
Comparison between planned and actual extrabudgetary posts
(Number of posts)

	2021		*2022*	
Entity	*Planned*	*Actual*	*Planned*	*Actual*
Department of Political and Peacebuilding Affairs	76	100	81	106
United Nations Office at Nairobi	232	260	240	276
Total	**308**	**360**	**321**	**382**

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

34. The Board further analysed the reasons for the variance between the budget estimation and the actual number of extrabudgetary posts and noted that, at the United Nations Office at Nairobi, the variance was due mainly to new established positions funded by the cost-recovery fund (10RCR). With regard to the Department of Political and Peacebuilding Affairs, 86 of the 106 actual extrabudgetary posts were funded by a trust fund (32SZA), while the number of estimated extrabudgetary posts in the proposed budget for 2022 was only 81.

35. The Administration explained that a systematic review had been conducted for all extrabudgetary posts and entities were encouraged to keep only those posts that were to be used in the subsequent budget period. In addition, across 10 entities

(5 entities sampled by the Board and an additional 5 entities sampled by the Administration), the total estimated number of extrabudgetary posts was 868 versus the actual number of 936 – a variance of 8 per cent. Considering the volatile nature of extrabudgetary funding, it would be difficult to ensure further accuracy in projections even with significant extra effort.

36. The Administration also indicated that the Department of Political and Peacebuilding Affairs would continue to make efforts to expand its donor base and increase the predictability of available funding, including through securing multi-year funding agreements with several donors, to further enhance the annual estimation of extrabudgetary posts.

37. The Board also noted that in the proposed programme budget for 2022 for special political missions, only 13 extrabudgetary positions were included, while the actual number of extrabudgetary positions totalled 91, leading to 78 positions (including 67 posts funded by voluntary contributions, 7 general temporary assistance positions, 2 billing positions and 2 positions funded by voluntary contributions to projects) that were not reported in the proposed budget. Of the 67 posts fund by voluntary contributions that were not reported, 26 had been established before February 2021 (when the budget proposal was submitted) and should have been included in the budget proposal.

38. The Board recognized the improvements made by the Administration with regard to the continual reduction in the overall variance between actual and estimated extrabudgetary posts in the past two years, and encouraged those entities with a high variance rate to take actions to increase the accuracy in terms of the projection of posts funded by extrabudgetary resources.

39. The Board further reviewed the budget guide for special political missions and noted that the guide only requested the missions to include one or two paragraphs in the report describing the amount of extrabudgetary resources. The guide did not, however, request that special political missions report the number of extrabudgetary positions.

40. The Board is concerned that the lack of clarity in the provisions relating to extrabudgetary resource reporting in the budget guide has resulted in the insufficient disclosure of extrabudgetary resources, which may have an impact on the accuracy and transparency of the proposed programme budget.

41. **The Board recommends that the Administration revise the budget guide to explicitly request special political missions to provide more detailed information on financial as well as human resources when reporting extrabudgetary resources in the proposed programme budget.**

42. The Administration accepted the recommendation.

(iii) Lack of detailed information on the grants and contributions category in budget proposals

43. In its resolutions 75/252 and 76/245, the General Assembly endorsed the Advisory Committee’s conclusions and recommendations to include a consolidated list and a comprehensive analysis and breakdown of the grants and contributions category in future budget proposals in order to improve the transparency and consistency of information related to these resource requirements.

44. In accordance with the budget guides for 2021 and 2022, when a grant to an organization is not based on specific legislation, details on the authority of such a grant, the purpose, grantee, the amount and the period covered should be provided. A

meaningful breakdown of the grants and contributions category of expenditure should be provided in the programme budget proposal.

45. The Board reviewed the proposed programme budget and the supplementary documents of 36 sections for 2022 and noted insufficient information with regard to the grants and contributions category:

(a) Information about legislative authority or related funding agreements was not disclosed in 21 sections, in an amount of $149.73 million. For example, the Office for Disarmament Affairs, the Economic Commission for Africa (ECA), the Office for the Coordination of Humanitarian Affairs and the Department of Global Communications proposed grants and contributions in an estimated amount of $1.98 million for the funding of staff or other personnel, but none of those entities fully disclosed the number of personnel, the funding period, staff grades, the applicable vacancy rates and the criteria for calculating the grants;

(b) There was a lack of comprehensive analysis and a breakdown of grants and contributions for section 23, Regular programme of technical cooperation. In 2022, section 23 proposed an estimated budget of $7.59 million for the 11 implementing entities that participate in the regular programme of technical cooperation. However, there were no detailed analyses and breakdowns provided for each entity regarding the use of the grants.

46. In addition, although the grants provided through the Office for the Coordination of Humanitarian Affairs to UNDP, in the amount of $1.08 million, were pursuant to General Assembly resolution 52/12 B, the resolution was adopted in 1997 and indicated that the funding period was only for the biennium 1998–1999. Similarly, grants from ECA in the amount of $134,000 to the United Nations African Institute for the Prevention of Crime and the Treatment of Offenders were in accordance with Assembly resolution 54/130, adopted in 1999, which referred only to the mobilization of financial resources for the Institute without specifying that the funding arrangement would be extended until 2022.

47. The Board is concerned that the lack of sufficient disclosure for the grants and contributions budget, especially with regard to breakdown analyses, may affect the General Assembly's decision-making on the proposed programme budget.

48. **The Board recommends that the Administration enhance guidance and oversight on the formulation of the programme budget to ensure that all entities increase the disclosure of comprehensive analyses and breakdowns for the proposed grants and contributions in future budget proposals.**

49. The Administration accepted the recommendation and explained that the proposed programme budget for 2024 was being finalized, in accordance with the direction of the General Assembly, to include a detailed table with the breakdown of grants and contributions. The Board will follow up on this issue in its next audit.

(iv) Lack of clarity in asset allocation rules led to inaccuracy of budget proposals of the special political missions

50. The General Assembly, in its resolution 70/286, stressed the importance of further steps by the Secretary-General towards improving budget presentations and making more accurate forecasts. In its report on observations and recommendations related to peacekeeping operations (A/70/742), the Advisory Committee on Administrative and Budgetary Questions continued to stress that every effort should be undertaken to improve the accuracy of budgetary estimates.

51. The budget guide for the preparation of the proposed programme budget for special political missions for 2022 provided that special political missions should

ensure compliance with established standard ratios based on planned or actual personnel deployment levels, and provide justifications for any deviations. Therefore, the budget proposals of special political missions should include proposed personnel numbers as well as standard allocations and proposed holdings for vehicles and computing devices. However, missions are not required to provide information on existing personnel and vehicles or computing devices, or their status, which may be useful when legislative bodies evaluate the reasonableness of the budget proposals.

52. On a sample basis, the Board compared the existing vehicle holdings of 19 special political missions at the end of 2020, when the proposed budgets for 2022 were prepared, with the relevant proposed budgets for 2022 of those missions, and noted that in 13 missions (68 per cent of the 19 sampled missions), the missions' existing vehicle holdings had already exceeded their standard vehicle allocation for 2022. Among the 13 missions, the 5 with the most significant variances between existing vehicle holdings at the end of 2020 and the standard vehicle allocation for 2022 are shown in table II.7.

Table II.7

Top five special political missions with the most significant variances between existing vehicle holdings at the end of 2020 and standard allocations for 2022

	Existing passenger vehicle holdings at the end of 2020	*Standard vehicle allocations*	*Variance*	*Rate of variance (percentage)*
Office of the Special Envoy of the Secretary-General for Syria	40	12	28	233
United Nations support team to the Cameroon-Nigeria Mixed Commission	10	4	6	150
United Nations Assistance Mission in Somalia	121	60	61	102
United Nations Support Mission in Libya	78	42	36	86
United Nations Integrated Office in Haiti	46	27	19	70

Source: A/76/6 (Sect. 3)/Add.1, table 2, and vehicle list (excluding utility vehicles, buses, etc.) provided by the United Nations, summarized by the Board.

53. For instance, at the United Nations Integrated Transition Assistance Mission in the Sudan (UNITAMS), the standard allocation for vehicles for the Mission in 2022 was 22, which was same as its proposed holdings for 2022. However, the number of existing passenger vehicles by year-end 2020 for the Mission was 26, which exceeded both the proposed holdings for 2022 and the standard allocation for vehicles. In addition, UNITAMS held 149 passenger vehicles as at 31 December 2022, which was 577 per cent over its standard vehicle allocation.

54. UNITAMS explained that it had inherited 85 vehicles in 2021 that had already exceeded their useful life and were scheduled to be disposed of in 2023. In addition, the Mission had procured 45 new vehicles in 2022, 30 of which were only physically received in February 2023 owing to issues related to customs clearance. Finally, 19 vehicles were exclusively used by the Under-Secretary-General, the Assistant-Secretary-General and other high-level visitors, and should not be included in the calculation of the transportation ratio.

55. The Board is of the view that, as the 85 inherited vehicles were marked as being in good condition in Umoja, the vehicles to be disposed of in 2023 should have been included in the proposed budget for 2022. In addition, all types of passenger vehicles,

including vehicles set aside for exclusive use, should be included in the proposed budget to improve the quality and transparency of the proposed budget.

56. As at 31 December 2022, the actual vehicle holdings of 15 special political missions (79 per cent of 19 sampled missions) had exceeded their standard allocation for 2022, and 14 missions (74 per cent of 19 sampled missions) had exceeded their proposed holdings for 2022. The four special political missions with the most significant variances between the actual holdings and the standard allocation, as well as the proposed holdings, which reached a maximum difference of 577 per cent, are shown in table II.8.

Table II.8

Top four special political missions with the most significant variances between actual vehicle holdings at the end of 2022 and proposed holdings and standard allocations

	Actual vehicle holdings as at 31 December 2022	*Standard vehicle allocations*	*Proposed vehicle holdings for 2022*	*Rate of variance between actual vehicle holdings as at 31 December 2022 and standard vehicle allocations (percentage)*	*Rate of variance between actual vehicle holdings as at 31 December 2022 and proposed vehicle holdings for 2022 (percentage)*
United Nations Integrated Transition Assistance Mission in the Sudan	149	22	22	577	577
Office of the Special Envoy of the Secretary-General for Syria	39	12	9	225	333
United Nations Support Mission in Libya	82	42	34	95	141
United Nations Assistance Mission in Somalia	114	60	50	90	128

Source: A/76/6 (Sect. 3)/Add.1, table 2, and vehicle list (excluding utility vehicles, buses, etc.) provided by the United Nations, summarized by the Board.

57. The Administration explained that the calculation of standard holdings is a complex process that involves the exclusion of certain vehicle types, the consideration of armoured vehicles only in locations with elevated use and accounting for planned write-offs, dispositions and replacements.

58. Similar observations were made with regard to computing device holdings. Among 38 special political missions, the existing computing device holdings of 19 missions (50 per cent) by the end of 2020 had already exceeded their standard allocations and spares for 2022. The five special political missions that had the most significant variances between existing computing device holdings at the end of 2020 and standard allocations and spares for 2022 are shown in table II.9.

Table II.9

Top five special political missions with the most significant variances between existing computing device holdings at the end of 2020 and standard allocations and spares for 2022

	Existing computing device holdings at the end of 2020	*Standard computing device allocation and spares for 2022*	*Variance*	*Rate of variance (percentage)*
United Nations Integrated Office in Haiti	358	125	233	186
Support to the Security Council Committee established pursuant to resolution 1540 (2004) on the non-proliferation of all weapons of mass destruction	14	5	9	180
Office of the Special Envoy of the Secretary-General for Syria	166	85	81	95
Office of the Special Envoy of the Secretary-General for the Great Lakes Region	63	34	29	85
United Nations Assistance Mission in Afghanistan	1 940	1 160	780	67

Source: A/76/6 (Sect. 3)/Add.1, table 3, and computing devices list provided by the United Nations, summarized by the Board.

59. The Board also noted that as at 31 December 2022, the actual computing device holdings of 26 missions (68 per cent of 38 missions) had exceeded both their proposed and standard computing device allocations for 2022. The four special political missions that had the most significant variances between actual computing device holdings as of the end of 2022 and proposed holdings, standard allocations and spares are shown in table II.10.

Table II.10

Top four special political missions with the most significant variances between actual computing device holdings at the end of 2022 and proposed holdings, standard allocations and spares

	Actual computing device holdings as at 31 December 2022	*Standard allocations and spares*	*Proposed holdings for 2022*	*Rate of variance between actual holdings as at 31 December 2022 and standard allocations and spares (percentage)*	*Rate of variance between actual holdings as at 31 December 2022 and proposed holdings for 2022 (percentage)*
Support to the Security Council Committee established pursuant to resolution 1540 (2004) on the non-proliferation of all weapons of mass destruction	23	5	5	360	360
Office of the Special Envoy of the Secretary-General for the Great Lakes Region	118	34	38	247	211
United Nations Integrated Transition Assistance Mission in the Sudan	781	244	244	220	220
United Nations support team to the Cameroon-Nigeria Mixed Commission	54	22	22	145	145

Source: A/76/6 (Sect. 3)/Add.1, table 3, and computing devices list provided by the United Nations, summarized by the Board.

60. The Administration explained that certain computing devices are designated for common areas, such as the car log system and telephone billing and training rooms, while others are tablets that are not included in the standard allocation calculation.

61. The Board reviewed the Standard Cost and Ratio Manual and identified certain obscurities in the criteria that may lead to different interpretations regarding the calculation of standard allocations. For instance, the Manual does not specify vehicle allocation rules for experts and consultants, and there is a lack of clear classification of vehicles used for close protection and certain security tasks in the interim guidelines for a transition plan for the transformation of the global Department of Field Support vehicle fleet, issued in 2016. In addition, the Manual does not provide details on the allocation of computing devices for experts and consultants, computing devices used in common areas and tablets.

62. The Board is of the view that the clear classification of different vehicles and computing devices may enable the missions to provide more relevant information with regard to vehicle and computing devices in their proposed budgets, which may also enable the legislative bodies to better evaluate the reasonableness of the relevant budget proposals and avoid the over-allocation of equipment, the idleness of assets and low asset utilization rates to the extent possible.

63. **The Board recommends that the Administration ensure that the special political missions conduct a comprehensive analysis of the root causes for the significant variances between actual vehicle and computing devices holdings and standard allocations.**

64. **The Board also recommends that the Administration update the vehicle holding ratio and related guidance, as well as the computing device allocation "ratio", as part of the Standard Cost and Ratio Manual in order to enable the missions to improve the transparency and quality of vehicles and computing devices budget proposals in the future.**

65. The Administration accepted the recommendations.

(b) Deficiencies in the information and communications technology budget review

66. The Advisory Committee on Administrative and Budgetary Questions recalled in its report on the information and communications technology strategy (A/77/7/Add.22) that the previous information and communications technology strategy placed emphasis on the optimal utilization of relevant resources, which was to be achieved through the defragmentation and harmonization of existing infrastructure and processes.

67. According to paragraph 2.2 (g) of the Secretary-General's bulletin (ST/SGB/2016/11), the Office of Information and Communications Technology is responsible for the review of budgets and projects from all funding sources for all ICT initiatives and operations of the Secretariat before their submission to the Office of Programme Planning, Budget and Accounts. It is the responsibility of the Office to enforce a consolidated and central ICT budget review with the aim of improving strategic alignment, reducing duplication, improving financial transparency and accountability and enabling the efficient allocation and prioritization of resources, among other things.

68. The Board noted efforts taken by the Administration, including that the Chief Information and Technology Officer issued a memorandum to all entities requesting them to submit their ICT budget proposals for review. Despite these efforts, there were still deficiencies in the following areas.

(i) Lack of effective measures with regard to enforcing entities' submission of information and communications technology budget proposals for central review

69. The Board was informed that no entities had submitted their 2022 ICT budget proposals to the Office of Information and Communications Technology for review. During 2023, despite the Chief Information and Technology Officer issuing a memorandum to all entities requesting the submission of their ICT budgets, only 37 of 57 entities complied with the request to submit their budget proposals for 2024 for review by the Office.

70. The Board is of the view that the review by the Office of Information and Communications Technology did not function as intended (to ensure estimated resources for ICT were duly forecasted) owing to the failure of many entities to submit budget proposals.

(ii) Lack of guidelines to ensure the quality of the information and communications technology budget review

71. The Board noted that the Office of Information and Communications Technology had not formalized guidelines on the information and methods for review of the ICT budget proposals submitted by the entities.

72. The Board is concerned that the lack of well-established guidelines for review may lead to inconsistent standards when relevant budget proposals are reviewed and to entities investing in, inter alia, ICT infrastructure, equipment, software and applications that are not standardized or aligned with the overall ICT strategy, which may result in fragmentation, and compromise the efforts of the Office of Information and Communications Technology to promote the mainstreaming of platforms and products.

(iii) Lack of effective follow-up measures to ensure entities implement the requests and recommendations of the Office of Information and Communications Technology

73. The Board was informed that 24 entities had been requested to provide additional information about their submitted ICT budget proposal to the Office of Information and Communications Technology. However, owing to the limited time frame, the entities proceeded to submit their budget proposals to the Office of Programme Planning, Finance and Budget for approval without the review by the Office of Information and Communications Technology on the additional information.

74. The Board is of the view that the follow-up mechanism is insufficient to ensure that the deficiencies are properly addressed and that the recommendations of the Office of Information and Communications Technology are duly followed by the entities.

75. **The Board recommends that the Administration develop an effective communication mechanism, as well as establish a guideline to ensure due review of all information and communications technology budget proposals.**

76. The Administration accepted the recommendation.

(c) Budget implementation

(i) Continuous overexpenditure on furniture and equipment

77. The General Assembly, in its resolution 76/245, decided to make an overall reduction of 10 per cent, or $1.86 million, to the total amount of resources proposed under furniture and equipment for 2022. The Assembly also requested that the

Secretary-General continue to strengthen internal controls in programme planning, budgeting, implementation, monitoring and evaluation, and reporting.

78. In its previous report (A/77/5 (Vol. I), chap. II, paras. 116–122), the Board had noted the overexpenditure on furniture and equipment and recommended that the Administration continue its efforts to strictly monitor expenditure under this budget class. The Board continued its review in this regard and noted that the actual expenditure on furniture and equipment of all 36 sections totalled $49.79 million in 2022, compared with the appropriation of $29.14 million, with an overexpenditure rate of 71 per cent.

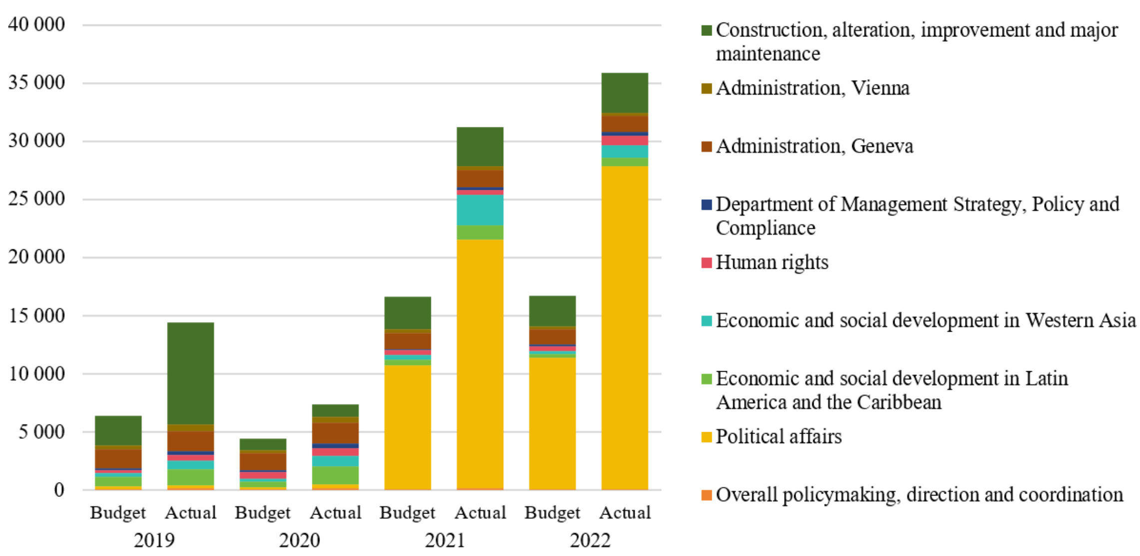
79. Further structural analysis revealed that 23 sections under the operations of the United Nations as reported in volume I had a total amount of $22.17 million in overexpenditures on furniture and equipment in 2022. In particular, section 3, Political affairs, had the largest overexpenditure amount of $16.48 million, accounting for 74 per cent of the total overexpenditure.

80. The Board also conducted a trend analysis in this regard and noted that total overexpenditure on furniture and equipment amounted to $6.88 million, $7.93 million, $22.27 million and $20.64 million in 2019, 2020, 2021 and 2022, respectively, among which nine sections under the operations of the United Nations as reported in volume I had overexpenditures for four consecutive years, as shown in figure II.I

Figure II.I

Sections of United Nations operations as reported in volume I with overexpenditure on furniture and equipment for four consecutive years (2019-2022)

(Thousands of United States dollars)



Source: Based on data provided by the Administration.

81. On a sample basis, the Board analysed the reasons behind as well as the impact of overexpenditure on furniture and equipment at three special political missions and noted that the overall internal control mechanism in this regard needed further improvement.

82. For instance, the standard vehicle allocation for UNITAMS in 2022 was 22, and the standard computing device allocation and spares was 244. However, UNITAMS had a total of 105 vehicles and 309 computing devices as at 31 December 2021, exceeding its standard allocations for 2022 by 377 per cent and 27 per cent,

respectively. Therefore, no budget was allocated to the Mission for purchasing new vehicles and computing devices in 2022.

83. However, the Board noted that the actual expenditure on furniture and equipment for the Mission totalled $3.26 million in 2022, with an overexpenditure rate of 34 per cent, financed by redeployments from "general operating expenses". Of the actual expenditure of $3.26 million, $1.30 million was utilized for the acquisition of 45 passenger vehicles and $0.49 million was spent on the purchase of 429 computing devices. The Board also noted that as at 31 December 2022, UNITAMS had 231 staff members and 149 passenger vehicles, as well as 594 computing devices, of which 134 were listed as idle. Furthermore, a new commitment was created by the Mission on 29 December 2022 for the acquisition of 43 passenger vehicles valued at $1.5 million.

84. The Administration explained that UNITAMS did not have a proposed budget for vehicle acquisition in 2022, as the Mission had been relying on the possibility of transferring vehicles from the now-closed African Union-United Nations Hybrid Operation in Darfur. However, the Board noted that the transfer had been completed at mid-year 2021. In addition, the Mission had not proposed a budget for vehicles in the supplementary budget (A/76/6 (Sect. 3)/Add.7) in October 2021. As a result, the Mission used budget redeployments to purchase vehicles for replacement.

85. Similar observations were made with regard to the United Nations Verification Mission in Colombia and the United Nations Investigative Team to Promote Accountability for Crimes Committed by Da'esh/Islamic State in Iraq and the Levant.

86. The Administration explained that it had updated budget guides and issued notices to special political missions for both 2023 and 2024 reminding them to adhere to the requirements related to vehicle and laptop holdings in the Standard Cost and Ratio Manual. The Administration also requested all that missions justify budget redeployments in accordance with these requirements.

87. The Administration further indicated that once the management reform was completed, programme managers were delegated the authority to manage the budgets approved for their entities, and redeployment across budget classes was permitted (with the exception of redeployments between post and non-post budgets) to ensure the most efficient and effective implementation of mandates. In addition, the use of delegated authority was monitored by providing sufficient guidance on budget redeployment, and had two separate workflows for the approval of budget redeployments: "ALR1" for approval at the level of the entity/office/mission, and "ALR2" for approval at the central level by the Office of Programme Planning, Finance and Budget.

88. The Board further analysed the budget redeployments of furniture and equipment in 2022 and noted that, based on the policy, the Office of Programme Planning, Finance and Budget only approved 1.14 per cent of a total overexpenditure of $20.64 million.

89. The Board recognized the efforts and enhancements made by the Administration in monitoring budget redeployment by updating the budget guide and the financial performance report. However, an overexpenditure for certain budget classes for consecutive years was still noted, which indicated that the overall internal control mechanism needed further improvement.

90. **The Board recommends that the Administration continue to monitor budget implementation, in particular for those entities with continuous overexpenditure on furniture and equipment, in accordance with the parameters established by the General Assembly.**

91. The Administration accepted the recommendation.

(ii) Weaknesses in mobile communication services usage and cost reimbursement

92. As stated in the information circular on mobile communication devices for official work (ST/IC/2005/11), the Information Technology Services Division (now integrated into the Office of Information and Communications Technology) was to charge requesting offices for the actual usage of mobile communication devices. User departments would be billed on a monthly basis for the full reimbursement of all charges resulting from the use of mobile communication devices and certifying officers would ensure that charges for personal calls were recovered from the user.

93. In accordance with the budget guidelines for field technology operations, field missions should enforce strict control over the provision of mobile and satellite voice/data/roaming services while monitoring patterns of expenditure and ensuring the services were used strictly for official purposes to meet operational requirements only.

94. The Board was informed that an e-billing system was implemented to monitor mobile device usage and a cost-recovery mechanism was put in place to monitor and recover costs from the use of mobile devices for private calls.

95. In 2022, the Board reviewed the data generated by the e-billing systems of a sample of 18 special political missions and noted that:

(a) A high proportion of mobile communication costs were used for non-official purposes. On average, the overall proportion of mobile communication costs used for private purposes was 47 per cent in 18 missions; the highest proportion was 90 per cent in 1 mission. Of the 18 missions, 7 used more than 50 per cent of their mobile communication costs for non-official purposes;

(b) A high proportion of personnel used mobile communication devices only for non-official purposes. On average, 30 per cent of personnel used mobile devices only for private purposes in 18 missions; the highest proportion of such use was 65 per cent for 1 mission, while in 4 missions more than 50 per cent of their personnel used mobile communication devices only for non-official purposes.

96. Further review of the recovery and refunds for the costs of private calls for 18 missions from 2018 to 2022 revealed that, of a total $2.39 million in private call costs, $1.43 million (60 per cent) had not been recovered, and $2.3 million (96 per cent) had not been refunded to the regular budget-related funds. As for United Nations Headquarters, the Board noted that of the $6.98 million in costs recovered from 2018 to 2022, $6.92 million (99 per cent) had not been refunded to the regular budget-related funds.

97. The Board is of the view that the large proportion of costs for calls dedicated to private purposes may indicate that the appropriated regular budget for mobile communication services in the special political missions is not strictly used for its defined purposes.

98. The Board is also concerned that the large portion of private call costs that has not been recovered or returned to the regular budget-related funds in a timely manner is not compliant with the budget guidelines, and is not in the best interests of the United Nations.

99. The Administration explained that it has implemented technical controls through the e-billing system in which users of mobile services are able to mark their calls as “private”, which automatically triggers cost-recovery from payroll during the next billing cycle.

100. The Board still holds the view that the Office of Information and Communications Technology and the Office of Programme Planning, Finance and Budget had the

responsibility to provide updated instructions and pay close attention to the usage of mobile communication device and services as well as to cost reimbursements.

101. **The Board recommends that the Administration update its policies to emphasize monitoring mobile device service usage for non-official purposes.**

102. **The Board also recommends that the Administration inform respective entities to implement the mobile communication services recovery and refund mechanism to ensure non-official mobile communication service costs are recovered and refunded to the regular budget in a timely manner.**

103. The Administration accepted the recommendations.

(iii) Inefficient use of information and communications technology resources for videoconferencing support services

104. According to the budget guidelines for field technology operations issued by the Office of Information and Communications Technology, each mission should make a provision for the estimated cost of videoconferencing support services managed centrally by the Office.

105. The Board noted that the Office of Information and Communications Technology actually contracted with the United Nations Office for Project Services (UNOPS) to provide the above-mentioned videoconferencing support services. As provided in related financial agreements and amendments, the number of bridged events was one of the critical parameters for estimating the videoconferencing support services received, which remained stable from 2019 to 2022. However, the Board noted that the actual total number of videoconferencing bridged events decreased significantly from 2019 to 2022, as shown in table II.11, while the actual annual costs for videoconferencing support from 2019 to 2022 was $1.78 million.

Table II.11
Estimated and actual number of videoconferencing events for all field missions

	2019	*2020*	*2021*	*2022*
Estimated supported events according to financial agreements	18 500	18 500	22 000	22 000
Actual events	22 466	9 267	9 836	3 825

Source: Actual data provided by the Office of Information and Communications Technology; estimated data extracted from financial agreements.

106. The Board further sampled three missions, namely the United Nations Assistance Mission in Afghanistan (UNAMA), the United Nations Verification Mission in Colombia and the United Nations Mission to Support the Hudaydah Agreement, and noted a significant decrease in the number of videoconferencing bridged events from 2019 to 2022, while relevant charges for the support services remained nearly unchanged.

107. The Administration explained that the use of videoconferencing support services sharply decreased because other systems were deployed during the COVID-19 pandemic to support meetings. New virtual meeting platforms were introduced including Microsoft Teams, Webex, Zoom and the remote multilingual platforms. Very often the videoconferencing bridge was the mechanism used to connect these platforms. The Administration also explained that the videoconferencing system had been configured to deliver a high-end solution to support remote virtual participation

in Security Council meetings that require high levels of hyper care before and during meetings.

108. The Board is of the view that the obvious gaps between the significant decline in the number of videoconferencing bridged events and the unchanged charges for the services may indicate an inefficient use of ICT budget resources, and the need for the Administration to review the reasonableness of the charges for the videoconferencing support services.

109. **The Board recommends that the Administration consider the actual deployment and the revised role of the videoconferencing team when updating the agreements with the United Nations Office for Project Services.**

110. The Administration accepted the recommendation.

(d) Insufficient disclosure of special commitments in financial performance reports

111. The General Assembly, in its resolution 76/246 A, requested that the approval of fund commitments be reported with detailed justifications in the financial performance report of the Secretary-General to improve transparency, and in its resolution 77/263, also requested that the Secretary-General include all relevant information on the establishment and utilization of commitments in future financial performance reports to improve transparency, accountability and oversight.

112. In its previous report (A/77/5 (Vol. I), chap II, para. 85), the Board noted that as at 31 December 2021, the balance for special commitments established in 2020 was $17.74 million. The Board continued to review the utilization of these special commitments and noted that a further $14.20 million in open commitments was expensed in 2022 and the remaining $3.54 million was cancelled. However, the related information was not disclosed in the financial performance report. In addition, the amount of $1.41 million established at the end of 2019 for special commitments but cancelled in 2022 was also not included in the financial performance report.

113. The Administration explained that various documents had been used to disclose information on the special commitments and that currently, the request to include all relevant information on the establishment and utilization of commitments was under implementation during the preparation of the financial performance report for 2022.

114. The Board is of the view that information disclosures regarding the establishment, utilization, cancellation and unused balances of special commitments created in 2019 and 2020 in the financial performance reports were insufficient, and may not provide the legislative body with a holistic picture of the financial performance of the Organization.

115. Following the Board's observation on the insufficient disclosure of special commitments in financial performance reports, an overview of the establishment, utilization and cancellation of the special commitments created in 2019 and 2020 was provided in annexes X and XI of the financial performance report on the programme budget for 2022 (A/78/89).

4. Cost-recovery services

116. Cost-recovery services refer to services provided on a reimbursable basis which fall within the overall mandated scope of activities of the service-providing entities. As at 31 December 2022, 33 entities of United Nations operations as reported in volume I provided 11 categories of cost-recovery services to both internal and external clients, according to the consolidated service catalogue for 2022.

117. In its report entitled "Financial reports and audited financial statements, and reports of the Board of Auditors for the period ended 31 December 2021 (A/77/574,

paras. 14–24), the Advisory Committee on Administrative and Budgetary Questions concurred with the recommendations of the Board of Auditors related to cost-recovery and emphasized the need for further actions, including a comprehensive analysis of the significant amount of accumulated surplus, maintenance of the overall fund balance at an appropriate level and compliance with relevant normative frameworks. In response to the request of the Advisory Committee, the Board continued its review in 2022, focusing on the trend of the accumulated surplus and reserve level, the clean-up of the long outstanding legacy surplus and the utilization of cost-recovery resources, and noted that the following items were in need of further improvement.

(a) A total of $452.92 million accumulated surplus from cost-recovery services

118. According to the cost-recovery policy and guidelines issued by the Office of the Controller in February 2022, an entity supplying a service should fully recover all costs that are properly associated with providing that service. Profit or loss should be avoided, as United Nations entities are not-for-profit organizations, and profit or loss in such a scenario would lead to a redistribution of funding between entities, which is contrary to donors' intentions.

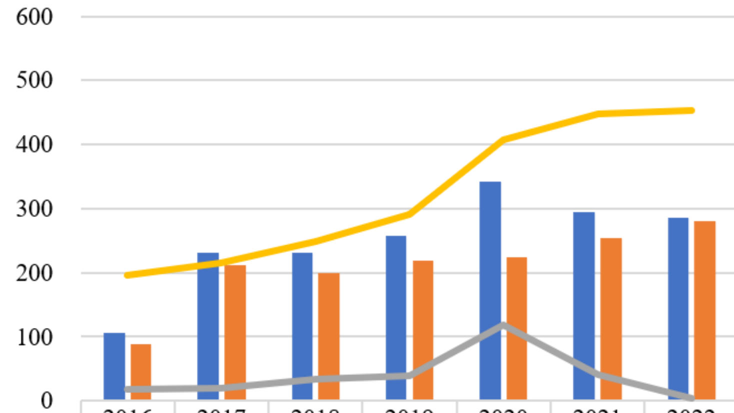
119. The guidelines also provide that for individual funds, the overall fund balance of cost-recovery services should not exceed one year of operating expenses, and the difference between income and expenditure per year should not vary more than +/-10 per cent of the costs incurred.

Trend analysis of the cost-recovery services accumulated surplus

120. In its previous report (A/77/5 (Vol. I), chap. II, para. 23), the Board highlighted an overall upward trend of the annual surplus of cost-recovery services (10RCR) of the operations of the United Nations as reported in volume I from 2016 to 2021, with a total amount of $448.54 million in accumulated surplus as at 31 December 2021. The Board continued its review in this regard and noted that the accumulated surplus of 10RCR totalled $452.92 million as at 31 December 2022, an increase of $4.38 million compared with the year-end balance of 2021, indicating an improvement in annual surplus management in 2022, while the upward trend of the accumulated surplus had not been reversed, as shown in figure II.II.

Figure II.II
Trend of 10RCR revenue, expenses and surplus (annual and accumulated), 2016–2022

(Millions of United States dollars)



	2016	2017	2018	2019	2020	2021	2022
Revenues	105.30	230.29	231.48	257.34	342.65	294.46	285.16
Expenses	88.03	210.96	198.63	218.22	224.12	253.88	280.78
Annual surplus	17.27	19.34	32.85	39.12	118.54	40.58	4.38
Accumulated surplus	195.87	215.21	248.06	290.41	407.95	448.54	452.92

Source: Based on data from the Business Planning and Consolidation module in Uimoja.
Note: Some of the amounts in the present figure have been adjusted compared with the figure in the previous report (A/77/5 (Vol. I), chap. II, figure II.I).

Structural analysis of the 10RCR accumulated surplus

121. Through a structural analysis based on the Umoja business area (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), the Board noted that United Nations Headquarters had the largest portion ($215.90 million as at 31 December 2022) of the 10RCR accumulated surplus at year end of the past seven years, ranging from 45 to 56 per cent. Other top entities with a significant amount of the 10RCR accumulated surplus as at 31 December 2022 included the United Nations Office at Geneva ($66.35 million, 15 per cent), the United Nations Office at Nairobi ($55.70 million, 12 per cent), the Economic and Social Commission for Asia and the Pacific ($25.11 million, 6 per cent), and UNAMA ($24.79 million, 5 per cent).

10RCR reserve management

122. The Board noted that the total amount of $452.92 million accumulated surplus as at 31 December 2022 was approximately 1.6 times the 2022 10RCR expenses ($280.78 million). The percentage of the accumulated surplus, compared with annual 10RCR expenses (i.e. reserve ratio) among the entities varied significantly, from 51 to 321 per cent, as shown in table II.12.

Table II.12
Variance analysis of the 10RCR reserve ratio among entities
(Millions of United States dollars)

Business area	*Entity*	*Expense of fiscal year 2022*	*Accumulated surplus*	*Reserve ratio (percentage)*
R400	Economic and Social Commission for Asia and the Pacific	7.81	25.11	321
M007	United Nations Assistance Mission for Iraq	8.99	24.35	271
S400	United Nations Office at Vienna	7.58	17.02	225
S100	United Nations Headquarters	121.88	215.90	177
S300	United Nations Office at Nairobi	31.48	55.70	177
M006	United Nations Assistance Mission in Afghanistan	14.72	24.79	168
S200	United Nations Office at Geneva	51.22	66.35	130
R500	Economic and Social Commission for Western Asia	7.53	5.19	69
R100	Economic Commission for Africa	10.11	6.58	65
M015	United Nations Support Mission in Libya	15.00	7.58	51

Source: Based on data from the ERP Central Component in Umoja.
Note: When expense > 0 and accumulated surplus > $5 million.

123. The Administration explained that it was in the process of reviewing all fund balances and determining appropriate reserve levels with service providers, taking into consideration their operating reserve requirements as well as long-term liabilities for staff and capital investment.

124. The Board is concerned that the large amount of accumulated surplus may have a negative influence on stakeholders' confidence in the reasonableness of charges for cost-recovery services.

125. **The Board recommends that the Administration expedite its review of the cost-recovery fund (10RCR) balances and the relevant reserve levels to ensure that the fund may be utilized in a more efficient and effective manner and the overall fund balance is maintained at an appropriate level in accordance with the relevant policy and guidelines.**

126. The Administration accepted the recommendation.

(b) A total of $232.55 million in long-outstanding and unassigned legacy surplus related to cost-recovery services

127. The Board noted that of the total amount of $452.92 million in 10RCR accumulated surplus as at 31 December 2022, $223.95 million (49 per cent) belonged to the legacy Office of Programme Planning, Budget and Accounts (now the Office of Programme Planning, Finance and Budget), as shown in table II.13.

Table II.13
Revenue, expenses and surplus of the legacy Office of Programme Planning, Budget and Accounts
(Millions of United States dollars)

Financial statement line	*Entity*	*Partner/business partner fund*	*2015*	*2016*	*2017*	*2018*	*2019*	*2020*	*2021*	*2022*	*Total*
Revenue	Non-United Nations	Not assigned	3.29	15.39	0.98	1.04	0.34	0.00	(0.01)	0	21.03
	United Nations	10UNA	0.00	0.00	0.00	2.26	(0.34)	0.00	0.00	0	1.92
		64VQA	0.20	0.00	0.00	(0.60)	3.28	0.00	0.00	0	2.88
	Total revenue		**3.49**	**15.39**	**0.98**	**2.70**	**3.28**	**0.00**	**(0.01)**	**0**	**25.83**
Expenses			0.06	(0.07)	0.44	(0.41)	(0.08)	0.00	0.00	0.01	(0.05)
Surplus for the year			3.43	15.46	0.54	3.11	3.36	0.00	(0.01)	(0.01)	25.89
Accumulated surplus			201.5	216.96	217.5	220.61	223.97	223.97	223.96	223.95	–

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

128. Of the $223.95 million in legacy accumulated surplus, $198.07 million (88 per cent) had been built up before the roll-out of Umoja and that part of the amount had been offset by expenses in other non-office fund centres, as explained by the Administration. The previous information technology system (the Integrated Management Information System) did not have the granularity for relevant revenue and expenses that Umoja had, which led to the legacy accumulated surplus. For instance, the legacy fund SAN collected the insurance recovery revenue and expenses relating to damage in the aftermath of Storm Sandy. The legacy fund OJA was used to account for services (medical, security and mail) provided by United Nations Headquarters to the United Nations Children’s Fund (UNICEF), UNDP and the United Nations Population Fund in New York. The legacy fund JUA was a special account for information technology and telecommunications services provided at United Nations Headquarters.

129. The Board reviewed the clean-up activities of the Administration and noted that for the funds SAN, OJA and JUA, $92 million, $13 million and $11 million in conversion deficits, respectively, had been matched with a corresponding conversion surplus. However, there were still some legacy funds pending analysis.

130. In addition, in its previous report (A/77/5 (Vol. I), chap. II, para. 31), the Board highlighted that $22.96 million in 10RCR accumulated surplus had not been assigned to any fund centre during the conversion to Umoja. The Board reviewed the clean-up actions undertaken by the Administration in this regard and noted that $14.4 million had been attributed to relevant fund centres, leaving $8.6 million in 10RCR accumulated surplus to be assigned as at 31 December 2022.

131. The Board recognized the efforts undertaken by the Administration in cleaning up the long-outstanding or unassigned legacy 10RCR accumulated surplus, and encouraged the Administration to expedite the matching and attribution process.

132. The Administration indicated that it was committed to finalizing the clean-up exercise as a priority and expected to complete the work in the third quarter of 2023.

133. **The Board recommends that the Administration expedite its cleaning up of the legacy accumulated surplus and attribute unassigned accumulated surplus to accountable offices and departments.**

134. The Administration accepted the recommendation.

(c) Consistent borrowing from the 10RCR fund to the 10JFA fund with $37 million in outstanding balances at the end of 2022

135. The Board reviewed the loan transactions of the 10RCR fund and noted that during the period from 2015 to 2022, for the purposes of operational liquidity, the 10JFA (jointly financed activities) fund had borrowed a total amount of $192 million from the 10RCR fund to pay staff costs and other expenses, with total repayments of $155 million during the same period. As a result, there was a $37 million outstanding balance to be repaid as at 31 December 2022, as shown in table II.14.

Table II.14
Analysis on loan and repayment transactions between the 10RCR fund and the 10JFA fund
(Millions of United States dollars)

	Loan to 10JFA fund		*Repayment to 10RCR fund*		
Fiscal year	*Number*	*Amount*	*Number*	*Amount*	*Outstanding amount*
2015	2	10	0	0	10
2016	4	60	4	(20)	50
2017	0	0	0	0	50
2018	0	0	1	(20)	30
2019	4	45	3	(55)	20
2020	1	17	0	0	37
2021	0	0	0	0	37
2022	2	60	3	(60)	37
Total	**13**	**192**	**11**	**(155)**	**37**

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

136. The Administration explained that the loan transactions from the 10RCR fund to the 10JFA fund were for ensuring the business continuity and adequate liquidity of 10JFA operations.

137. As reflected in the financial statements, the outstanding amount due from the 10JFA fund to the 10RCR fund had remained at $37 million for the past three years. The Board is concerned that using the 10RCR fund as a long-term funding mechanism for the business continuity of 10JFA operations may affect the utilization of the 10RCR fund in a more effective and efficient way.

138. **The Board recommends that the Administration clear the long-outstanding loan to the jointly financed activities fund (10JFA) from the cost-recovery fund (10RCR) in a timely manner to enable the 10RCR fund to be used for cost-recovery activities in a more effective and efficient manner.**

139. The Administration accepted the recommendation and had already taken actions to return the outstanding loan to the 10RCR fund following the audit observation.

(d) Negotiations and collecting for cost-recovery services are not conducted in a timely manner

140. According to the cost-recovery policy and guidelines issued by the Office of the Controller in February 2022, service providers should ensure timely billing to recover costs in advance of services rendered to both internal and external clients. Compliance with these principles is an important cash control requirement of Umoja.

141. The Board analysed the services rendered by the United Nations Office at Vienna to 12 internal and external clients as at 30 September 2022, and noted that the negotiations between the Office and its clients on the services to be provided and costs to be covered were not conducted in a timely manner, since these negotiations occurred in 2022 – the same year as the services to be delivered.

142. For the most part, it was stated in the annexes of the agreements between the United Nations Office at Vienna and its clients that the reimbursement rate should be charged on an annual basis at the beginning of each annual cycle.

143. On a sample basis, the Board reviewed the payments of cost recoveries and noted that there were delays in the payments from four internal clients and five external clients, as shown in table II.15:

(a) Regarding the internal clients, and the services received during 2022, there were three clients that paid the total amount of $115,328 between May and September 2022, rather than at the beginning of the annual cycle in accordance with the agreements. In addition, there was one client that had not paid the amount of $39,246 by the end of September 2022;

(b) Regarding the external clients and the services received during 2022, there were four clients that paid the total amount of $354,363 between March and September 2022, rather than at the beginning of the annual cycle in accordance with the agreements. In addition, there was one external client that had not paid the amount of $8,822 by the end of September 2022.

Table II.15

Payments for cost-recovery services provided by the United Nations Office at Vienna, 2022

(United States dollars)

Client type	*Amount*	*Payment date*	*Document number*
Internal			
Department of Political and Peacebuilding Affairs	17 122	21 June 2022	1110365905
United Nations Environment Programme	80 582	30 September 2022	1110832810
United Nations Office for Project Services	17 624	5 May 2022	1110147686
Office for Disarmament Affairs	39 246	–	–
External			
International Commission for the Protection of the Danube River	117 065	14 March 2022	5200136434
International Anti-Corruption Academy	24 567	11 April 2022	5200137971
United Nations Federal Credit Union	111 608	15 June 2022	5200141387
Office of the United Nations High Commissioner for Refugees	101 123	30 September 2022	5200148475
International Criminal Police Organization	8 822	–	–

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

144. The Board is of the view that a prompt negotiation process between the Administration and its clients may contribute to the timely billing and collecting of cost recoveries.

145. **The Board recommends that the Administration carry out prompt negotiations and agree with its clients on the services provided and related cost recoveries to fulfil the reimbursement conditions established in the respective agreements and in the cost-recovery policy and guidelines.**

146. **The Board recommends that the Administration establish a periodic control mechanism to recover the costs of the services rendered, with the purpose of avoiding delays in payment from its clients.**

147. The Administration accepted the recommendations.

5. Revenue-producing activities

A total of $23.50 million in operating losses of revenue-producing activities since 2016

148. According to the reports of the Secretary-General entitled "Revenue producing activities" (A/C.5/623 and A/C.5/1479), the concept underlying the financial management of revenue-producing activities necessarily varies with their purpose:

(a) Where service is virtually essential for the conduct of the business (such as the catering or garage facilities), the Organization should aim at recovering its costs without necessarily aiming at a profit, but should recognize that it may be necessary to subsidize the activity by the provision of certain "free" facilities;

(b) Where an activity, such as the sale of publications, must be undertaken for reasons of general policy, the extent to which recovery of costs, or even the making of a profit, should be attempted must be determined in the light of the requirements of the policy concerned;

(c) Where an activity is not necessary, though a natural one having regard to the objectives of the Organization, such as the Visitors' Service or the Postal Administration, the aim should be to recover full costs and to make a profit in addition if possible.

149. According to the Financial Regulations and Rules of the United Nations, assessments on Member States should be offset in accordance with regulation 3.2 by net revenue from revenue-producing activities.

Trend analysis of financial performance of revenue-producing activities

150. The Board reviewed the financial performance of the revenue-producing activities of United Nations operations as reported in volume I (10ICR) from 2016 to 2022, and noted that those revenue-producing activities had operated at a loss for the past seven years, with a total amount of $23.50 million in accumulated losses, as shown in table II.16.

Table II.16
Trend of 10ICR revenue, expenses and losses, 2016–2022
(Millions of United States dollars)

	2016–2017	*2018–2019*	*2020*	*2021*	*2022*
Revenue	31.17	32.15	7.61	6.62	12.59
Expenses	31.74	33.28	15.71	16.46	16.45
Net loss	(0.57)	(1.13)	(8.10)	(9.84)	(3.86)
Accumulated loss	(0.57)	(1.70)	(9.80)	(19.64)	(23.50)

Source: Based on data provided by the Administration.

Structural analysis of 10ICR financial performance

151. The Board further conducted a structural analysis of the financial performance of different types of revenue-producing activities, and noted that nearly every type of revenue-producing activity was operated at a loss, especially catering operations, the United Nations Postal Administration and visitors' services, as shown in table II.17.

Table II.17
Net profit or loss of revenue-producing activities, 2016–2022
(Millions of United States dollars)

Year	*Visitors*	*Catering*	*Postal*	*Department of Economic and Social Affairs revenue*	*Publications*	*Garage*	*Gifts*	*Other*	*Total*
2016–2017	0.94	(0.56)	(0.08)	(0.67)	(1.28)	(0.19)	1.29	(0.02)	(0.57)
2018–2019	1.86	(0.88)	(2.03)	(1.92)	0.46	(0.09)	1.49	(0.02)	(1.13)
2020	(4.15)	(1.61)	(1.24)	(0.35)	(0.53)	(0.39)	0.12	0.05	(8.10)
2021	(4.30)	(2.50)	(0.51)	(0.34)	(1.59)	(0.60)	0.00	0.00	(9.84)
2022	(2.00)	(1.45)	(0.29)	(0.36)	(0.08)	(0.07)	0.07	0.32	(3.86)
Total	**(7.65)**	**(7.00)**	**(4.15)**	**(3.64)**	**(3.02)**	**(1.34)**	**2.97**	**0.33**	**(23.50)**

Source: Based on data provided by the Administration.

Budget implication of losses from 10ICR business transactions

152. The Board noted that a total amount of $3.39 million in losses from 10ICR business had been reported in the proposed programme budgets (income section 3) for 2021 and 2022, which increased the amount of assessed contributions on Member States. With regard to the accumulated losses of $23.50 million as at 31 December 2022, if the losses are not recovered from the net operational profits of relevant activities, that might put an extra burden on Member States in the future.

Catering operation

153. The General Assembly, in its resolution 39/67, confirmed that the catering operation at United Nations Headquarters should be financially self-supporting to the extent possible.

154. The Board reviewed the financial performance of the catering operation under 10ICR activities during the period from 2016 to 2022 and noted that the accumulated losses of the catering operation totalled $7 million as at 31 December 2022 – 247

times the amount of $28,275 at the end of 2016, as shown in table II.18. In particular, the catering operation had suffered heavy losses with higher expenses and lower revenue during the period from 2020 to 2022, due mainly to the COVID-19 pandemic.

Table II.18
Financial performance of the catering operation, 2016–2022
(Millions of United States dollars)

Revenue and expenses	*2016*	*2017*	*2018*	*2019*	*2020*	*2021*	*2022*	*Total*
Other revenue	0.60	0.05	0.05	0.50	0.01	0.00	0.14	1.35
Employee salaries	0.35	0.28	0.24	0.30	0.31	0.33	0.34	2.15
Non-employee compensation	0.18	0.03	0.00	0.00	0.00	0.00	0.00	0.21
Supplies and consumables	0.00	0.00	0 .00	0.02	0.00	0.00	0.00	0.02
Depreciation	0.01	0.00	0.00	0.00	0.00	0.00	0.00	0.01
Other operating expenses	0.09	0.27	0.16	0.71	1.31	2.17	1.25	5.96
Net loss	(0.03)	(0.53)	(0.35)	(0.53)	(1.61)	(2.50)	(1.45)	(7.00)

Source: Based on data provided by the Administration.

155. The Board noted that the catering operation had been operating at a loss since the beginning of the contract signed with the present vendor, and was not just affected by the COVID-19 pandemic. In November 2019, the United Nations changed the business model for the catering operation from a profit-sharing model to a subsidized model, at first temporarily to cover the vendor’s catering operation losses at United Nations Headquarters as a result of the liquidity crisis, and subsequently until the end of the contract in December 2022 owing to the COVID-19 pandemic, with subsidies totalling $4.97 million. With the progressive lifting of COVID-19 restrictions and the return of catering events, the subsidy level decreased in 2022, as shown in table II.19.

Table II.19
Subsidies paid to catering vendor at United Nations Headquarters
(United States dollars)

Year	*Reason*	*Amount*
2019 (November–December)	Liquidity crisis facing the United Nations	366 341
2020 (January–February)	Liquidity crisis facing the United Nations	418 246
2020 (March–December)	COVID-19 crisis	1 148 005
2021 (January–December)	COVID-19 crisis	1 911 085
2022 (January–December)	COVID-19 crisis	1 129 975
Total		**4 973 652**

Source: Based on data from the first report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for 2023 (A/77/7) and data provided by the Administration.

156. The Administration explained that an external catering consultant had already been hired to conduct a comprehensive independent study of the catering operation at United Nations Headquarters and to assist with the solicitation exercise. The solicitation exercise of the next catering contract was scheduled to be completed by the end of 2023 and the new catering contract was anticipated to begin on 1 January 2024.

United Nations Postal Administration

157. The United Nations Postal Administration is one of the main revenue-producing activities under 10ICR activities. The Board noted that the Postal Administration had been continually operating at a loss since 2016, and its aggregate losses amounted to $4.15 million by the end of 2022, as shown in table II.20 below.

Table II.20
Revenue, expenses and losses of the United Nations Postal Administration, 2016–2022
(Millions of United States dollars)

Year	*Revenue*	*Expenses*	*Net loss*	*Accumulated loss*
2016–2017	7.55	7.63	(0.08)	(0.08)
2018–2019	6.03	8.06	(2.03)	(2.11)
2020	2.08	3.32	(1.24)	(3.35)
2021	3.05	3.56	(0.51)	(3.86)
2022	3.34	3.63	(0.29)	(4.15)

Source: Based on data provided by the Administration.

158. The Administration explained that because of the general decline of the philatelic market and the adverse impact of the COVID-19 pandemic, the Postal Administration had to adapt to the evolving market conditions and strive to increase sales and lower expenditures to reduce operating losses. The Postal Administration had made progress in narrowing the net loss in recent years and expected the trend to continue. The Administration also indicated that a consultancy company had been contracted to review Postal Administration operations and its revenue-generating capabilities.

159. The Board is concerned that continuous loss of revenue-producing activities may increase the financial burden on Member States.

160. **The Board recommends that the Administration request the Department of Operational Support, the Department of Global Communications and other responsible entities to continue to review their revenue-producing activities and take appropriate measures to minimize losses to avoid a potential financial burden on Member States.**

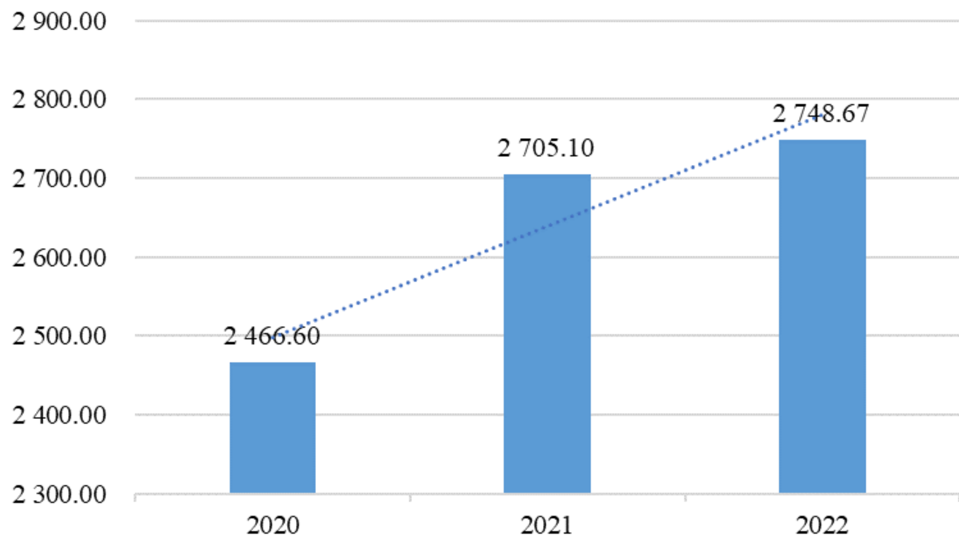
161. The Administration accepted the recommendation.

6. Fund management

(a) A total of $135 million in cash balances of closing/closed voluntary contribution grants were not addressed in a timely manner

162. Trust funds of the operations of the United Nations as reported in volume I are used to record voluntary contributions that support various activities, such as emergency assistance, political and economic development and humanitarian and human rights activities. Currently, the United Nations manages 139 trust funds for this purpose. As at 31 December 2022, the annual cash balance of these trust funds totalled $2.75 billion, compared with the 2020 year-end amount of $2.47 billion, an increase of approximately 11 per cent, as shown in figure II.III.

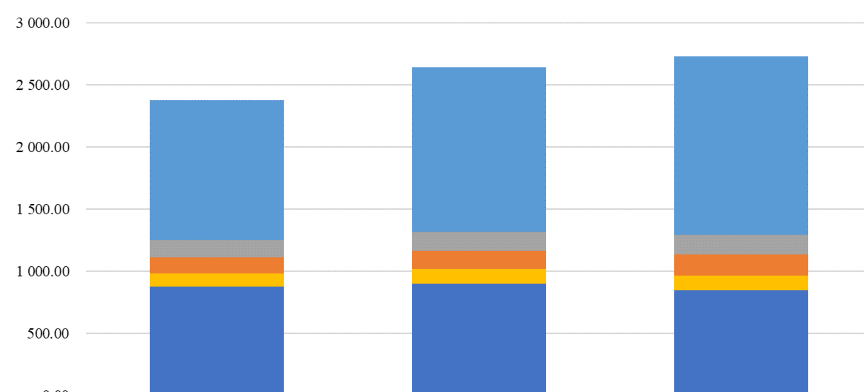
Figure II.III
Trend analysis of cash balances of trust funds as reported in volume I, 2020–2022
(Millions of United States dollars)



Source: Based on data derived from the Umoja system.

163. Through a breakdown analysis of the cash balance of trust funds managed by various departments and offices from 2020 to 2022, the Board noted that the top four departments and offices were the Office for the Coordination of Humanitarian Affairs, the Department of Economic and Social Affairs, the Office of the United Nations High Commissioner for Human Rights (OHCHR) and the Department of Operational Support, as shown in figure II.IV. In particular, those trust funds managed by the Office for the Coordination of Humanitarian Affairs had the largest portion of year-end cash balances from 2020 to 2022, ranging from 47 to 52 per cent.

Figure II.IV
Breakdown analysis of trust funds as reported in volume I, 2020–2022
(Millions of United States dollars)



	Cash balance at the year end of 2020	Cash balance at the year end of 2021	Cash balance at the year end of 2022
Office for the Coordination of Humanitarian Affairs	1 126.24	1 321.52	1 428.55
Department of Economic and Social Affairs	137.35	151.80	163.98
Office of the United Nations High Commissioner for Human Rights	131.05	147.01	165.23
Department of Operational Support	106.00	117.30	116.93
Other entities	876.58	903.66	851.11

Source: Based on data derived from the Umoja system.

164. According to the user guide on grantee management, closing a grant involves two stages, operational closing and financial closing, before a grant status can be changed to "closed". In the operational closing stage, all financial transactions can be recorded, except for new budget and commitment transactions. Before moving to the financial closing stage, outstanding commitments, invoices and adjustments must be processed. In the financial closing stage, only refunds to donors and transfers of unspent balances are allowed. Once the final financial statements are issued, and the unspent balances are returned or repurposed the grant status can be changed to "closed", and no further transactions are allowed.

165. The Department of Management Strategy, Policy and Compliance establishes policies and strategies, monitors the exercise of delegated authority and assesses compliance with legal and policy frameworks.

166. As at 4 March 2023, the cash balance of trust funds of the operations of the United Nations as reported in volume I amounted to $2.79 billion, of which 4,243 grants had cash balances higher than zero. Further analysis revealed that 2,488 grants were marked as being in "award/operational" status, with cash balances amounting to $2.65 billion. The Board noted that among those 2,488 grants, 56 grants had no budget consumption, and 271 grants had a consumed budget of less than 10 per cent of their current cash balance in the past two years.

167. The Board further analysed the other 1,755 grants that were marked as "operationally closing/closed", which comprised a total amount of $135 million, representing 4.8 per cent of the total cash balance as at 4 March 2023. It noted that 48 grants marked as "closed" had a total amount of $1.39 million in unspent balances. The other 1,707 grants, amounting to $134 million, had been marked as "operationally closing" for an average of 24 months. In particular, in the United Nations Office for Partnerships, 52 grants totalling $2.46 million had an average closing period of 41 months; the longest closing period was more than seven years for 4 grants.

168. The Administration explained that it had taken steps to improve grants management, such as sending an annual list of inactive grants, from receipt to closure, to responsible entities and establishing a grants management dashboard to review the status of grant budgets and cash balances.

169. The Board is of the view that the unspent balances of the closed and operationally closing grants, where applicable, should be addressed in a timely manner to ensure the efficient utilization of funds. In addition, grants marked as "operationally closing" should be closely monitored to ensure that each grant serves its intended mandate in accordance with the agreement with donors and is managed appropriately, reflecting its current status.

170. **The Board recommends that the Administration continue supporting offices and departments in enhancing their self-monitoring by establishing key performance indicators that depict operationally closed grants that require financial closure in accordance with donor agreements, the grant master data status of inactive grants and the corresponding unspent project balances and cash balances.**

171. The Administration accepted the recommendation.

(b) Significant amount of $140.83 million in cash balance of the 64CFA fund by the end of 2022

172. The General Assembly, in its resolution 76/246 A, stressed the importance of governance, effective oversight, transparency and accountability in the management of several projects to ensure that the objectives of the project were achieved within the approved budget and schedule.

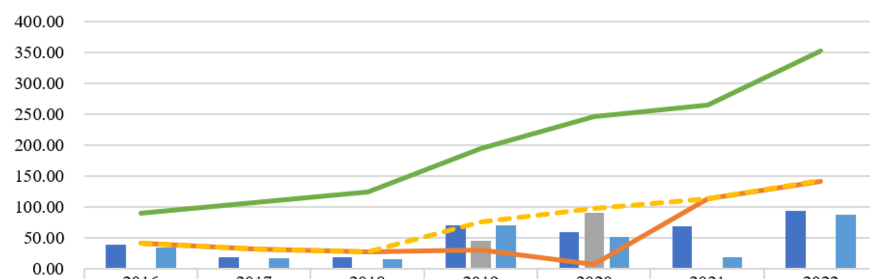
173. According to the 2022 proposed programme budget for section 33, Construction, alteration, improvement and major maintenance (A/76/6 (Sect. 33)), the resources for major construction projects are requested in the related annual progress reports of the Secretary-General and the appropriation for 2022 was included in the proposed programme budget under section 33 and the respective budget sections for corresponding project management teams.

174. The financial resources for those construction projects came from the regular budget, and the Administration established a fund named 64CFA in Umoja to manage those resources.

Trend analysis of revenue, cash balance, accounts receivable and surplus of 64CFA

175. As at 31 December 2022, the cash balance of the 64CFA fund totalled \$142.49 million, compared with \$41.37 million by the end of 2016, an increase of 244 per cent, as presented in figure II.V. Moreover, 64CFA accounts receivable from the regular budget as of the end of 2019 and 2020 were \$45.34 million and \$90.81 million, respectively, which were received in 2021.

Figure II.V
Trend analysis of 64CFA revenue, cash balance, accounts receivable and surplus, 2016–2022
(Millions of United States dollars)



	2016	2017	2018	2019	2020	2021	2022
Revenue	39.31	19.06	18.91	70.29	60.24	69.31	93.84
Accounts receivable	0.00	0.00	0.00	45.34	90.81	0.01	0.28
Annual surplus	34.15	17.09	16.56	70.10	51.52	18.77	87.94
Cash balance	41.37	32.91	27.58	30.29	7.15	114.06	142.49
Cash balance + accounts receivable	41.37	32.91	27.58	75.62	97.96	114.08	142.78
Accumulated surplus	90.82	107.91	124.46	194.57	246.09	264.86	352.79

Revenue Accounts receivable Annual surplus
Cash balance Cash balance + accounts receivable Accumulated surplus

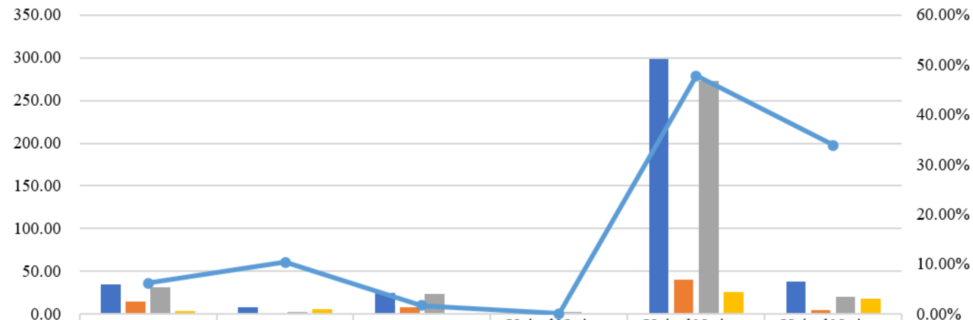
Source: Based on data from the ERP Central Component in Umoja.

Analysis of budget and project implementation progress

176. Each of the major construction projects funded by the 64CFA fund was assigned a multi-year construction-in-progress account. The available budget of each project by the end of the fiscal year was rolled over to the next year and used continually by the project. As at 21 April 2023, the available budget balance of six projects under the 64CFA fund totalled \$53.24 million, while the outstanding commitments of those projects totalled \$68.18 million.

177. Based on a structural analysis of the Umoja business area, the Board noted that the United Nations Office at Geneva had the largest portion of the available budget and commitment balance, in the amounts of \$25.45 million and \$39.85 million, respectively. The United Nations Office at Nairobi had the second-largest available budget, with a total amount of \$18.02 million, as presented in figure II.VI.

Figure II.VI
64CFA budget analysis by business area as at 21 April 2023
(Millions of United States dollars)



	ECA	ECLAC	ESCAP	United Nations Headquarters	United Nations Office at Geneva	United Nations Office at Nairobi
Consumable budget	34.70	8.26	24.87	2.85	298.89	37.82
Commitment	14.84	0.67	8.01	0.00	39.85	4.82
Consumed budget	31.39	2.72	23.98	2.82	273.44	19.80
Available budget	3.30	5.54	0.89	0.03	25.45	18.02
Portion of available budget	6.21%	10.41%	1.68%	0.05%	47.80%	33.85%

Consumable budget   Commitment   Consumed budget   Available budget   Portion of available budget

Source: Based on data from the ERP Central Component in Umoja.
Abbreviations: ECA, Economic Commission for Africa; ECLAC, Economic Commission for Latin America and the Caribbean; ESCAP, Economic and Social Commission for Asia and the Pacific.

Request for $3.62 million ahead of project progress in the replacement of office blocks A to J

178. On a sample basis, the Board reviewed the implementation of the project budget for the replacement of office blocks A to J at the United Nations Office at Nairobi and noted that the project implementation progress was significantly behind the project budget appropriation. Compared with $17.22 million in projected expenditure for 2022, only $4.34 million had actually been spent, resulting in a total of $16.37 million in unused balances by the end of 2022.

179. According to the annual progress report of the Secretary-General (A/76/330), the design/tender phase of the new building was expected to be from the third quarter of 2021 to the fourth quarter of 2022, while the construction phase was expected to start at the beginning of the first quarter of 2023. However, the Board noted that $3.62 million for the construction of the new building was proposed in the programme budget for 2022, which was ahead of project progress by the time of budget proposal and had no expenditure in 2022.

180. The Administration explained that the requested appropriation amounts from Member States for the next budget period considered the projected funding balance as of the end of the current period. These projections were based on the latest available information from the progress reports of each major construction project. With regard to the project to replace office blocks A to J of the United Nations Office at Nairobi, the Administration acknowledged that the budgeted amount of $3.62 million for the construction of the new building in 2022 exceeded the project's progress. However, efforts had been made to align the resource requirements with revised project schedules. Furthermore, the cash balance included provisions for contingencies, which may or may not be utilized during the subsequent budget period and could be carried forward to the next period. The Administration also explained that challenges resulting from the COVID-19 pandemic and the global market, among others, had

disrupted supply chains and affected the availability and the cost of services and materials required to further the implementation of the projects.

181. The Board is of the view that the budget proposal for the capital construction projects should include further consideration of the unspent balance of the projects, the actual process of project implementation and revised project schedules to enable the financial resources requested to be utilized in a more efficient manner.

182. **The Board recommends that the Administration improve the formulation of resource requirements for multi-year capital construction budgets based on actual project implementation and revised project schedules in order to limit the unspent balances of the projects at the end of each budget period.**

183. The Administration accepted the recommendation.

(c) Significant amount of $215.41 million in net assets of programme support costs

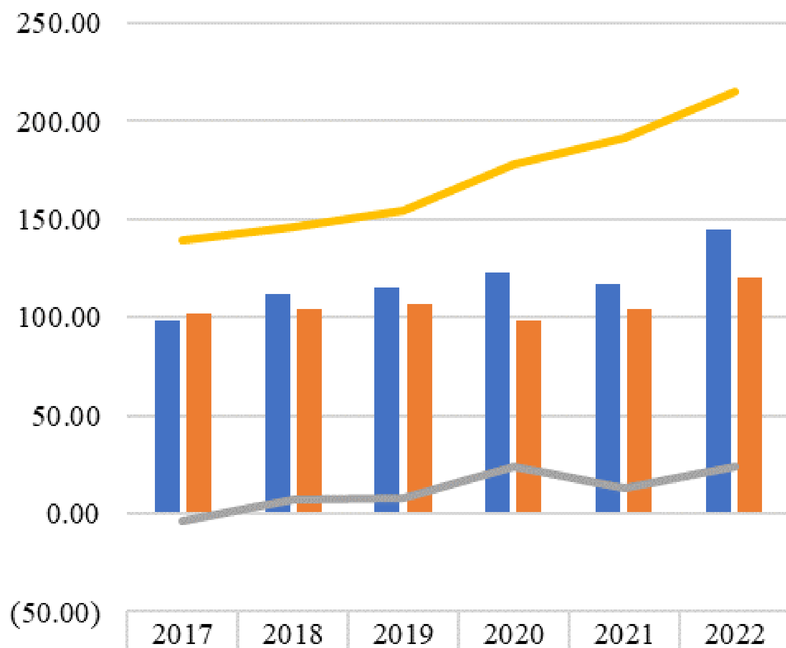
184. According to an inter-office memorandum on the cost recovery of programme support costs issued by the Controller on 8 June 2012, the United Nations generally applies the standard rate of 13 per cent endorsed by the General Assembly for programme support costs, while a rate of 7 per cent is applied to agreements with the European Union and United Nations agencies. When engaging the services of implementing partners, United Nations retains a minimum of 3 per cent.

185. As provided in the administrative instruction on programme support accounts (ST/AI/286) issued by the Secretariat on 3 March 1982, an operating reserve is maintained at the level of 20 per cent of the estimated annual programme support income to protect against unforeseen shortfalls in delivery, inflation and currency adjustments or to liquidate legal obligations in the cases of abrupt terminations of activities financed from extrabudgetary resources.

Trend analysis of programme support costs net assets

186. As at 31 December 2022, the operations of the United Nations as reported in volume I had 44 programme support cost funds (known as “62” funds). The Board noted that the net assets of those funds totalled $215.41 million as at 31 December 2022, compared with $139.32 million by the end of 2017, an increase of 55 per cent, as shown in figure II.VII.

Figure II.VII
Trend analysis of programme support cost revenue, expenses, annual surplus and net assets, 2017–2022
(Millions of United States dollars)



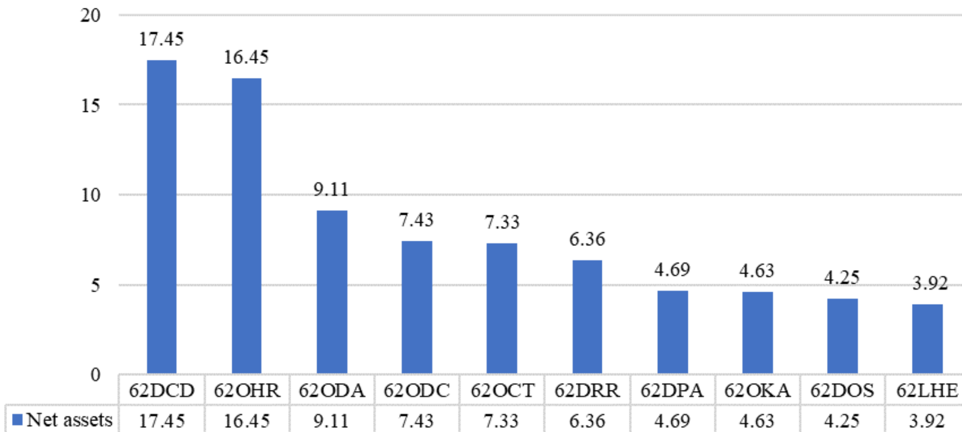
	2017	2018	2019	2020	2021	2022
Revenue	98.68	111.77	115.23	122.71	117.43	144.43
Expenses	102.12	104.35	107.18	98.44	104.18	120.77
Annual surplus	(3.44)	7.42	8.05	24.27	13.25	23.66
Net assets	139.32	146.18	154.23	178.50	191.75	215.41

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

Structural analysis of programme support cost net assets

187. The Administration explained that the increase in net assets during the period from 2018 to 2022 was to replace the large decrease in net assets that resulted from the funding of the extrabudgetary share of the Umoja project prior to 2017. Through a structural analysis by fund type, the Board noted that of 44 programme support cost funds, the 62RPS fund (corporate fund) had the largest net assets of $97.27 million. Other funds with significant net assets by the end of 2022 included 62DCD (Department of Economic and Social Affairs/Capacity Development Programme Management Office), 62OHR (OHCHR), 62ODA (Office for the Coordination of Humanitarian Affairs) and 62ODC (Central Emergency Response Fund), with net assets of $17.45 million, $16.45 million, $9.11 million and $7.43 million, respectively, as shown in figure II.VIII.

Figure II.VIII
Top 10 programme support cost funds with the highest amounts of net assets as at 31 December 2022
(Millions of United States dollars)



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

188. The Administration explained that the 62RPS fund was a corporate fund that included an operating reserve as well as a contingent reserve to cover future liabilities, future corporate projects and underfunded after-service employee benefits such as after-service health insurance, employee termination indemnities and accumulated annual leave.

Programme support cost accumulated surplus level

189. The Board reviewed the programme support cost accumulated surplus level (ratio of net assets over annual revenue) in recent years, and noted that the overall accumulated surplus level of the programme support cost funds ranged from 1.31 to 1.63 times the annual revenue during the period from 2017 to 2022, which was above the predetermined level of 20 per cent according to ST/AI/286. Further analysis revealed that the accumulated surplus level for programme support cost funds with revenue above $1 million in 2022 varied from 119 to 308 per cent, as shown in table II.21.

Table II.21
Accumulated surplus level of programme support cost funds
(Millions of United States dollars)

Fund	*Net assets (a)*	*Revenue in 2022 (b)*	*Net assets/revenue in 2022 (c=a/b)*
62DCD	17.45	5.66	3.08
62LHS	3.92	1.29	3.03
62DOS	4.25	1.69	2.52
62OSG	3.66	1.75	2.09
62LHP	3.57	1.75	2.04
62OCT	7.33	3.74	1.96
62MAS	3.12	1.66	1.88
62LHE	3.92	2.13	1.84
62DES	1.73	1.00	1.73

Fund	*Net assets (a)*	*Revenue in 2022 (b)*	*Net assets/revenue in 2022 (c=a/b)*
62DPO	2.33	1.52	1.53
62DPA	4.69	3.07	1.53
62DRR	6.36	5.35	1.19

Source: Based on data from the ERP Central Component in Umoja.
Note: When revenue > $1 million and net assets > 0.

190. The Administration explained that the 20 per cent operating reserve policy was partly outdated and the current level of net assets balance had not yet reached a level that was considered sufficient for coverage of the unfunded large future liabilities and contingent reserves. Therefore, the Administration was in the process of reviewing and updating the policy, drawing on the memorandum issued in 2012 and subsequent guidance issued by the Controller, notably to reflect the changes derived from the enhanced delegation of authority.

191. **The Board recommends that the Administration expedite its review and revision of the administrative instruction on programme support accounts to ensure the effective utilization of the programme support cost funds.**

192. The Administration accepted the recommendation.

7. Cash and investment management

193. In order to centralize cash management for the United Nations and reduce transaction costs, a house bank structure was implemented in Umoja. Each bank account serves a specific currency/location need and is available for all United Nations entities/funds and missions. Cash is consolidated, and this cash pool incorporates investment pooling, which has been in place since 2001. The allocation of assets and revenue within the cash pool is determined by the principal balance of each participating entity. The United Nations Treasury is responsible for managing cash and investments and supporting the opening and closing of bank accounts worldwide. As at 31 December 2022, there were 254 house bank accounts in Umoja.

194. Assets are combined and managed as two separate investment pools: one main pool in United States dollars and one pool in euros. The Treasury also provides investment services for United Nations Staff Mutual Insurance Society against Sickness and Accidents funds. Based on investment responsibilities, two investment guidelines have been established: one for the main and euro pools, and the other for the United Nations Staff Mutual Insurance Society funds. Treasury-specific limits have been set to provide a list of recommended banks and securities brokers/dealers for investment purposes. As at 31 December 2022, the cash pools (main pool and euro pool) held total assets of $11,886.4 million (2021: $11,812.7 million), of which $5,608.0 million (2021: $5,372.3 million) was due to the Organization, and its share of revenue from cash pools was $21.9 million (2021: $8.4 million).

(a) Unclear definition of portfolio concentration limits in the United Nations Investment Management Guidelines

195. The United Nations Investment Management Guidelines document the Treasury's investment management policies for the cash pools. To better control the Treasury's investment management, certain portfolio concentration limits were set out in the annex to the Investment Management Guidelines.

196. The Board reviewed those predetermined limits on investment and noted two cases that had ambiguities which may lead to different interpretations. For example, the limit for debt instruments issued by banks, brokers/dealers, financial institutions

and corporations is 5 per cent of any single outstanding issue or bond offering for each pool. The limit here has two different interpretations, each of which results in a different control amount for investment. One interpretation limits the investment amount to 5 per cent of the outstanding issue size, while the other limits the investment amount to 5 per cent of the cash pool size.

197. This ambiguity was also echoed in the compliance rules of the Bloomberg Asset and Investment Manager system. According to United Nations compliance procedures, compliance rules are predetermined and configured in the Bloomberg Asset and Investment Manager system to ensure the implementation of investment policies during investment management. The Asset and Investment Manager system should be in harmony with the Investment Management Guidelines and Treasury-specific limits at all times. With regard to the limit of 5 per cent of any single outstanding issue or bond offering for each pool, there are two Asset and Investment Manager system compliance rules set: one is to limit the investment amount to 5 per cent of its outstanding issue size, and the other is to limit the investment amount to 5 per cent of the cash pool size. However, for other similar rules, only one compliance rule in the Asset and Investment Manager system is applied.

198. The Board is concerned that the unclear definition in the Investment Management Guidelines may result in different interpretations of the same rule, and that different compliance rules in the Asset and Investment Manager system for similar Investment Management Guidelines may also result in misunderstanding.

199. **The Board recommends that the Administration clearly define the meaning of each set of limits in the United Nations Investment Management Guidelines to avoid different interpretations, and amend the related Asset and Investment Manager compliance rules accordingly.**

200. The Administration accepted the recommendation.

(b) Different rule setting for credit rating in the United Nations Investment Management Guidelines

201. The United Nations Investment Management Guidelines document the Treasury’s investment management policies for the cash pools and, together with the United Nations Staff Mutual Insurance Society against Sickness and Accidents Swiss Franc Investment Guidelines, form the basis for the overall investment of the United Nations Staff Mutual Insurance Society funds. Investments managed by the Treasury need to be in harmony with those investment guidelines at all times.

202. In the annexes to both sets of guidelines, three different sources of credit ratings are mentioned, namely S&P Global Ratings, Moody’s and Fitch. The Board was informed that every investment is required to satisfy the criteria of at least one of these three credit ratings and there is no order of priority.

203. However, the Board noted that some credit rating descriptions in the guidelines may lead to a misunderstanding that criteria for all three credit ratings need to be met, since there was no clear indication that the satisfaction of criteria for only one was enough. For example, the credit rating requirements for debt instruments issued by banks, brokers/dealers, financial institutions and corporations in the guidelines were bonds with at least one minimum credit rating of AA-, Aa3 or AA-, or A-1 or P-1 for money market instruments. The credit rating requirements for debt instruments issued by sovereign, government-guaranteed, supranational and agency issuers were, for medium- and/or long-term maturities, a minimum credit rating of AA-, Aa3 or AA-, and for money market instruments a short-term rating of A-1, P-1 or F-1 as of the trade date, but there was no mention of whether all of those ratings, or just one rating, needed to be met.

204. The different descriptions may lead to different interpretations, as sometimes an investment may have a different credit rating under S&P Global Ratings, Moody's and Fitch. For example, the Fitch rating of company "D" was downgraded to A from AA- on 1 July 2022, while the Moody's rating was downgraded to Aa3 from Aa2 on 7 July 2022, resulting in different credit ratings, as Aa3 and AA- are considered equal in the guidelines.

205. Furthermore, the Board noted the statement in the investment guidelines for the United Nations Staff Mutual Insurance Society that, for the purposes of the guidelines, credit ratings were prioritized in the following order: S&P Global Ratings, Moody's and Fitch. This may also lead to a misinterpretation that there is a priority for credit-rating selection, while in practice there is not.

206. The Board is concerned that the different descriptions in relation to credit-rating requirements in the guidelines may result in a misunderstanding of the credit rating rules and may lead to disharmony in actual investment practices.

207. **The Board recommends that the Administration clarify the credit rating rules in the investment guidelines to ensure that the actual investment practice is consistent with the rules.**

208. The Administration accepted the recommendation.

(c) Incorrect allocation of investment revenue among different entities

209. The Financial Regulations and Rules of the United Nations provide that revenue from General Fund investments shall be credited to it as investment revenue, and revenue from investments pertaining to trust funds and special accounts shall be credited to the trust fund or special account concerned (rule 104.15 (a) and (b)) and that investment losses shall be borne by the fund, trust fund, reserve or special account from which the principal amounts were obtained (rule 104.16 (b)).

210. United Nations entities participate in the United Nations Treasury main pool in order to improve overall investment performance and reduce risk. At the end of each financial year, the Finance Division allocates cash pool assets (including cash and cash equivalents, short-term investments and long-term investments) and investment revenue/deficit based on each participating entity's principal balance.

211. The Board reviewed the 2022 main pool year-end reclassification process and noted that the investment gains/losses of some funds were manually allocated to other funds from other entities. For instance, the investment revenue belonging to the 20PCR fund was incorrectly allocated to the 10RCR fund, leading to an extra realized gain of $1.51 million and an extra unrealized loss of $0.65 million, which were incorrectly included in the financial performance of the operations of the United Nations as reported in volume I. These amounts should be added back to volume II. In addressing the concerns of the Board, the Administration agreed to make the adjustments in subsequent financial statements.

212. The Board is of the view that manual adjustments and interventions related to investment revenue during the financial closure process may involve inherent risk, which should be appropriately addressed by the Administration.

213. **The Board recommends that the Administration strengthen its review of the mapping between cash pool assets and associated investment revenue at year end to ensure the completeness and accuracy of relevant financial disclosures in the future.**

214. The Administration accepted the recommendation.

8. Health insurance programme

215. 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 are managed at two locations: 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 on behalf of the United Nations, scrutinize them and determine the payments to be made against the claims. As of December 2022, the self-insurance plans covered 227,576 participants, including staff members, retirees and dependants from the Secretariat and other participating organizations such as UNICEF, the Office of the United Nations High Commissioner for Refugees (UNHCR), UNDP and the International Telecommunication Union (ITU). In 2022, an amount of $636.25 million in claims was paid under those plans.

216. The Advisory Committee on Administrative and Budgetary Questions, in its report on managing after-service health insurance (A/76/579), concurred with the recommendation of the Board of Auditors on the urgent need to improve internal controls over medical insurance expenditure, including by establishing adequate internal control mechanisms. In this respect, the Board continued its review of the health insurance programme of the United Nations, focusing on the execution of mandated cost-sharing ratios, reserve management, accounts receivable for health insurance funds and the appropriateness of medical expenditure, and noted the issues presented below.

(a) Deficiencies in reserve management of health insurance plans

217. According to the report of the Secretary-General on managing after-service health insurance liabilities (A/68/353), the United Nations maintains a health insurance reserve to manage premium fluctuations and meet unanticipated catastrophic claim requirements. The benchmark for plans based in the United States of America, such as the Aetna plan and the Cigna Dental plan, is to maintain reserves equivalent to about three to four average months of claim costs, while non-United States-based plans, such as the United Nations worldwide plan for international staff and the United Nations Medical Insurance Plan for United Nations locally recruited staff at designated duty stations away from Headquarters, need to maintain reserves equivalent to about six to eight average months of claim costs. The reserves of the United Nations Staff Mutual Insurance Society are maintained in accordance with statutory requirements.

218. The Administration also indicated that the health insurance industry has undergone significant changes since the report of the Secretary-General (A/68/353) was published in 2013, including as a result of the COVID-19 pandemic. This has led to increased health-care costs, potentially requiring an increase in the level of reserves for self-insured health insurance plans. Some participants have postponed medical treatment, resulting in higher health-care costs, so there is a need to increase operating reserves to ensure there are sufficient funds for future claims.

219. In its 2022 audit, the Board reviewed the reserve levels of the main insurance plans and noted the following deficiencies in need of improvement.

(i) Reserve balances are running out, leading to a risk of insolvency for the United Nations Medical Insurance Plan

220. In a previous audit (A/76/5 (Vol. I), chap. II, paras. 142–148), the Board had noted continuous deficits with regard to the United Nations Medical Insurance Plan and highlighted a risk of insufficient reserves for the Plan. The Board continued its review in this regard and noted that the Plan still had persistent deficits in 2021 and 2022, leading to a depletion of its reserves. As at 31 December 2022, the reserve of the United Nations Medical Insurance Plan totalled $2.66 million, and the ratio of reserve balance to average expenses per month was 0.72, which was far below the reserve level of six to eight average months of claim costs set for the plan, as shown in table II.22.

Table II.22
Reserve levels of the United Nations Medical Insurance Plan, 2018–2022
(Thousands of United States dollars)

	2018	*2019*	*2020*	*2021*	*2022*
Surplus/(deficit)	(12 257)	(5 167)	(3 628)	(11 937)	(8 543)
Reserve	31 931	26 763	23 136	11 199	2 657
Average expenses per month	3 797	3 150	3 007	3 833	3 681
Ratio (reserve/average expenses per month)	8.41	8.50	7.70	2.92	0.72

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

221. The Administration explained that the United Nations Medical Insurance Plan premium rate has been unchanged since 2015. In addition, the Secretariat had been planning to establish a committee that would be responsible for proposing adjustments to premium rates to ensure the sustainability of the Plan, and significant progress has been made. The Administration has gathered the required data and additional personnel are being recruited to evaluate and address all aspects of the Plan.

222. The United Nations Medical Insurance Plan provides health insurance coverage for more than 50,000 insured persons, and the majority of them reside in the least developed countries. The Board is concerned that the continued deterioration of the financial situation of the Plan as well as the absence of a relevant premium rate adjustment mechanism may affect medical reimbursements for participants in the Plan.

223. **The Board recommends that the Administration establish an institutional mechanism for United Nations Medical Insurance Plan management to periodically review the performance of the Plan, propose premium rate adjustments and closely monitor the reserve balance of the Plan to ensure its sustainability.**

224. The Administration accepted the recommendation.

(ii) High level of reserves for three health insurance plans

225. The Board noted that the United Nations worldwide plan, the Cigna Dental plan and the Aetna plan had accumulated surpluses continuously in recent years, and that the reserve balances totalled $126.86 million, $24.72 million and $106.5 million respectively as at 31 December 2022. The reserve levels of those plans were also above the suggested ceilings of four to eight average months of claim costs, as reflected in the report of the Secretary-General (A/68/353) issued in 2013, and as detailed in tables II.23–II.25.

Table II.23
Reserve levels of the United Nations worldwide plan, 2018–2022
(Thousands of United States dollars)

	2018	*2019*	*2020*	*2021*	*2022*
Surplus/(deficit)	5 464	15 696	17 135	7 108	2 667
Reserve	84 252	99 948	117 083	124 191	126 858
Average expenses per month	8 606	8 022	8 806	9 536	10 204
Ratio (reserve/average expenses per month)	9.79	12.46	13.30	13.02	12.43

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

Table II.24
Reserve levels of the Cigna Dental plan, 2018–2022
(Thousands of United States dollars)

	2018	*2019*	*2020*	*2021*	*2022*
Surplus/(deficit)	1 374	517	6 127	1 742	684
Reserve	15 646	16 164	22 291	24 032	24 717
Average expenses per month	1 819	1 883	1 487	1 780	1 904
Ratio (reserve/average expenses per month)	8.60	8.59	14.99	13.50	12.98

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

Table II.25
Reserve levels of the Aetna plan, 2018–2022
(Thousands of United States dollars)

	2018	*2019*	*2020*	*2021*	*2022*
Surplus/(deficit)	(3 516)	(4 025)	24 578	1 074	3 763
Reserve	81 114	77 089	101 667	102 741	106 504
Average expenses per month	8 862	9 295	7 776	9 404	9 451
Ratio (reserve/average expenses per month)	9.15	8.29	13.07	10.92	11.27

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

226. The Board also noted that the United Nations had declared "premium holidays" several times before 2016 to adjust excess reserve amounts. However, in recent years, no similar actions had been taken to address rising reserve balances. Instead, premiums for the three plans have increased, leading to high reserve levels.

227. The Administration explained that the Health and Life Insurance Committee had noted an increase in operating reserves and recommended reducing the amounts in operating reserves by granting a premium holiday during the upcoming 2023/24 period. The Controller has approved the recommended premium holiday, which will be implemented during the upcoming 2023/24 period.

228. The Board is of the view that sufficient health insurance reserves are essential to the stability of health insurance plans, while a continuous high reserve level over several years compared with relevant benchmarks may imply that the Organization and plan participants bear higher costs.

229. **The Board recommends that the Administration closely monitor the reserve balances of the health insurance plans and take appropriate actions in due course to ensure the reserve remains within a reasonable range.**

230. The Administration accepted the recommendation.

(iii) Lack of documented procedures for formal approval of newly established reserves of the United Nations Staff Mutual Insurance Society against Sickness and Accidents

231. The Statutes of the United Nations Staff Mutual Insurance Society against Sickness and Accidents provide that the Reserve Fund should be between 25 and 50 per cent of the total benefits paid in the past two years. If the Reserve Fund falls outside this range, the Executive Committee must amend the situation and receive approval from the Director-General of the United Nations Office at Geneva. As shown in the financial statements of the United Nations as reported in volume I, the net assets of the United Nations Staff Mutual Insurance Society comprise accumulated surplus and reserves. In January 2018, the Director-General of the United Nations Office at Geneva approved a document that specified that the accumulated surplus represented the Reserve Fund as defined by the Statutes, while reserves were divided into four separate balances: (a) a reserve for catastrophic claims; (b) a reserve for currency fluctuations; (c) a reserve for terminal indemnities; and (d) an actuarial reserve for long-term risks.

232. The Board noted that, after the composition of the reserves was approved by the Director-General, a new reserve for non-dependant insured family members was established in 2020, initially amounting to $5 million and subsequently increasing to $5.7 million. The establishment of this new reserve was not approved by the Director-General.

233. It was explained that the establishment of this new reserve was approved by the Executive Committee of the United Nations Staff Mutual Insurance Society following an actuarial study that outlined the rationale for this new reserve as well as the methodology for the calculation of its amount.

234. The Board is of the view that creation of new reserves may affect the Reserve Fund (accumulated surplus) level, which may be subject to the approval of the Director-General. Therefore, the Board considers that, taking into account the best interests of the Organization and plan participants, the establishment of new reserves should be approved by the Director-General of the United Nations Office at Geneva.

235. **The Board recommends that the Administration consider amending the internal rules to require formal approval from the Director-General of the United Nations Office at Geneva for the creation of any new reserve of the United Nations Staff Mutual Insurance Society against Sickness and Accidents in order to strengthen its management of reserves and ensure the Reserve Fund remains within a reasonable range.**

236. The Administration accepted the recommendation.

(b) Long-outstanding accounts receivable for health insurance funds

237. According to the information circular on the renewal of the United Nations Headquarters-administered health insurance programme (ST/IC/2022/9) and the Statutes of the United Nations Staff Mutual Insurance Society against Sickness and Accidents, the United Nations self-funded health insurance plans managed by United Nations Headquarters and the United Nations Staff Mutual Insurance Society are open to the United Nations system and the cost is shared between the participants and the Organization.

238. As disclosed in note 28 to the financial statements, the United Nations health insurance plans had a total amount of $39.81 million in other receivables as at 31 December 2022. With regard to the ageing of those related accounts receivable, a total amount of $15.75 million had been outstanding for more than one year, for which $4.67 million in allowances had been provided for those doubtful accounts.

239. After a structural analysis of those accounts receivable, the Board noted that the total amount of $15.37 million in overdue accounts receivable for more than one year belonged to entities participating in Headquarters-administered plans, for which $4.47 million in allowances had been provided for those doubtful accounts.

240. The Administration explained that as at 31 December 2022, $24.88 million in receipts ($24.86 million of which was from United Nations Joint Staff Pension Fund) had been recorded as a placeholder pending clearance against their related receivables. A detailed reconciliation process needed to be performed in order to apportion the credit amount across the multiple insurance funds.

241. **The Board recommends that the Administration expedite the reconciliation process of accounts receivable to ensure the visibility of actual outstanding amounts and continue to urge relevant agencies and entities to pay their share of contributions to the health insurance funds in a timely manner.**

242. The Board also noted that as at 31 December 2022, the United Nations Staff Mutual Insurance Society had a total amount of $387,146.91 in overdue accounts receivable for more than one year, which was related to advances to retired and active staff members and to service-incurred accidents.

243. The Administration explained that when it paid advances directly to the medical service providers, it paid 100 per cent of the invoice and sought refunds from the retired and active staff members for his or her out-of-pocket share. For those agencies not using Umoja, such as UNICEF, the World Meteorological Organization and ITU, the United Nations Staff Mutual Insurance Society could not process the out-of-pocket share of the refund through payroll deductions and had to follow up with plan participants for reimbursements. In addition, the United Nations Staff Mutual Insurance Society advanced some funds to staff members who may have had accidents during the performance of official duties. This was also the cause of long-outstanding accounts receivable.

244. **The Board recommends that the Administration approach the participating organizations that have not yet implemented recoveries through payroll to analyse the possibility of implementing automated recoveries to improve recoveries and ensure that aged receivables do not have an adverse impact on health insurance operations.**

245. The Administration accepted these recommendations.

9. Assets management

246. As disclosed in note 15 to the financial statements, the net book value of property, plant and equipment of the operations of the United Nations as reported in volume I totalled $3 billion as at 31 December 2022, representing a 0.8 per cent increase from the prior year's balance of $2.98 billion. The largest portion of property, plant and equipment comprised land and buildings, which accounted for $2.37 billion, or 79 per cent, of the year-end balances, while assets under construction totalled $0.40 billion, or 13 per cent.

(a) Management of heritage property in need of improvement

247. Paragraphs 9 and 10 in section IV, on the recording and physical verification requirements for heritage property, in the Policy on the Stewardship of Heritage Property, provide that all heritage property of the Organization, once entrusted to the Organization, is required to be recorded in the system of record and subject to physical verification, safeguarding and safekeeping for the duration of the custodianship period.

248. The Board conducted an on-site physical verification of the heritage property on a sample basis at United Nations Headquarters and noted that the following issues were in need of improvement.

(i) Discrepancies between the actual status of heritage items and their records in Umoja

249. A total of 96 heritage items could not be initially located, while the Umoja system records showed their status as "in storage". The Administration subsequently explained that these items were in the custody of the Office of Information and Communications Technology and displayed in the General Assembly Building. The Umoja records are to be updated accordingly.

250. The Board randomly selected 10 heritage items from the "in storage" list in Umoja. Of these, three items were not found. The Administration explained that two of the items were in shipping containers and the third was in a crate at the North Lawn Building owing to damage to the gift.

251. A newly received gift in 2022 had not been recorded in Umoja. The Administration explained that the record would be uploaded to Umoja by the end of 2023.

(ii) Warehouse under the Secretariat building was not in ideal condition for storage of heritage items

252. During the physical verification, the Board noted that the warehouse for heritage items was not equipped with special closed-circuit television camera monitoring above the entrance, nor were there cameras in the room. In addition, the room contained a large quantity of other items, such as used furniture and the personal property of staff members. Furthermore, the room had no temperature or humidity control systems to maintain a stable environment for preservation.

253. The Administration explained that enhanced climate control requirements would require further assessment by a professional architect to identify what could be done. In addition, storage space in the complex was very limited and was challenging to maintain.

(iii) Some heritage items were not under proper stewardship, or were located in a hazardous environment

254. Three heritage items were located in level 3B of the parking garage in the Secretariat building, near which were parking lots in daily use. The Administration explained that the garage areas had been affected by water leaks and water infiltration over the years which had caused damage to items stored there. In addition, the three items were too large to be placed in the warehouse.

255. For two items not located during physical verification, the Administration explained that they had been moved to shipping containers from garage areas as a result of water leaks and infiltration. The items showed water damage, and any attempt to enter the containers would require appropriate personal protective equipment.

256. The Board is of the view that heritage property is characterized by its irreplaceability, uniqueness and inestimable market price. The general expectation that the property would be indefinitely preserved for cultural purposes for the benefit of present and future generations is very much undermined by improper stewardship. The property may be subject to deterioration and corrosion as a result of long exposure to unstable temperatures and humidity in a basement or shipping container. Moreover, the unreconciled discrepancies between system records and the actual status of the heritage items may affect the completeness and accuracy of the property records.

257. **The Board recommends that the Administration develop an overall physical inspection plan to identify and ensure the proper preservation of the 96 heritage assets in the custody of the Office of Information and Communications Technology.**

258. **The Board also recommends that the Administration update relevant data in Umoja in a timely manner to ensure the accuracy of heritage property records at United Nations Headquarters in the future.**

259. **The Board further recommends that the Administration conduct a professional assessment of the warehouse's environment at United Nations Headquarters and take necessary measures to ensure the safe storage of heritage assets.**

260. The Administration accepted these recommendations.

(b) Deficiencies in Africa Hall renovation project management leading to $3.69 million in losses and a 42-month delay

261. The need to rejuvenate Africa Hall was identified by the Member States in 2008, on the occasion of the fiftieth anniversary of ECA. ECA completed the feasibility study and the concept design for the Africa Hall renovation project in 2014. In 2016, the General Assembly approved the renovation project in its resolution 70/248 A, entrusting ECA with the implementation of the project. The cost of the project was estimated at $56.9 million. As at 31 December 2022, a total budget of $36.54 million had been approved for Africa Hall renovation project activities.

262. The Board noted some deficiencies in the management of this project, set out below.

(i) Non-compliance issue in contract procurement process

263. The Procurement Manual provides that vendors that are not registered at the basic level in the United Nations Global Marketplace or have been suspended, even if they are in the process of reinstatement, should not be invited to participate in solicitation exercises or be eligible to receive bid materials. Vendors must be registered at the appropriate level in the Global Marketplace to be considered for award.

264. The Procurement Manual also provides that if the award amount is greater than $0.5 million, a level 2 registration is mandatory. To register at level 2, vendors must undergo a thorough financial review and submit audited or certified financial statements for the previous three financial cycles for evaluation. The Vendor Registration Officer evaluates the financial status of vendors using established criteria and if a vendor fails to provide the required financial data it will not be able to register at level 2.

265. The Board reviewed the first contract procurement process for the Africa Hall renovation project and noted that the project was initially expected to be completed in December 2021, at a total cost of $28.2 million. Therefore, in accordance with the criteria, the selected contractor for the project should have been a qualified level-2 vendor.

266. However, the Board noted that the first contract for this project was awarded to a newly registered joint venture on 10 May 2019 that had been registered in one country just three months prior, on 18 February 2019. The joint venture may not have met the criterion for the submission of audited or certified financial statements for the previous three financial cycles at the time of the award. The Board also noted that the Headquarters Committee on Contracts approved the case submission on 9 January 2019, with the contingency that the joint venture be properly registered.

267. The Administration explained that all three companies comprising the planned joint venture had been registered separately at level 2 prior to the presentation of the case to the Headquarters Committee on Contracts. Some joint-venture companies, particularly in construction cases, were typically registered after they were notified of an award. However, by the time of the audit in April 2023, the Administration had not provided the Board with the required files of the joint venture's registration as a level-2 vendor.

268. The Board is concerned that ECA may have awarded the project before the joint venture became a qualified level-2 vendor, which is not fully in compliance with the requirements set out in the Procurement Manual.

(ii) Failure to terminate contract promptly when obligations cannot be fulfilled by the contractor

269. The General Assembly, in its resolution 74/263, emphasized that the Global Asset Management Policy Service of the Department of Management Strategy, Policy and Compliance should continue to be actively involved in overseeing the Africa Hall project to ensure the central supervision of capital projects, including risk management and alignment with lessons learned.

270. The request for proposal for the main renovation works of the Africa Hall project requires the contractor to provide a performance security in the form of an independent bank guarantee or a similar acceptable guarantee to the United Nations, equal to 10 per cent of the contract price, within 14 calendar days of the signature of a contract or issuance of a purchase order.

271. The contract for the renovation and refurbishment of Africa Hall between the United Nations and the contractor specifies that the contractor must deliver the bank guarantee for performance to the employer within 14 days after the date of the contract. If the contractor fails to comply with the bank guarantee for performance clause, the employer can terminate the contract and expel the contractor from the site after giving 14 days' notice to the contractor. However, if the contractor becomes bankrupt, insolvent or goes into liquidation, the employer can terminate the contract immediately upon notice.

272. The Board was informed that the contractor (the above-mentioned joint venture) had submitted a bank guarantee for performance that had been rejected by the Administration for not meeting the criteria. Ultimately, the contractor did not successfully deliver a bank guarantee for performance within the required 14 days, leading to their failure to fulfil contractual obligations. Furthermore, the lead company in the joint venture declared bankruptcy in October 2019, and withdrew from the joint venture agreement. As a result, the remaining two companies were unable to meet the contract's terms, leading ECA to terminate the contract in February 2020, nine months after the default.

273. The Board is of the view that terminating a contract promptly when it cannot be fulfilled may help prevent further losses.

(iii) Lack of action on joint venture's liability for contract termination costs

274. As set out in article 14.6 of the United Nations General Conditions of Contract for the provision of goods and services, except as prohibited by law, the contractor is required to compensate the United Nations for all damages and costs, including, but not limited to, all costs incurred by the United Nations in any legal or non-legal proceedings, as a result of any of the events specified in article 14.5, and resulting from or relating to a termination of the contract, even if the contractor is adjudged bankrupt, or is granted a moratorium or stay or is declared insolvent.

275. The contract for the renovation and refurbishment of Africa Hall provides that if the employer considers itself to be entitled to any payment under any clause of these conditions or otherwise in connection with the contract, and/or to any extension of the defects notification period, the employer should give a claim notice stating that it is a notice pursuant to subclause 20.2, and submit particulars to the contractor.

276. The Administration explained that ECA sought legal advice from the Office of Legal Affairs regarding the contractual rights of the United Nations and a financial risk assessment. In July 2022, ECA provided an estimated resolicitation cost of $3.69 million owing to contract termination. In 2023, ECA began engaging with parties to the joint venture, holding meetings and exchanging correspondence. On 2 March 2023, ECA met with two of the three joint venture parties to discuss reimbursing the United Nations for costs resulting from the contractor's failure. Later, ECA sent a letter to the joint venture parties and received a response from one of the three parties on May 2023.

277. The Board was informed that the joint venture entity itself no longer existed and that one of the three companies constituting the joint venture was in bankruptcy proceedings, another had been liquidated and the third had been nonresponsive to the recent correspondence from ECA. In addition, pursuing a claim against a financially distressed contractor could incur substantial costs for the Organization and, as a result, a thorough cost-benefit analysis would need to be conducted to determine the viability of pursuing a claim.

278. The Board is of the view that taking prompt action to conduct a thorough evaluation of available options, in order to devise an effective and efficient strategy, can maximize the potential for recovering losses and minimizing waste.

279. Following the termination by ECA of the main renovation works contract in February 2020, the resolicitation process began in March 2020. It took some 29 months before the new contract was awarded in August 2022 and the project was rescheduled for completion in July 2024, which was 42 months later than the approved project timeline.

280. The Board is concerned that this delay may result in increased project expenditure and a risk that the project may not be completed within the budget approved by the General Assembly.

281. **The Board recommends that the Administration conduct a thorough review of the procurement process for this case to ensure full compliance with relevant regulations.**

282. **The Board also recommends that the Administration continue its efforts to implement adequate and effective management, as well as strengthen communication with contractors and stakeholders to ensure completion within the updated project schedule.**

283. **The Board further recommends that the Administration diligently assess potential strategies for recovering losses and minimizing inefficiencies.**

284. The Administration accepted these recommendations.

(c) Delay in implementation of the A to J replacement project at the United Nations Office at Nairobi

285. The General Assembly, in its resolution 72/262 A, approved the project to replace the A to J blocks of the United Nations Office at Nairobi complex. In its resolution 76/246 A, the Assembly approved the overall full scope, maximum overall cost of $66,260,100 and implementation strategy of the project, with a revised schedule that would see substantial project completion by the end of 2024 and final completion by the end of 2025.

286. Also in resolution 76/242 A, the General Assembly requested the Secretary-General to closely monitor and mitigate all project risks and take all measures necessary to ensure the delivery of the project within the scope, budget and timeline, as approved by the Assembly, and also requested the Secretary-General to include information on risk management and mitigation measures taken in his next progress report.

287. The Board noted that, by the end of April 2023, all three components (early works, flexible workplace strategies and the new building) had experienced slippage. For the new building component, according to the revised schedule in the fifth progress report on the replacement of the office blocks (A/77/349 and A/77/349/Corr.1), the tender phase should have begun in November 2022 and been completed by 28 February 2023. However, the actual request for proposal was sent on 6 March 2023 and the closing of proposals was on 17 April 2023.

288. As to the tender evaluation, the Board reviewed the previous seven tenders of the A to J subprojects and noted that all of them had experienced a lengthy process with regard to bidder evaluation, ranging from 63 to 203 days. The Board further noted that, even with the expectation that the contract for the construction of the new building would be awarded by the end of June 2023 at the earliest, that would leave just 18 months for construction in order to maintain the schedule.

289. With regard to the contract implementation phase, the Board noted that all seven previous A to J subprojects experienced a lag in contract execution, which increased the risk that the construction of the new building would not be completed by the target date.

290. In his fifth progress report on the project, although the Secretary-General stated that the slippage of the tendering of the new building would have no impact on the completion of the building by the end of 2024, he recognized the schedule risk as the fourth of the top five risks in a cost sensitivity analysis, while in his fourth progress report (A/76/330), the schedule risk was shown as the fifth of the top five risks that could have the greatest impact on the project.

291. The Administration explained that the project had faced significant challenges over the past few years, such as the COVID-19 pandemic and supply chain issues, among others; however, in his progress reports, the Secretary-General had considered the schedule risk as one part of the entire risk profile. In addition, the risk management approach accepted by the General Assembly also recognized the continually improved likelihood of delivering the project within the estimated project cost, even taking into account the risk of some minor project slippage.

292. The Board is concerned that, given the delays in the tendering phase of the new office building, the long times taken for tender evaluations and the past delays in contract implementation, the project to replace office blocks A to J may face a greater risk of delayed delivery than expected.

293. **The Board recommends that the Administration closely monitor the project implementation progress, assess and manage the schedule risk in a timely manner and take remedial measures to speed up construction of the new building.**

294. The Administration accepted the recommendation.

(d) Strategic heritage plan

295. The purpose of the strategic heritage plan of the United Nations Office at Geneva is to renovate the Palais des Nations, establish a new building to meet the requirements of the Organization and address health, safety and working conditions. The Palais des Nations is the largest United Nations conference centre in Europe.

296. In its resolution 68/247 A, the General Assembly stressed the importance of oversight with respect to the development and implementation of the strategic heritage plan and requested the Advisory Committee on Administrative and Budgetary Questions to request the Board of Auditors to provide oversight assurance and to report annually on that matter to the Assembly. In response, on 27 August 2014, the Chair of the Board confirmed that the Board would audit and report on the strategic heritage plan.

Delayed completion date

297. The expected completion of the works, initially approved in 2015 to be ended in 2023, has been extended to December 2025, according to the strategic heritage plan team. Actual completion might potentially take until July 2026, according to an independent risk analysis. These delays are due in part to external events (including the COVID-19 pandemic and material and labour shortages) but also to the many changes made to the project as well as to protracted delays in change management processes.

298. This delay necessitates an extension of the audit work of the Board. Currently, the Board has agreed to submit its final report in 2024 (A/73/157, para. 4). An extension allowing for the submission of a separate audit report in 2026 appears necessary to comply with resolution 68/247 A of the General Assembly.

Overall cost controlled so far

299. While the overall approved budget amounts to SwF 836.5 million, the expenditures as at 31 December 2022 amount to SwF 496.2 million (disbursements and commitments), or 59 per cent of the approved budget. The strategic heritage plan team currently forecasts an eventual overspend of approximately 3 per cent of the approved budget.

Main outstanding matters

300. For the newly constructed building H, the outstanding items (“punch list”) are not all closed, while the two-year liability period for defects began on 4 October 2021; some important items, namely concerning technical systems, remain open.

301. With regard to the historic buildings, works are still ongoing owing to the numerous changes that have occurred.

302. For building E, an extension constructed in the 1970s, the renovation contract has been signed and the next stage of pre-construction services and technical design activities has begun, but strong uncertainty remains with regard to the final costs and the delivery schedule.

Worrying occupancy rate

303. Owing to changes in working habits (i.e. remote work stemming from the COVID-19 pandemic), the average rate of occupancy at the United Nations Office at Geneva as a whole is low, including in building H. This situation is a matter of concern, considering that two additional buildings are still being leased in Geneva at significant cost, notably for OHCHR, which is due to move into building H at the completion of strategic heritage plan. In this regard, the early transitional plan and, more generally, the current ratio of eight desks for 10 people, do not appear relevant and raise issues regarding the efficiency of space occupancy.

Preservation of heritage

304. Regarding questions related to the preservation of heritage, some pieces of furniture would benefit from a renovation. While most of the works of art and furniture are located in temporary storage in good conditions, the works of art located in the existing vault of the library of the United Nations Office at Geneva, which has yet to be renovated, do not benefit from good and safe conditions of conservation.

305. **The Board recommends that the Administration assess whether there is potential for recouping any avoidable costs that may have arisen, and closely monitor the technical steps of the programme in order to anticipate and prevent changes resulting from the mistakes or shortcomings of its vendors.**

306. **The Board recommends that the Administration design an alternative plan to ensure OHCHR moves in on schedule even in the event the works on building E are delayed.**

307. **The Board recommends that the Administration resolve all pending issues for building H before the end of the liability period.**

308. **The Board recommends that the Administration conduct a space optimization study by the end of 2023 and take steps to significantly increase the occupancy rate of the United Nations Office at Geneva premises, including building H.**

309. The Administration accepted the recommendations.

10. Human resources management

310. In its report on financial reports and audited financial statements, and reports of the Board of Auditors for the period ended 31 December 2021, the Advisory Committee on Administrative and Budgetary Questions raised concerns about the use of personnel recruited through UNDP, UNOPS and third-party service providers, and stressed the need for greater clarity, compliance with the relevant rules and regulations, as well as budgetary transparency for outsourcing the recruitment of personnel to UNDP, UNOPS and third parties (A/77/574, para. 53).

311. The Advisory Committee also expressed serious concern that the concurrence of the Committee, pursuant to General Assembly resolution 35/217, was not sought prior to the establishment of a number of high-level positions funded through extrabudgetary sources, and recommended that the Assembly request the Secretary-General to take all measures necessary to avoid the repetition of a similar situation and to ensure full respect of the provisions of Assembly resolutions (A/77/574, para. 60).

312. 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 on subjects including, but not limited to, deficiencies in the staff selection processes, including equal treatment of external and internal candidates, the quantity of temporary appointments (including the use of special post allowance) and

impediments to achieving equitable geographical distribution and gender balance targets (A/75/765, para. 11).

313. The Board followed up on those concerns and reviewed, inter alia, the employment of personnel through UNOPS, UNDP and third-party service providers, the establishment of high-level positions, the use of temporary appointments and special post allowances, and geographical distribution and identified deficiencies in need of improvement, as presented below.

(a) Weaknesses in position management and selection process for staff members contracted by the United Nations Development Programme

314. In its previous report (A/77/5 (Vol. I), chap. II, paras. 275–287), the Board raised concerns regarding the need to expedite the integration of UNDP-administered staff into the Secretariat, the lack of approval of the Advisory Committee on Administrative and Budgetary Questions for positions at the D-1 level and above and deficiencies in the legal framework for staff administered by UNDP.

315. The Board followed up on the use of staff members contracted by UNDP and noted that as at 31 December 2022, there were 1,398 staff members contracted by UNDP, distributed among five entities of the United Nations as reported in volume I. The Board reviewed the position management, recruitment process and contract management thereof and noted the deficiencies set out below.

(i) Governance of 10 positions at the D-1 level and above needs to be improved

316. The Office for the Coordination of Humanitarian Affairs established 11 positions at the D-1 level and above in 2022, the resources for which consisted of a lump sum under the budget class of grants and contributions. These positions were funded by extrabudgetary resources through service-level agreements with UNDP. These 11 positions were for regional humanitarian coordinators and deputy humanitarian coordinators, and 11 positions were filled.

317. Among the 11 positions, 10 positions, including 2 Assistant Secretary-General positions, 5 D-2 positions and 3 D-1 positions, had been established for more than one year, with the oldest (Regional Humanitarian Coordinator) having been established in 2012. The Board noted that approval from the appropriate bodies for the 10 positions had not been sought prior to their establishment.

318. The Administration explained that the mandate for these senior humanitarian coordinator positions was under the Inter-Agency Standing Committee. The positions were not part of the Secretariat and held no Secretariat functions. The Administration also explained that three positions had been discontinued as at 31 December 2022 and four positions would be discontinued in 2023.

319. The Board is of the view that these 10 positions were actually funded by extrabudgetary resources and substantively reported to the Emergency Relief Coordinator, who is also the Under-Secretary-General for Humanitarian Affairs. Thus, the positions should have been approved by the governing bodies.

(ii) Lack of clarity on the selection procedure for regional humanitarian coordinators and deputy humanitarian coordinators

320. The Board reviewed the selection process for the positions of regional humanitarian coordinator and deputy humanitarian coordinator, and noted that no job opening had been posted and neither of the incumbents had gone through pre-screening and assessment, nor had they been reviewed by a central review body.

321. The Administration explained that the regional humanitarian coordinator and deputy humanitarian coordinator positions were not part of the United Nations Secretariat, and therefore the administrative instructions on the administration of temporary appointments (ST/AI/2010/4/Rev.1) and on the staff selection system (ST/AI/2010/3) did not apply. According to the existing selection procedure and in accordance with General Assembly resolution 46/182, the Emergency Relief Coordinator, after consultation with the Inter-Agency Standing Committee and partners, would decide to designate a senior official to a specific country in crisis. Then the Office for the Coordination of Humanitarian Affairs would submit the request to UNDP to handle the administrative procedures. The Office for the Coordination of Humanitarian Affairs would work with UNDP to enhance the selection procedures for those positions.

322. The Board noted that there was no clear policy on the selection procedures for the positions of regional humanitarian coordinator and deputy humanitarian coordinator.

323. The Board is concerned that the lack of a clear policy and clarity on the selection procedure may have an impact on the consistency, competitiveness and transparency of the selection process.

324. **The Board recommends that the Administration ensure that the Office for the Coordination of Humanitarian Affairs enhance the governance of those high-level positions, in collaboration with the Inter-Agency Standing Committee and UNDP, to ensure they are under adequate supervision.**

325. The Administration accepted the recommendation.

(iii) Lack of review by the Secretariat central review bodies in the selection process for national staff administered by the United Nations Development Programme on behalf of the Secretariat

326. The central review bodies play a crucial role in ensuring that the best candidate is selected for each position, as they ensure compliance with United Nations regulations, promote fairness and non-discrimination, evaluate candidates objectively, enhance consistency in decision-making and ensure quality of employment.

327. On a sample basis, the Board reviewed the selection process for national staff administered by UNDP on behalf of the Office for the Coordination of Humanitarian Affairs. The Board noted that there no review process had been conducted by the Secretariat central review bodies during the selection process of 1,174 candidates, which was required in the staff selection system.

328. The Administration explained that national staff were selected through a competitive process in accordance with UNDP policies on recruitment and were subject to a compliance review by the UNDP compliance review panel, which was similar to the central review body mechanism.

329. The Board is of the view that the United Nations Secretariat central review body mechanism plays a key role in making sure the evaluation criteria have been properly applied and the applicable procedures have been thoroughly followed. Furthermore, the lack of review by central review bodies may result in disputes when staff are transferred back to the Secretariat.

330. **The Board recommends that the Administration continue to support entities in expediting the process of integrating UNDP-administered staff into the Secretariat in a progressive and seamless manner with due regard to ensuring transparency and fairness of the selection process, in accordance with the Organization’s regulatory framework.**

331. The Administration accepted the recommendation.

(b) Reviews needed on the existing modality for information and communications technology staffing support service by company "T" as well as on the solicitation process

332. In its previous report (A/77/5 (Vol. I), chap. II, paras. 288–310), the Board identified some deficiencies in the use of personnel by third-party service providers. The Board followed up on this issue and noted that ICT personnel contracted by third parties constituted an integral part of the ICT-related workforce in the Secretariat, among which company "T" was the largest service provider.

333. The Board conducted a holistic and comprehensive review of personnel contracted by company T and noted that as at 31 December 2022, there were 1,306 personnel contracted by company T at the Secretariat through three contracts signed, respectively, in 2005, 2009 and 2020, to provide ICT staffing support service to the Secretariat. The Board reviewed the use of personnel contracted by company T, the procurement process and the management of contracts and noted the following deficiencies set out below.

(i) The Secretariat relies heavily on company T to provide information and communications technology personnel

334. The total not-to-exceed amount for the three contracts was $1.07 billion, and the actual expenditure was $1.01 billion as at 4 May 2023. The Board further noted that the total purchase order value in 2022 had surged to $118.42 million. The details are shown in tables II.26 and II.27.

Table II.26
Not-to-exceed amount and actual expenditure of company T contracts
(Millions of United States dollars)

Contract number	*Contract not-to-exceed amount*	*Actual expenditure as at 4 May 2023*
PD/C0028/05	740.83	730.53
PD/C0165/09	245.51	245.01
PD/C0101/20	83.90	31.85
Total	**1 070.24**	**1 007.39**

Source: Based on contracts signed between company T and the Secretariat.

Table II.27
Actual expenditure of company T contracts, 2020–2022
(Millions of United States dollars)

Contract number	*2020*	*2021*	*2022*
PD/C0028/05	65.44	48.31	80.34
PD/C0165/09	21.40	16.77	24.42
PD/C0101/20	0.27	10.44	13.66
Total	**87.11**	**75.52**	**118.42**

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

335. As at 31 December 2022, the number of personnel contracted by company T was 1,306 distributed in 37 missions and entities, compared with a total of 1,629 ICT staff funded by the regular budget. For example, in the Office of Information and

Communications Technology, as at 31 December 2022 the number of personnel contracted by company T was 156, while another 229 were staff funded by the regular budget. The Board also noted that the total number of personnel contracted by third parties, including UNOPS, company T and company "E", for the Office reached 392, which was 1.71 times that of staff members funded by the regular budget.

(ii) Lengthy duration of service for personnel contracted by company T, many of whom performed core or regular functions

336. The Board conducted an analysis of the length of service of personnel contracted by company T and noted that of 1,306 personnel, a total of 1,013 had been working for the Secretariat for more than one year and 659 had been working for more than three years, including 475 who had been employed for over five years. In addition, 145 personnel had been working for more than 10 years, while 37 had been with the Organization for more than 15 years, with the longest duration being 17 years. Details are shown in table II.28.

Table II.28
Duration analysis for personnel contracted by company T as at 31 December 2022

Duration	*Number of personnel*
More than 15 years	37
10 to 15 years	108
5 to 10 years	330
3 to 5 years	184
1 to 3 years	354
Less than 1 year	293
Total	**1 306**

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

337. The Board then reviewed the functional titles of those contracted personnel and noted that core or regular functions (such as information technology infrastructure technician, data architect and web designer), which could have been held by Secretariat staff funded by the regular budget, had been performed by contracted personnel for a long time.

338. That contractors work for the Secretariat for long periods of time is concerning to the Board, as it may be indicative of their being an integral part of the workforce at the relevant entities, and their performance of core or regular functions may pose risks to data security and confidentiality and lead to a lack of institutional knowledge and a reduction in accountability, among other things.

339. **The Board recommends that the Administration conduct a thorough workforce review of the ICT staffing support service and avoid overreliance on third-party contract personnel.**

340. The Administration accepted the recommendation.

(iii) Deficiencies in procurement and contract management

341. The Board reviewed the procurement and contract management relating to the ICT staffing support service and noted the following significant deficiencies therein.

(a) Company T did not meet the initial mandatory criteria for pre-qualification but was awarded the contract

342. The Board reviewed the procurement process for ICT staffing support services conducted by the Procurement Division in 2004 and noted some significant deficiencies.

343. In February 2004, the Procurement Division issued a request for information to 401 vendors indicating the mandatory pre-qualification criteria to be eligible for the request-for-proposal phase of the solicitation exercise. Of the 17 vendors that responded, 2 were disqualified for not meeting the mandatory requirements. However, the Procurement Division did not disqualify company T, which was eventually awarded the contract even though it had not met the initial mandatory criteria for pre-qualification with regard to profit and turnover indicators. Furthermore, in the evaluation report on vendors that responded to the request for information, the Procurement Division revised the evaluation criterion from "profitability of the vendor in the last three years" to a less stringent requirement of "submission of financial statements" and reduced the annual turnover criterion from $10 million to $5 million. As a result of those changes, company T finally pre-qualified for the request-for-proposal phase. The reasons for changing the mandatory pre-qualification criteria were not documented and the Procurement Division could not provide explanations owing to the passage of time and staff turnover.

344. The Board is of the view that the Procurement Division needs to ensure that, where changes are required with regard to vendor pre-qualification requirements, such changes are properly documented, duly approved and applied to all bidders as stated in the Procurement Manual. Violations of those requirements may result in non-compliance and a lack of fairness and transparency, which pose reputational risks to the Organization.

(b) Insufficient planning for solicitation resulted in missed opportunities and existing contracts were not replaced as envisaged

345. The original contract with company T was signed on 30 June 2005; since then it has undergone 36 amendments. The Administration had planned to conduct a solicitation to replace the contract; however, the planned solicitation was repeatedly delayed owing to insufficient planning and delays in developing the statement of work, as set out below.

346. The duration for the original contract with company T was for an initial period of three years, with the United Nations having the right to extend the contract for an additional one or two years (i.e. a "3+1+1" contract), with a total not-to-exceed amount of $66.51 million, which should have ended on 30 June 2010. However, the Board noted that the solicitation was not conducted until 2011 owing to insufficient planning and delays in developing the statement of work. This then resulted in the original contract being extended twice, to 30 June 2012, with the not-to-exceed amount increasing to $170.53 million. The extension was requested by the Procurement Division as there was no firm date for when a new solicitation would be issued and because these services were of critical importance to mission operations.

347. The Board further noted that the second solicitation was conducted in February 2017, due mainly to the fact that developing the statement of work had taken nearly five years. Between the two solicitations, the contract had been extended twice, to 30 June 2017, with the not-to-exceed amount increasing to $396.04 million.

348. The Administration explained that the creation of the statement of work was a time-consuming and highly consultative process. There were issues with the interpretation of the contract relating to travel, visas, entitlements and evacuation,

which resulted in the delay for the first solicitation. The Administration further explained that developing a completely new structure of services that shifted from staff augmentation to performance-based services also took time.

349. The Headquarters Committee on Contracts repeatedly expressed serious concerns over the length of time it had taken for the replacement solicitation to move forward, and requested that the Procurement Division accelerate the process of the preparing the statement of work.

350. While acknowledging the complexity of the new solicitation, the Board is of the view that the Procurement Division and the Department of Field Support (now the Department of Operational Support) had been aware of the challenges for many years and could have started the process much earlier. The Board is also of the view that the Department of Field Support should have prioritized expediting the replacement process of the existing contract to avoid putting itself in a situation where it had no other choice than to extend the contract once again, especially considering that the original not-to-exceed amount of the contract with company T of more than $66 million has now exceeded $1 billion.

351. The Board is concerned that the recurrent insufficient planning and significant backlogs in solicitation resulted in the lack of achievement of the envisaged results with regard to replacing the existing contract and in a waste of resources.

(c) Weaknesses in solicitation and a lack of fairness and transparency therein

352. The Board reviewed a solicitation process conducted in 2017 and noted weaknesses. On 19 February 2017, the Procurement Division issued a request for proposal to 134 vendors from 30 countries for the provision of various ICT services. Company “M” received the highest technical score and had the lowest cost. In its consideration, the Headquarters Committee on Contracts examined whether company “A” which, together with company M, formed a consortium, was an eligible bidder. At last, the Procurement Division, together with the requisitioner, determined that the reinstatement of company A made it eligible for a contract award as a member of the consortium led by company M. However, the Assistant Secretary-General for Supply Chain Management did not accept the recommendation to award the contract, as presented by the Procurement Division and supported by the majority of the Committee members, but rather accepted a recommendation to reject and rebid. In addition, the Procurement Division communicated with company T regarding the cancellation of the original solicitation and invited company T to participate in negotiations to provide the services for a period of two years.

353. The Board is of the view: (a) that the consortium led by company M was deprived of the opportunity for negotiations and the award of the contract, even though it was technically compliant and the lowest in price, without sufficient documented justifications, may be indicative of deficiencies in the procurement process, and that the award of the contract to company T did not meet the principles of fairness, integrity and transparency and was not in the best interests of the Organization; and (b) that the negotiated reduced price of company T was still higher than that of the consortium led by company M, which may have resulted in the deprivation of the Organization of the opportunity to reduce costs when obtaining ICT staffing support services.

354. The Board is deeply concerned about weaknesses that were identified in the course of previous solicitations in 2005 and 2017, which go against the principle of best economic efficiency and may affect the reputation of the United Nations. Given the Secretariat’s heavy reliance on ICT staffing personnel contracted by third parties, as well as the deficiencies identified in the procurement and contract management processes, it is necessary to conduct a comprehensive review of these procurement

process and an assessment needs to be conducted on the current modality with regard to its cost-effectiveness.

355. **The Board recommends that the Administration review procurement issues that arose from previous solicitations to ensure lessons learned are incorporated into the new procurement process for the same requirements to ensure that the process is in accordance with United Nations procurement principles.**

356. The Administration accepted the recommendation.

(c) Significant deficiencies in the management and selection process of a P-5 position

357. The Department of Political and Peacebuilding Affairs established a position at the P-5 level for the construction of a website for the Security Council, and selected a candidate to take up the position in 2018 for a three-month period, but did not issue a temporary job opening.

358. The Board identified the following significant deficiencies in the management and selection process for the position: (a) the main function of the position was to update a Security Council website, which is commonly done by a consultant if in-house expertise cannot be found, and is not aligned with the title of Senior Programme Officer (P-5); (b) the establishment of the position was not duly approved; (c) the person selected had been contracted by UNOPS as a strategic communications consultant, and was then selected through a temporary appointment process without meeting the requirement of a break in service of six months, as stipulated in ST/AI/2010/4/Rev.1; and (d) there was a possible conflict of interest.

359. **The Board recommends that the Administration conduct a review of the management and selection process for the P-5 position, including to determine any deficiencies that may have occurred and whether there was a risk of a conflict of interest, and consider any further appropriate administrative action following the results of this review.**

360. The Administration accepted the recommendation.

(d) Position management

(i) Special post allowance management

361. In the administrative instruction on special post allowance (ST/AI/1999/17), it is stated that the payment of a non-pensionable special post allowance is authorized in exceptional cases when a staff member is called upon to assume the full duties and responsibilities of a post which is clearly recognizable at a higher level than his or her own for a temporary period exceeding three months. The General Assembly, in paragraph 15 of its resolution 75/252, noted that the granting of such benefits should be restricted to exceptional cases only and requested the Secretary-General to comply with the rules governing the duration and extension of special post allowances and review the existence of posts that had been vacant or encumbered through special post allowances for more than one year and to report thereon in his next budget proposal.

362. In 2022, 1,081 staff members in entities of the United Nations as reported in volume I had been in receipt of special post allowance. The Board reviewed the duration and reporting of those special post allowance cases and noted the following deficiencies:

(a) Of 1,081 staff members, 488 had been in receipt of special post allowance for more than one year, among which 21 staff members had been in receipt of special post allowance for more than five years (the longest duration was more than eight years), which is not in line with the temporary nature of special post allowances;

(b) A total of 199 fully vacant positions were encumbered by staff in receipt of special post allowance; as result, the positions were not filled through regular recruitment processes in a timely manner. Among the 488 positions encumbered by staff in receipt of special post allowance, 199 were fully vacant positions. The Board noted that 78 of the 199 positions had been vacant for more than two years.

363. The Board is concerned that the provision of special post allowances for more than one year is not in line with the temporary nature of special post allowances. In addition, the use of long-term special post allowances will have a negative impact on business continuity and mandate delivery. The Board is of the view that more clarity is needed with regard to reporting the use of special post allowance for scrutiny and review by the governing bodies.

364. **The Board recommends that the Administration review the policy on special post allowance to ensure that it is only applicable to exceptional cases.**

365. The Administration accepted the recommendation.

(ii) Review needed for classification of four general temporary assistance replacement positions

366. The General Assembly, in its resolution 62/236, recalled its resolution 35/217 of 17 December 1980, reaffirmed the role of the Assembly with regard to the structure of the Secretariat, including the creation, conversion, suppression and redeployment of posts, and requested the Secretary-General to continue to provide the Assembly with comprehensive information on all decisions involving established and temporary high-level posts, including equivalent positions financed from the regular budget and from extrabudgetary resources.

367. As at 31 December 2022, there were 454 positions at the D-1 level and above with a duration of over one year funded by the regular budget of the United Nations as reported in volume I. Among those positions, 416 were established posts, 23 were general temporary assistance replacement positions, 7 were temporary posts, 5 were posts funded by voluntary contributions and 3 were positions providing temporary assistance for meetings.

368. The Board reviewed those positions and noted that four general temporary assistance replacement positions at the D-1 level and above, funded by the regular budget at ECA, were not reported in the proposed programme budget for 2022. The Board further noted that the four general temporary assistance replacement positions had been established for more than 2 years and that the longest position had been established for 10 years, and therefore they were not temporary in nature.

369. The Administration explained that general temporary assistance replacement positions were not required to be proposed in the budget according to the policy, and four positions had been reported in the proposed programme budget for 2023.

370. The Board is concerned that the four positions have been inaccurately classified, resulting in their not being properly reported in the budget. This may weaken budget scrutiny and review.

371. **The Board recommends that the Administration ensure that the concerned entity, with the guidance of the Department of Management Strategy, Policy and Compliance, review the classification of those general temporary assistance replacement positions.**

372. The Administration accepted the recommendation.

(e) Deficiencies in selection of personnel contracted by the United Nations Office for Project Services

373. In its previous report (A/77/5 (Vol. I), chap. II, paras. 288–310), the Board noted the deficiencies in use of personnel contracted by UNOPS, such as lengthy durations of service, legal risks in the financial agreements, that established recruitment processes may not be followed in full and ambiguity concerning the identity of personnel. The Board followed up on this issue and reviewed the recruitment process of personnel contracted by UNOPS in the Office for the Coordination of Humanitarian Affairs, the Department of Political and Peacebuilding Affairs and the Development Coordination Office and noted the following.

(i) Lack of established provisions in financial agreements on which selection modality is to be used

374. According to the financial agreements signed between the Secretariat entity and UNOPS, there were two modalities to select personnel contracted by UNOPS. One was a pure preselection process, under which the Secretariat entity was responsible for the entire process, including advertising the position, creating a shortlist of and interviewing candidates, making the selection decision, approving appointments and submitting preselection requests to UNOPS. In the other modality, selection was conducted following the regulations and rules of UNOPS, under which the Secretariat entity was responsible for interviewing candidates, making selection decisions, approving appointments and submitting recruitment requests to UNOPS, and UNOPS was responsible for advertising the position and providing longlists and shortlists of candidates to the Secretariat.

375. The Board noted that the financial agreements signed between the Secretariat entity and UNOPS regulated the selection procedures under these two modalities, but lacked provisions that would have provided clarity regarding the circumstances that would determine which modality would apply. Instead, the modality applied was determined by the Secretariat entity. For example, in 2022, 48 of the 98 personnel in the Office for the Coordination of Humanitarian Affairs had been selected following the preselection modality and the other 50 personnel were selected following the UNOPS rules and regulations.

376. The Board is concerned that, as the two modalities are very different, the absence of an established provision on which selection modality is to be used may have a negative impact on the consistency and clarity of the process for the selection of candidates, and pose a risk of insufficient transparency and competitiveness therein.

377. **The Board recommends that the Administration ensure that the entities concerned, in collaboration with UNOPS, clearly stipulate the conditions under which the respective selection modality is used in the next revised financial agreement.**

378. The Administration accepted the recommendation.

(ii) Inconsistency of selection procedure when using the pure preselection modality

379. On a sample basis, the Board reviewed 34 pure preselection cases in the Development Coordination Office, 9 pure preselection cases in the Office for the Coordination of Humanitarian Affairs and 8 pure preselection cases in the Department of Political and Peacebuilding Affairs and noted that the selection procedures were quite different and were not consistent with the statement in the financial agreements. With regard to the 34 cases in the Development Coordination Office, the candidates were selected from the informal roster of UNOPS instead of being advertised by the Development Coordination Office. Of the nine cases in the Office for the

Coordination of Humanitarian Affairs, three cases included only a desk review, and advertisement and interview processes were not conducted. Of the eight cases in the Department of Political and Peacebuilding Affairs, in six cases there was no advertisement and no interview process.

380. The Administration explained that in some emergency and urgent situations, the pure preselection process was simplified and did not include advertisements or interview processes. The entities relied on UNOPS to select the prequalified candidates, which was more efficient and effective.

381. The Board is of the view that, though the selection process was clearly stated in the financial agreement, it had not been strictly followed and the actual practice of pure preselection for the entities varied.

382. The Board is concerned that the inconsistency found regarding the pure preselection modality may pose a risk of lack of transparency, competitiveness and fairness in the selection of candidates.

383. **The Board recommends that the Administration ensure the entities concerned clarify the selection procedures used in the pure preselection modality and when and how exceptions could be approved, and that the selection procedures are fully observed.**

384. The Administration accepted the recommendation.

(f) Deficiencies in management of temporary appointments/assignments

385. In the administrative instruction on the administration of temporary appointments (ST/AI/2010/4/Rev.1) it is stated that the purpose of a temporary appointment is to meet the short-term staffing needs of the Organization. As at 31 December 2022, among a total of 21,230 staff members of the entities of the United Nations as reported in volume I, 2,366 (11 per cent) held temporary appointments, distributed among 55 entities. The Board reviewed the recruitment process and contract management of and exceptions granted for temporary appointments and noted the following deficiencies, set out below.

(i) During recruitment processes prior to 2022, internal candidates were highlighted after a preliminary assessment

386. In its resolutions, the General Assembly has requested that the Secretary-General treat internal and external candidates equally when considering applicants for vacancies.

387. On a sample basis, the Board reviewed 9 cases of recruitment relating to temporary assignments to duties at the D-1 level and 14 cases relating to temporary assignments from national to international positions at the P-3 level in the Office for the Coordination of Humanitarian Affairs; the incumbents were still in those positions as at 31 December 2022. The Board noted that all the selected candidates in the 23 cases were internal candidates from the Office..

388. The Board was informed that the Office for the Coordination of Humanitarian Affairs had conducted a preliminary screening of the applicants by reviewing all external and internal personal history profiles based on the requirements listed in the temporary job opening.

389. The Board noted that, of the 23 cases, there was a special notice in an email regarding the selection process in 16 cases that stated that there were a certain number of suitable internal candidates from the Office for the Coordination of Humanitarian Affairs who may be given due consideration during the selection process. The names of the internal candidates were attached, together with their personal history profiles.

The selection decision was then made based on a review thereof and an internal candidate was selected.

390. In the cases of temporary job opening "A" and temporary job opening "B", only personal history profiles of internal candidates were provided when making a selection decision. In the case of temporary job opening "C", the selection panel reviewed only internal candidates, although the personal history profiles of all suitable candidates were provided.

391. The Administration explained that it used an old email template for special notices prior to 2022 and had discontinued the use of special notices.

392. The Board is of the view that the special notice used in emails prior to 2022 could indicate that internal candidates may have been given priority and external candidates may have been deprived of opportunities to be selected, which could have been interpreted as unequal treatment of external candidates during the selection process, which is inconsistent with General Assembly resolutions on the equal treatment of internal and external candidates, and may affect the reputation of the Organization.

393. **The Board recommends that the Administration continue to use email templates in which internal candidates are not highlighted during the recruitment process in order to ensure fairness and competitiveness.**

394. The Administration accepted the recommendation.

(ii) Long-term use of temporary appointments

395. It is also stated in ST/AI/2010/4/Rev.1 that, while the purpose of a temporary appointment is to enable the Organization to effectively and expeditiously manage its short-term staffing needs, a temporary appointment should not be used to fill needs that are expected to last for one year or more.

396. The Board reviewed the duration of the use of temporary appointments and noted the following:

(a) The same staff held temporary appointments for a long time. The Board noted that 19 staff members had been granted exceptions to breaks in service by the same entity repeatedly, resulting in the 19 staff members working at the same entity for more four years, with the longest contract lasting seven years and including up to five exceptions;

(b) Staff who had temporary appointments held the same position for a lengthy duration. The Board noted that 151 positions (without a lien) were encumbered by staff members who had held temporary appointments for at least two consecutive years (including the time the position was vacant) as at 31 December 2022. Of the 151 positions, 41 were encumbered by staff members who had held temporary appointments for at least five consecutive years.

397. The Administration explained that the recruitment modality (i.e. the issuance of a regular or temporary job opening) to be used was determined at the entity level and was also subject to the stability of the funding for the position. For those positions that lacked stable funding or were awaiting approval for reclassification by the governing bodies, a regular job opening was not usually issued.

398. The Board is of the view that although the recruitment modality is subject to funding stability, the long-term continuous use of temporary appointments is neither in line with the short-term nature of temporary appointments nor is it conducive to stability, business continuity and institutional memory.

(iii) Seventeen exceptions relating to temporary appointments/assignments were outside the delegated authority of the approving entities

399. Based on data provided by the Administration, 2,073 exceptions granted in 2022 were related to human resources management. The Board reviewed the list of exceptions and noted that 76 exceptions were outside the delegated authority of the entities that approved them. Among the 76 exceptions, 17 exceptions made by nine entities were related to temporary appointments/assignments, including four cases of granting special post allowances without issuing temporary job openings, nine cases of granting temporary appointments/assignments beyond three months without issuing temporary job openings and four cases of granting temporary appointments/assignments beyond 729 days.

400. The Board is concerned that the exceptions relating to temporary appointments/assignments granted outside the delegated authority, while approved by entities, were not in compliance with the Staff Regulations and Rules of the United Nations and posed risks to the management of temporary appointments/assignments.

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

402. The Administration accepted the recommendation.

(g) Deficiencies in geographical distribution

403. The General Assembly, in its resolution 77/278 on human resources management, requested the Secretary-General to update the system of desirable ranges in the Secretariat, with effect from 1 January 2024, to expand the number of posts subject to the system to all posts funded by the regular budget at the Professional and higher categories, including in special political missions and peacekeeping operations, excluding language posts. The Assembly encouraged the Secretary-General to work towards bringing each unrepresented and underrepresented Member State within its desirable range by 2030, and requested the Secretary-General to intensify his cooperation with all Member States, in particular the unrepresented and underrepresented States, including through targeted outreach, with a view to attracting qualified candidates into the selection processes of job openings in the Secretariat.

404. In its previous report (A/77/5 (Vol. I), chap. II, paras. 335–339), the Board expressed concern over the failure to achieve the key performance indicator on geographical distribution and the insufficient geographical representation in entities of the United Nations as reported in volume I. The Board continued to follow up on the issue of geographical distribution and noted the following:

(a) The number of underrepresented and unrepresented countries had not decreased in the past three years. The number of underrepresented countries in 2020, 2021 and 2022 were 37, 36 and 37, respectively, and the number of unrepresented countries were 20, 21 and 20, respectively, indicating no decrease in the number;

(b) The number of geographical posts filled by nationals of some countries was significantly below the lower limit set for those countries. The Board reviewed the gap between the number of current staff and the lower limit set for Member States, and noted that the gap with regard to the top three countries was 174, 80 and 25, respectively, as at 31 December 2022;

(c) Some geographical posts had been vacant for a long duration. As at 15 April 2023, of a total of 3,813 geographical posts, 230 posts were vacant. Of those 230 vacant posts, 76 had been vacant for more than one year – the longest for 46 months;

(d) Geographical diversity in special political missions and peacekeeping missions needed further improvement. As at 31 January 2023, there were 1,134 and 2 positions in special political missions and peacekeeping operations, respectively, in the Professional and higher categories (excluding language posts) with a total of 904 incumbents. The Board noted that the 904 posts were distributed among nationals of 127 countries, indicating that 66 Member States were unrepresented, compared with 20 unrepresented countries in the Secretariat (excluding the special political missions and peacekeeping operations). And 19 countries were unrepresented in both the Secretariat and in special political missions and peacekeeping operations, indicating that the representation status needed improvement;

(e) The key performance indicator on geographical distribution had not been achieved for three consecutive years. Among a total of 440 geographical appointments in 2022, 96 (22 per cent) of staff members were from unrepresented/underrepresented countries which, for the third consecutive year, did not meet the goal of 50 per cent. The percentages in 2020, 2021 and 2022 were 20 per cent, 20 per cent and 22 per cent respectively, indicating that little progress had been made;

(f) Eighteen heads of entity did not achieve the key performance indicator for geographical appointments included in their senior managers' compacts in 2022. Of 38 entities that had geographical appointments in 2022, 30 heads of entity had signed a compact with the Secretary-General in 2022. The Board noted that only 3 heads of entity achieved the 50 per cent target, while 9 improved by 10 per cent or more compared with 2021 (with a rating of "partially achieved") and 18 received a rating of "not achieved".

405. **The Board recommends that the Administration issue guidance to special political missions and peacekeeping missions that are funded by the regular budget to increase their focus on improving equitable geographical distribution.**

406. **The Board also recommends that the Administration pilot, in some underrepresented and unrepresented countries, initiatives to ensure job opportunities are sufficiently publicized to attract more applicants and that more knowledge is shared on channels, pipelines, qualifications, etc., for them to be able to be selected.**

407. The Administration accepted the recommendations.

11. Supply chain management

408. United Nations financial regulation 5.12 provides that procurement functions include all actions necessary for the acquisition, by purchase or lease, of property, including products and real property, and of services, including works. The following general principles are to be given due consideration when exercising the procurement functions of the United Nations: (a) best value for money; (b) fairness, integrity and transparency; (c) effective international competition; and (d) the interests of the United Nations.

409. The Procurement Division of the United Nations Secretariat is one of the entities of the Office of Supply Chain Management within the Department of Operational Support. It is responsible for the overall strategic management of United Nations procurement activities and in particular for managing procurement in a transparent, accountable and efficient manner for United Nations Headquarters, peacekeeping missions and United Nations agencies.

410. Purchases of commodities by the United Nations amounted to $3.1 billion in 2022.[1]

[1] See www.un.org/Depts/ptd/procurement-by-commodity-table-detail/2022.

(a) Difficulties affecting the effectiveness of fair competition and the overall efficiency of procurement

(i) Limitations to competition among applicants in tender processes

411. A sample of 18 contracts worth a total of $129 million was selected. The analysis revealed that competition was not always effective and that its quality was affected by several weaknesses. Of the 18 contracts sampled, 15 were put out to tender. Their analysis confirmed the transparency of the procedure implemented, in particular for the contracts submitted to the Headquarters Committee on Contracts, which provides advice to the relevant authorized official regarding the procedures and decisions above certain thresholds.

Lack of in-depth knowledge of potential applicants during the pre-contract phase

412. According to the United Nations Global Marketplace, the Secretariat finalized 7,088 contracts in 2021 and 2022. A total of 57,255 vendors were invited to tender. However, 1,523 contracts (21 per cent) were awarded to a service provider that was not solicited.

413. The ability of the Organization to reach a large number of companies appears to have weakened. Only 17,640 companies of the 57,255 invited responded. The situation varied according to the product categories. For all cases sampled, no more than one or two suppliers effectively competed for a tender. Such a situation is not likely to ensure efficient competition nor is it an optimal use of the Organization's resources.

414. This assessment was confirmed by the analysis of the sample audited. The number of potential applicants that responded to the requests for expressions of interest issued by the Procurement Division, were published on the United Nations Global Marketplace and on the website of the Procurement Division and subsequently submitted a formal proposal appeared to be low, as shown in table II.29.

Table II.29
Supplier expressions of interest during United Nations solicitations

	Requests for expressions of interest issued	*Expression of interest received*	*Added applicants*	*Invitations sent*	*Replies received*
Drugs and pharmaceutical products (5 lots)	3 069	232	No	93	11
Security uniforms	Unknown	151	72	223	5
Travel management services	Unknown	25	No	21	3
Information technology application and software development (2 lots)	Unknown	78	83	161	7 (lot 1), 8 (lot 2)
ICT services for physical security at Headquarters	Unknown	27	No	27	1
Portfolio risk and performance analysis	Unknown	50	No	50	12
Office systems furniture	Unknown	23	17	40	4
Catering services	Unknown	11	16	27	2
Headquarters gardening services	Unknown	3	17	20	3
Headquarters dry cleaning services	8	1	5	6	1

Source: Files provided by the Administration.

415. The rate of responses appears low, even for simple services such as gardening (20 invitations, 1 reply) or dry cleaning (6 invitations, 1 reply). For dry cleaning, the previous contract holder was the only one to respond, and was de facto selected with

no way to establish a fair comparison with other companies. According to the Board's estimates, this provider was able to pass on, unchallenged, a 11.5 per cent increase in the cost of its services.

416. Three main reasons for the difficulties in attracting applicants to United Nations contracts were identified. First, the United Nations Global Marketplace Internet portal, while it includes tender notices, is not precise enough to identify potential suppliers. While many may receive an invitation, some are clearly not in a position to respond to the tender at a later stage. Second, market research is mainly limited to identifying potential suppliers that produce goods or services related to the activity without investigating whether their offer can meet the more specific needs of the United Nations. For example, regarding ICT services for physical security at United Nations Headquarters, only the incumbent company responded to the new tender because the implementation of the contract was subject to a certification by the industrial producer of the gates used at Headquarters, a condition that had not been initially identified by the Office of Information and Communications Technology and the Procurement Division. The procedure had to be restarted from scratch to ensure that only certified companies were invited, resulting in a four-month delay. Finally, demanding technical specifications can discourage suppliers: in one case, the technical specifications gave rise to 119 requests for clarification from the 40 companies invited.

Very low number of remaining applicants after the technical analysis

417. The technical analysis of the offers can result in a significant reduction in competition. When the solicitation is launched, the technical analysis may lead to the elimination of most of the offers received (described as non-admissible) before any scoring occurs, particularly with regard to commercial offers. As a result, the number of suppliers put out to tender at the end of the technical procedure rarely exceeds three offers, including that of the incumbent supplier.

418. This lack of competition benefits the incumbent company at the expense of the cost-effectiveness of procurement. For the contract concerning office systems furniture, the only offer retained after the technical analysis was the incumbent company, which was the most expensive of the four applicants. For the risk and performance analysis contract for the United Nations investment portfolio, two bids, considered technically valid, were rejected for having substantially revised their prices upward and the incumbent company won without any economic competition.

419. In other cases, when the number of technically validated responses is too low, the Administration may decide that all of them should be retained. Competition does not allow for the selection of suppliers but leads to a shared market among applicants. This was the case for three translation services contracts and for lot 1 of the drugs and pharmaceutical products procurement contract.

420. Too few applicants participating in a commercial assessment leads to negative consequences. It does not ensure that the Administration chooses the most competitive suppliers. It also results in the frequent renewal of contracts with existing suppliers after tendering (in 90 per cent of the contracts examined in the sample), which is certainly considered discouraging by bidders other than the incumbents.

Very long contracting period

421. For all 18 selected cases, the time required to award contracts was much longer than the six months expected. The expected duration of a competitive bidding procedure, according to the documents initially signed (i.e. standard sourcing plans, which define the framework and schedule of the solicitations), is around six months, which is the usual duration for this type of contract. However, this was not the case

in the sample audited. The time required to award contracts was very long – two years for the information technology application and software development contracts, 20 months for the drugs and pharmaceutical products contracts, 18 months for French translation services and 17 months for the provision of security uniforms.

422. The fact that the United Nations is an organization with complex needs can in many cases affect the procurement process but cannot justify the delays observed.

423. These examples demonstrate a need to plan with the requisitioner in advance to determine when her or his experts are available for key tasks such as the technical analysis and the review of the documents received from the applicants. When the requisitioner believes her or his staff are not available and that the expected timeline would be difficult to meet, the solicitation process should be revised accordingly. All these issues should be addressed in due course during procurement planning.

424. The long time frames for awarding contracts can also have other drawbacks. They sometimes result in amendments that revise the initial prices. For example, with regard to the catering services contract, the clauses on the rules for amortizing investments and on the conditions for revising prices were added by amendment, together with compulsory appendices, 14 months after the launch of the service. The long time frames also tend to discourage suppliers that are not selected when they receive letters of regret after long periods without any news; for example, during the debriefing meeting on the information technology application and software development contracts, some bidders expressed their dissatisfaction at the long wait and their desire to take legal action. Furthermore, the long time frames usually require the Administration to extend the existing contracts beyond their expiration dates (11 months for the information technology application and software development contracts, 6 to 9 months for the drugs and pharmaceutical products contracts, 6 months for the catering services contract, etc.).

(ii) Substantial modifications of contracts by amendments

425. Once the contracts have been signed, some are subject to a high number of amendments, with consequences.

426. The Board noted that in the case of the catering services contract, there had been 14 amendments in eight years. The amendments have led to price increases beyond what was initially foreseen, a reduction in the investments initially agreed and changes in the rules for the payment of fees by the contractor to the advantage of the contractor. The conditions of the contract were substantially modified, first temporarily and then definitively, and moved the risk from the contractor, with a payment of fixed fees to the contractor from the Organization, to a “cost-plus” contract in which the contractor provided monthly statements of its costs and revenues and claims for those amounts to the United Nations plus a fixed margin – with the financial risks being taken entirely by the United Nations. As a result of these successive changes, though the United Nations had expected to earn $3.5 million over the 2015–2019 period according to the terms of the contract initially signed, the Organization incurred losses of $1.9 million. This loss worsened by $4.9 million from November 2019 to October 2022 owing to the COVID-19 pandemic and to the transfer of all the risks to the United Nations. The Administration considered that negotiating a solution with the service provider, which resulted in significant losses, was in the best interests of the Organization. The initial contract could have been immediately re-tendered, but that did not occur until February 2023, which also resulted in the extension of the current contract term to December 2023, one year beyond the original expiration date.

427. The Board is concerned that such contract extensions, with substantial changes to the initially negotiated contract terms, have the effect of moving the prices paid by the United Nations away from the best market conditions for their supplies.

(iii) Recurring exceptions to the general procurement rule of open competition

428. A high proportion of the contracts signed with vendors by the United Nations do not fall under the standard competitive bidding procedure but are authorized through waivers without competition under rule 105.16 of the Financial Regulations and Rules of the United Nations. The Secretariat calculated that this was the case for 24 per cent of contracts, representing 20 per cent of the total procurement value in 2022. However, this figure includes cases of "piggybacking" (using calls for tender from other United Nations agencies), and therefore does not provide an adequate estimate of exceptions to the normal bidding procedure.

429. The Board noted that in the sample of 18 contracts audited, 3 contracts were initially awarded without competition or after restricted competition. One case concerns the maintenance of standardized software with a particular firm. In the two other cases, the Secretariat resorted to a "piggybacking" procedure.

430. The Board also observed that waivers without competition were frequently used when only one (in 2 cases of the 18 sampled) or too few companies (4 cases of 18) remained in the competition process after the technical analysis. The Secretariat followed acceptable procedures after a waiver was approved by the Headquarters Committee on Contracts. However, such frequent recourse to waivers may have the effect of further restraining competition at the Organization's expense. The Headquarters Committee on Contracts noted that there did not seem to be a standard practice in the Procurement Division regarding the issuance of exemptions to competitive bidding. While some procurement officers seek and obtain an exemption prior to conducting a solicitation, others first conduct a solicitation exercise and then request an exemption through the process of vetting and approving the recommendation for an award. As a consequence, the Headquarters Committee on Contracts recommended that clarification and guidance be provided regarding the appropriate procedure for seeking exemptions to competitive bidding.

431. **The Board recommends that the Administration, at the level of the Headquarters Committee on Contracts, issue an annual report based on its reviews, focusing on key areas of improvement and good practices that should be shared widely.**

432. The Administration accepted the recommendation.

(b) Need to optimize the vendor database

433. A database of vendors has been built at the Secretariat level. To maximize the usefulness of this database, the Procurement Manual states that vendors wishing to participate in solicitations conducted by the Secretariat must have completed the process of self-registration in the United Nations Global Marketplace portal, and that this information has to be regularly maintained in the respective vendor files.

434. The way the vendor database is designed and updated can be improved. A total of 343,589 vendors have been registered in the United Nations Global Marketplace as of February 2023. This very large figure is far from the number of companies that actually do business with the United Nations (as seen above, only 17,640 suppliers responded to an invitation to bid from the Organization in 2021 and 2022) and suggests that most of the registered vendors do not respond to tenders. However, the service responsible for maintaining the vendor files confirmed that the United Nations Global Marketplace does not eliminate vendor files nor does it allow for the

establishment of a list of inactive vendors. Therefore, the current United Nations Global Marketplace vendor database can be improved by identifying suitable suppliers for specific procurement needs.

435. To assess whether the active vendor files in the United Nations Global Marketplace can be useful for the Organization's needs, a sample of 19 vendors was selected. There was no update to the financial information of the vendor in 18 per cent of the cases for level-2 suppliers; 45 per cent of suppliers at all levels had been updated before 2021; and only 3 per cent of suppliers at all levels had been updated since 2021.

436. If information is incomplete, the usefulness of the database for market research purposes is compromised. In one case, concerning support and maintenance services for the physical security of United Nations Headquarters, the lack of up-to-date vendor files created difficulties in the procurement procedure. The Headquarters Committee on Contracts concurred with this issue and noted in one of its reports that there was either outdated contact information in the United Nations Global Marketplace or no information at all.

437. Outreach efforts to assess the market could be strengthened, for example in the field of human resources services. The importance of periodically reassessing the market, particularly for products and services that are rapidly evolving in certain geographical areas and industries, is stressed in section 5.2 of the Procurement Manual. The main source on which market research is based is the United Nations Global Marketplace; however, this database is not sufficiently up-to-date or precise enough to efficiently conduct a market assessment. Although an outreach effort was made which led to an increase in the number of responses to its calls for suppliers at the beginning of 2023, the Administration has not developed a centralized programme of outreach actions based on the United Nations Global Marketplace, and possibly beyond, that could be shared with the Board.

438. The publishing of announcements of business opportunities is another method considered by the Procurement Manual in order to reach an adequate number of suppliers. The Organization issues a large number of requests for expressions of interest: 2,075 were issued in 2021 and 2022. Requests for expressions of interest are often sent to the vendors that are registered in the United Nations Global Marketplace; they are also advertised on the entity's website, the Procurement Division's website, the United Nations Global Marketplace and, when considered appropriate, in other media. However, the results are sometimes disappointing, even for simple services such as laundry and cleaning.

439. **The Board recommends that the Administration explore ways to systematically review and update the vendor database as well as the financial information of vendors that are selected for award.**

440. The Administration accepted the recommendation.

(c) Vendor Review Committee: a useful instrument that needs a few improvements

441. The management of sanctions of vendors who may have engaged in proscribed practices is handled by a dedicated structure. The Vendor Review Committee is an internal administrative body tasked with making recommendations regarding possible sanctions against, and possible reinstatements of, vendors in cases of corruption, fraud, coercion or obstruction, among other things, or of failure to perform in accordance with the terms and conditions of their contracts. The Board noted that the existence of this Committee is particularly relevant for a large organization like the United Nations, which operates in many different countries. The Board found that the 2019 reform that separated the Vendor Review Committee from the Procurement

Division was an important step forward, particularly as it introduced an external point of view.

442. The Board noted that the functioning of the Vendor Review Committee could be improved. Although it has been in place for years, the Committee still lacks useful instruments that could enable its work and enhance the quality and the equity of its advice. For instance, there is no guideline for sanctions, and two sets of minutes of the Vendor Review Committee meetings from the past two years were not, and have still not been, signed by the Committee Chair prior to their approval by the Under-Secretary-General for Management Strategy, Policy and Compliance.

443. The Administration confirmed that the lack of the signing of meeting minutes was not a satisfactory practice and could significantly slow down the process, but explained that this was not the case for the most important pieces of advice, which were given priority, and that pending submission by the Chair of the Vendor Review Committee to the Under-Secretary-General for Management Strategy, Policy and Compliance for decision, the Vendor Review Committee's recommendations on suspension were applied on a temporary provisional basis.

444. The reinstatement of companies that have been suspended in the past requires the finding of a reasonable balance between deterrence, risk to the Organization and the need to ensure sufficient competition. An illustration can be found in the way the aftermath of the "oil-for-food programme" fraud scheme nearly 20 years ago was managed. More than a hundred vendors were suspended for six months. Owing to the complexity of the reinstatement procedure (there were 14 items requiring verification in the standard letter of reinstatement), most of them did not engage in a reinstatement process (only 27 of the 115 suspended suppliers were effectively reinstalled). This led to at least one case in which urgent decisions had to be taken in order to obtain COVID-19-related medicines from one of the suspended companies. Drafting simplified reinstatement conditions for vendors after their suspension time has expired that were more fluid and realistic could benefit current practice.

445. The detection of alleged wrongdoings by suppliers under contract originates from United Nations officials in the field, among other sources; however, the process suffers from several shortcomings. The Administration has issued guidance, published a handbook on fraud and corruption awareness and organized training sessions in order to raise awareness and address the problem. In situations where a misconduct report includes prima facie evidence of procurement fraud that indicates collusion between United Nations officials and local vendors, OIOS will conduct an enquiry. Nevertheless, several shortcomings were observed, notably the fact that no detection policy seems to exist, although the Board was advised that under the Procurement Network of the High-level Committee on Management, the Administration was working on a possible tool for detection and that an expression of interest had been advertised for this purpose. It could be useful for the Organization to consider allocating resources for this purpose. In reviewing a sample of procurement files, the Board noted that the assessment of the contract performance was often not detailed enough. In addition, no policy of rotation for procurement staff had been put in place in the United Nations, even though a well-established good practice to prevent corruption or collusion was to limit the duration of assignments.

446. Finally, even if all United Nations agencies shared a single United Nations Global Marketplace vendor database, there was limited coordination between them as far as sanctions, procedures and delays were concerned. The Global Marketplace serves as the central database listing all sanctions. It is up to each entity, if it wishes, to apply mutual recognition of a sanctioned vendor. That is why in certain cases, for operational reasons, exceptions are allowed in the model policy framework for vendor sanctions. Companies that are authorized by some agencies have been suspended or

even removed by others. This important issue should be addressed, as it casts some doubt on the efficiency of the sanctions procedure in the context of the One United Nations initiative.

447. **The Board recommends that the Administration strengthen the coordination on vendor sanctions with other agencies, funds and programmes of the United Nations system, with the objective of assessing the feasibility and benefits of establishing, in the medium-term, a joint vendor committee to harmonize procedures and actions taken.**

448. The Administration accepted the recommendation.

12. Management reform

449. In his report entitled "Shifting the management paradigm in the United Nations: ensuring a better future for all" (A/72/492), the Secretary-General stated: "I am delegating managerial authority to programme managers and demanding greater accountability from them for mandate delivery." The General Assembly, in its resolution 72/266 A, stressed that accountability was a central principle of management reform.

450. In its report entitled "Financial reports and audited financial statements, and reports of the Board of Auditors for the period ended 31 December 2021", the Advisory Committee on Administrative and Budgetary Questions emphasized that increased delegated authority must be matched by enhanced transparency and accountability, and stressed the importance of timely and proactive action, in particular by the Department of Management Strategy, Policy and Compliance, to expand key performance indicators to ensure full coverage of key risks; provide operational guidance to support the exercise of delegated authority; monitor more closely the performance of entities, with special attention given to recurring deficiencies raised by the oversight bodies; and ensure accountability and timely remedial action to address underperformance (A/77/574, para. 62).

451. The Board reviewed the delegation of authority, the monitoring thereon, and the accountability framework, among other things, and identified the issues set out below.

(a) Delegation of authority

(i) Revised delegation of authority policy framework needs to be promulgated in an expeditious manner

452. Upon review of the Secretary-General's bulletin on the delegation of authority in the administration of the Staff Regulations and Rules and the Financial Regulations and Rules (ST/SGB/2019/2), which was accompanied by a delegation instrument and an accountability framework, the Board noted that the following areas needed to be clarified:

(a) How to exercise delegation of authority in cases where a head of entity may present an actual or perceived conflict of interest;

(b) Whether and how an officer-in-charge could be delegated with authority;

(c) How delegation of authority should be handled for an entity at the start-up and closure of operations;

(d) How authority could be delegated to a service provider when situations warrant decision-making by service providers.

453. The Board was informed that the issues mentioned had been addressed in the revised delegation of authority framework:

(a) A decision by the Under-Secretary-General for Management Strategy, Policy and Compliance would be taken with regard to which official, either within or outside the entity, would exercise the delegated authority when a conflict of interest existed at the head-of-entity level;

(b) The delegation to officials when they perform the functions of officer-in-charge for a post that has become vacant would be systematically formalized in the delegation of authority portal;

(c) With regard to the exercise of temporary delegated authority at the start-up and closure of operations of an entity, the possible delegation by the Secretary-General of authorities to another official until a head of entity is appointed and assumes his or her duty;

(d) If a service provider is in a better position to exercise authority, the possibility that a client entity could subdelegate the authority to the head of the service provider entity, following consultation with the Department of Management Strategy, Policy and Compliance.

454. In addition, of a total of 762 human resources policies subject to review and update, 170 policies were still to be promulgated. The Board noted the need for an expedited review process of these policies to support the implementation of the new delegation of authority framework.

455. **The Board recommends that the Administration expedite the review and release of the delegation of authority policy framework and put in place a more agile process to update the delegation of authority policy framework in response to changes to the wider policy framework.**

456. The Administration accepted the recommendation.

(ii) Opportunities for further improvement in the existing key performance indicators for delegation of authority

457. The Board reviewed the existing 16 key performance indicators and noted the following:

(a) Some of the indicators were not sufficiently relevant to delegation of authority. The Board noted that some key performance indicators were not sufficiently relevant to delegation of authority, including the 120-day recruitment target, mandatory learning for all, timely payments to service providers and the advance travel purchase policy. The Administration explained that some key performance indicators were important to monitor as they covered areas that were emphasized by the governing bodies, and therefore were included in the set of indicators. Meanwhile, key performance indicators were not solely determined by the Business Transformation and Accountability Division but also took into account policy, processes and the suggestions of business owners. The Administration would analyse and implement changes to the monitoring framework as part of the shift in the software platform to the SAP Analytics Cloud in Umoja (Umoja Analytics). The Administration also indicated that some of the indicators measured decisions, and were relevant to delegation of authority key performance indicators;

(b) Target monitoring needed to be intensified to identify opportunities to improve overall performance. Current monitoring and analysis methods were largely focused on results at the global level, which did not systematically facilitate a more granular and targeted analysis to identify underperforming entities that had a bigger influence on overall performance with regard to key performance indicators. In this regard, target monitoring and analysis of an individual entity’s performance as it related to specific key performance indicators would facilitate follow-up, and remedial actions taken in a timely manner would facilitate better understanding of bottlenecks, root causes of underperformance, improved decision-making, more targeted resolutions, accountability and enhancement of performance.

458. **The Board recommends that the Administration conduct a review of the existing key performance indicators to ensure that only those key performance indicators measuring the impact of decisions are used for monitoring delegation of authority before the shift to Umoja Analytics, and conduct more granular and targeted analysis on the priority results of delegation of authority monitoring.**

459. The Administration accepted the recommendation.

(iii) Remedial action needed to improve performance with regard to certain key performance indicators

460. In its previous report (A/77/5 (Vol. I), chap. II, para. 381), the Board noted that the performance of relevant entities against eight key performance indicators did not meet the expected targets, and that individual entities received unsatisfactory results in relation to three indicators in 2021, and stressed that the Administration needed to make further efforts to strengthen the accountability framework for delegation of authority by making concrete recommendations to the relevant entities on ways to improve the Secretariat's performance against the key performance indicators.

461. The Board continued to review the performance against the existing 16 key performance indicators and noted that performance relating to 9 indicators had not reached their targets at the end of 2022; that for 2 indicators, on the timely reporting of human resources exceptions and on timely payments for goods and services, performance did not improve compared with 2021; and that the results of some individual entities were far below the target, which had a negative impact on global results.

462. The Board further noted that no sufficient remedial action had been taken in this regard to address the shortfalls, although the same deficiencies had been identified in its previous audit.

463. **The Board recommends that the Administration enhance the first line of monitoring by making more frequent use of accountability indicator monitoring and measure progress in the next cycle of the statement of internal control.**

464. The Administration accepted the recommendation.

(b) Strategic planning, budgeting and performance management solution is not functioning as intended

465. The strategic planning, budgeting and performance management solution supports the Secretary-General's management reform and is intended to serve as the system of record for all approved programme plans and results-based budgets and to provide a framework for continuous monitoring to ensure effective programme delivery. It includes three parts: the strategic management application module; the integrated planning, monitoring and reporting solution; and the Business Planning and Consolidation module. The Board reviewed the functioning of the strategic planning, budgeting and performance management solution and noted the following:

(a) There was insufficient use of the integrated planning, monitoring and reporting solution to monitor projects funded from extrabudgetary resources. The Board was informed that the solution was used to monitor projects funded by voluntary contributions while the strategic management application module monitors programmes funded by the regular budget and assessed contributions of peacekeeping missions. By April 2023, of the 121 entities using the strategic planning, budgeting and performance management solution, only 64 used the integrated planning, monitoring and reporting solution, and the monitoring function of that solution had not yet been fully enabled for other funding sources. The Board is of the view that the use of the integrated planning, monitoring and reporting solution could be leveraged for projects financed by all funding sources, given its flexibility and numerous functionalities. The coverage and monitoring need to be greatly enhanced in order to provide closer monitoring on projects at each entity to better show the progress towards mandate delivery;

(b) The strategic management application module was only being used as a programme reporting tool, not as a programme planning and budgeting tool, as intended.

466. **The Board recommends that the Administration encourage expanding the coverage of the planning and monitoring function of the integrated planning, monitoring and reporting solution to other funding sources besides extrabudgetary sources.**

467. **The Board also recommends that the Administration make progress towards using the strategic management application module for programme planning purposes besides monitoring.**

468. The Administration accepted the recommendations.

(c) Deficiencies in the current evaluation policy framework

469. 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) define evaluation as "a process that seeks to determine as systematically and objectively as possible the relevance, effectiveness and impact of an activity in the light of its goals, objectives and accomplishments".

470. The Secretary-General's vision to strengthen the evaluation capacity of the Secretariat (see A/72/492) led to the administrative instruction on evaluation in the United Nations Secretariat (ST/AI/2021/3) issued in August 2021. The administrative instruction lays out the requirements for the Secretariat with regard to evaluation, including the establishment of the Evaluation Management Committee as a subcommittee of the Management Committee, which was accomplished in 2022. The Board was informed that OIOS and the Department of Management Strategy, Policy and Compliance provide joint support to Secretariat entities with regard to implementing the administrative instruction.

471. The Board reviewed the policy framework for evaluation and its implementation at the Secretariat and noted the following:

(a) More clarity and guidance were needed in relation to, inter alia, the definition of internal evaluation, its coverage and frequency, the resources available, methodology (i.e. a one-size-fits-all or a more tailored approach based on the characteristics of the entity) and the utilization of the results;

(b) There was a lack of clear definition regarding the roles and responsibilities of the Department of Management Strategy, Policy and Compliance and OIOS in performing this function.

472. The Board is concerned that the policy framework for evaluation needs to be reviewed and updated where necessary to better guide the implementation of evaluations.

473. **The Board recommends that the Administration undertake the planned review of ST/AI/2021/3 to enhance the clarity of the definitions of the scope, resources and evaluators and the use of evaluation results.**

474. The Administration accepted the recommendation.

(d) Senior managers' compacts in need of further enhancement

475. In its previous report (A/77/5 (Vol. I), chap. II, para. 409), the Board raised concerns that material and recurring compliance issues needed to be considered in order to assess senior managers' performance. The Board continued its review in this regard, noting that a total of 76 senior managers' compacts for 2022 had been signed, and also noted the following:

(a) The Assistant Secretary-General compact module was not rolled out in Inspira in a timely manner as originally planned. The Board noted that the Assistant Secretary-General compact signed with the Under-Secretary-General had not yet been embedded into the Inspira system as planned in 2022, but had been delayed to the second quarter of 2023;

(b) The Board reviewed the latest template for the compact and is of the view that revision needs to be made to some key performance indicators. For instance, the indicator relating to equitable geographical distribution could be revised to focus on the overall progress of an entity towards achieving that purpose, rather than focusing on newly appointed posts. With regard to the indicator relating to financial resources, it could focus on the proper use, custodianship and stewardship of the financial resources entrusted to the head of entity, rather than on the timely submission of documents. In addition, for indicators applicable to field missions, the Board is of the view that for those indicators relating to organizational resilience, coherence in United Nations leadership and human rights, the current compact does not specify clearly the baseline and targets of those indicators, as well as the way they are measured and how the data should be collected.

476. **The Board recommends that the Administration ensure indicators in the senior managers' compact are reviewed during the meeting of the Management Performance Board at the end of 2023, taking into consideration the findings mentioned above.**

477. The Administration accepted the recommendation, while noting that the compact was used by the Secretary-General as a performance management tool for his senior managers and that other mechanisms existed to measure entity performance. The Administration further noted that while the compact template was reviewed annually by the Management Performance Board, the final decision on any changes or additions rested with the Secretary-General.

13. Development reform

478. 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. 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 initiatives were put forward, with a total expected savings of $310 million. The Board has been following up on the implementation of the reform initiatives and has 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, overreliance on resident coordinators ad interim and backlogs in the implementation of key efficiency initiatives, including

United Nations Sustainable Development Cooperation Frameworks, common back offices and common premises.

479. The Advisory Committee on Administrative and Budgetary Questions emphasized the need for continuous and intensified efforts to achieve equitable geographical representation, with a special focus on unrepresented or underrepresented Member States among the staff, and stressed the importance of full, transparent and accurate reporting of the impact of the efficiency agenda for the United Nations development system, including cost savings (A/77/574, paras. 58 and 73).

480. The Board followed up on those concerns and noted the efforts made, including measures taken to fill resident coordinator positions and the implementation of the United Nations Sustainable Development Cooperation Frameworks. Notwithstanding those efforts and the progress made, the Board also identified areas for further improvement, set out below.

(a) Adverse impacts resulted from liquidity challenges relating to the special purpose trust fund

481. On 11 July 2018, the Secretary-General established the special purpose trust fund, in line with General Assembly resolution 72/279, to receive, consolidate, manage and account for contributions and financial transactions of the resident coordinator system.

482. The Board noted that the recognized revenue intended for 2022 was $189.12 million and the cash collected during the year was $169.68 million, which were, respectively, $92.71 million and $112.15 million less than the approved budget of $281.83 million. The shortfall of cash collection in 2022 was due mainly to a reduction in collection of voluntary contributions, which was $88.71 million less than the budgeted amount. In addition, of the $42.67 million in revenue recognized for the 1 per cent coordination levy in 2022, $29.31 million was collected in cash by year-end. Meanwhile, expenditures increased by $18.96 million to $225.63 million in 2022 as a result of increases in post and other staff costs as well as in travelling expenses. As a result, the special purpose trust fund had a deficit of $36.51 million in 2022.

483. The Board also noted that the deficit in 2022 depleted the special purpose trust fund's cumulative cash balance to $40.86 million, $1.14 million below the $42.00 million cash reserve required for operations, which was set at approximately 15 per cent of the annual budget of $281.83 million for the Development Coordination Office. This depletion in cash balance poses a significant threat to the liquidity of the special purpose trust fund in terms of supporting the sustainable operation and development of the resident coordinator system.

484. The Board was informed that the Administration had adopted several measures to control expenses, which included:

(a) Reducing the country-level coordination funding, which drastically diminished the opportunities for resident coordinators to bring together United Nations country teams on common initiatives and priorities ($22.23 million and $11.95 million were allocated to the coordination fund (under the special purpose trust fund) for 2022 and 2023, respectively, out of a $35.00 million budget envelope);

(b) Slowing the implementation of various initiatives under efficiency reform, such as the business operations strategy, and the establishment of common back offices and common premises;

(c) Pausing hiring for 45 vacancies in 2023, which would undermine the total human resources personnel needed to meet the increasing demands from stakeholders;

(d) Reducing the Development Coordination Office's engagement in supporting regional coordination and cross-border integrated analyses and joint programming;

(e) Scaling down support at the country level, such as assistance with common country analyses and the development of United Nations Sustainable Development Cooperation Frameworks, and engagement with international financial institutions towards financing countries' development initiatives;

(f) Delaying or suspending some of the planned improvements to the UN-Info data platform.

485. The Board is concerned that if the liquidity challenge remains unaddressed, this situation could lead to unmet expectations of Member States, diminish the relevance of the United Nations development system and hamper the ability of the resident coordinator system to implement its mandate and meet the growing calls by stakeholders for increased coordination efforts.

486. **The Board recommends that the Administration take measures to ensure adequate liquidity to finance operational requirements in the short-term, including ensuring measures for the timely recovery of outstanding receivables, and formulate a comprehensive scenario analysis which covers short-, medium- and long-term plans to address the potential liquidity challenge.**

487. The Administration accepted the recommendation.

(b) Deficiencies in management of resident coordinator positions

488. In its previous audit, the Board noted deficiencies in appointing non-temporary resident coordinators to fill positions. The Board continued its review in this regard in 2022 and noted that 17 of 130 resident coordinator positions (13 per cent) were vacant as at 31 December 2022. Sixteen of the vacant positions had been temporarily filled by a resident coordinator ad interim, while the remaining position remained unfilled. The Board further reviewed the status of resident coordinator positions from 2019 to 2022 and noted that there were gaps in reaching full strength for four consecutive years. In addition, among the 17 vacant resident coordinator positions, 7 positions had been vacant for more than one year, and 3 of those 7 positions remained vacant owing to the lack of suitable candidates even though the positions had been advertised several times.

489. The Board noted that there were 83 appointments of resident coordinators ad interim during the period from 2019 to 2022 (1 appointment in 2019, 3 in 2020, 14 in 2021 and 65 in 2022) and that some personnel had been appointed more than once after their initial appointments ended. In addition, there were seven resident coordinators ad interim (6 per cent) who had been in the position for more than one year, and the longest tenure of a resident coordinator ad interim was close to four years. Furthermore, with regard to 12 resident coordinator positions, there had been frequent changes in personnel serving as resident coordinators ad interim, each of whom served for fewer than 90 days. Two of the positions that had been filled by resident coordinators ad interim had been changed seven times, and the shortest resident coordinator ad interim tenure lasted only three days.

490. The Board is concerned that long-term vacancies of resident coordinator positions in specific countries will lead to backlogs in delivering mandates at the country level. The use of resident coordinators ad interim to fill resident coordinator vacancies over a long period is not beneficial to position management, given that the appointment of resident coordinators ad interim should be for temporary assignments. Furthermore, the frequent change of resident coordinators ad interim will have an

adverse impact on business continuity and hence the operation of the resident coordinator system and the implementation of United Nations development reform.

491. **The Board recommends that the Administration minimize vacancies and ensure business continuity by finalizing the guidance note on resident coordinators ad interim, which includes an expectation that resident coordinators ad interim serve for the entire tenure of the expected vacancy and the diversification of profiles of resident coordinator pool members.**

492. The Administration accepted the recommendation.

(c) Concentrated geographical representation of resident coordinators and resident coordinator pool members

493. The Board reviewed the geographical representation of the 113 resident coordinators in position as at 31 December 2022 and noted that the geographical representation of resident coordinators was concentrated within 13 countries, with 42 resident coordinators (37 per cent) from 8 countries in the Group of Western European and Other States.

494. The Board also noted an imbalance in the geographical representation of resident coordinator pool members. As at 31 December 2022, there were 189 resident coordinator pool members from 69 countries, which represented only 36 per cent of the total 193 Member States, and 92 of the members (49 per cent) were from the Group of Western European and Other States. The Board further reviewed the nationality distribution of the 189 resident coordinator pool members as at 31 December 2022 and noted that 13 countries accounted for 97 resident coordinator pool members (51 per cent), which was more than half of the total number of members.

495. The Board is concerned that the concentrated geographical representation of resident coordinators and resident coordinator pool members may weaken the resident coordinator system's ability to become more inclusive and adaptive to local circumstances and to reflect diversity in implementing mandates and achieving the goals of the development affairs pillar in order to prepare for a decade of action and delivery for sustainable development by 2030.

496. **The Board recommends that the Administration ensure recruitment on as wide a geographical basis as possible of resident coordinators and resident coordinator pool members.**

497. The Administration accepted the recommendation.

(d) Improvements needed in resident coordinator recruitment

498. The Board reviewed the recruitment process of resident coordinator recruitment and noted that an applicant for a resident coordinator position must be a member of the resident coordinator pool. To be a resident coordinator pool member, an applicant needs to apply through the designated platform. After the candidates for the resident coordinator pool submit their application for membership, the Administration uses the Resident Coordinator Assessment Centre, a process coordinated by an external service provider, to assess the candidates. During this assessment process, a list of confirmed candidates is provided to the external service provider. The Administration reviews the assessment results from the external assessor and selects members for the resident coordinator pool. The Board noted that during the Resident Coordinator Assessment Centre assessment process, profiles of the candidates, which included biographical information on the candidates, were shared with the external service provider.

499. The Board is of the view that as all resident coordinator positions are at the D-1 level or above, personal information relating to resident coordinator pool candidates should have been kept confidential.

500. **The Board recommends that the Administration ensure that information on resident coordinator pool candidates is dealt with in a confidential manner.**

501. The Administration accepted the recommendation.

(e) Deficiencies in resident coordinator performance appraisal and accountability

502. The Secretary-General, in his report entitled "Review of the functioning of the resident coordinator system: rising to the challenge and keeping the promise of the 2030 Agenda for Sustainable Development" (A/75/905), stated that "strengthened oversight and accountability of results and compliance with General Assembly resolution 72/279 and the quadrennial comprehensive policy review is another important driver of change and is key to ensuring the proper functioning of the resident coordinator system" and that "there remain several areas where further change is urgently needed, particularly as they relate to the dual accountability function".

503. The Board noted that 65 of the 83 appointments of resident coordinators ad interim in 2022 (78 per cent) resulted in the resident coordinator ad interim holding that position for less than six months. Since the resident coordinator performance management system is only applicable to those who have served as resident coordinator or resident coordinator ad interim for at least six months, according to the management and accountability framework, there were no performance appraisals or accountability assessments for the resident coordinators ad interim who held those 65 appointments.

504. The Board is concerned that, because the resident coordinator ad interim is an important role, and has delegated authority to lead the resident coordinator office and the United Nations country team with regard to the implementation of development reform activities, the lack of appropriate performance appraisals and accountability assessments of resident coordinators ad interim who are in office for less than six months may affect the effectiveness of their performance.

505. **The Board recommends that the Administration develop detailed guidelines to outline the steps of the performance management process to ensure accountability, including for resident coordinators ad interim, regardless of the tenure of their appointment.**

506. The Administration accepted the recommendation.

(f) Deficiencies in the accountability structure and coordination mechanism for the implementation of development reform initiatives

507. The United Nations Sustainable Development Group oversees system-wide contributions to the implementation of the 2030 Agenda. This mechanism should function effectively in leveraging concerted efforts and enforce a strengthened accountability framework to ensure every member is fully and duly committed to delivering what has been agreed and signed for. The Board reviewed the functioning of the current accountability framework and coordination mechanism and noted the following issues, set out below.

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

508. 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. The Board examined the status of Cooperation Framework implementation as at 31 December 2022 and noted backlogs at various stages. The backlogs included the absence of an annual performance review for 46 per cent of United Nations country teams (61 of 132); the lack of a funding framework for the Cooperation Framework in 32 per cent of the countries (22 of 69) that reported that they had implemented the Cooperation Framework by the year ended 2022; a significant delay (greater than nine months) in the completion of 27 per cent of Cooperation Framework evaluations (15 of 56) conducted in either 2021 or 2022 when compared with the expected time frame according to the Cooperation Framework evaluation guidance; incomplete common country analyses updates for 54 per cent of the countries (15 of 28) that began implementing the Cooperation Framework in 2022; and the lack of an assessment metric with regard to the United Nations country team configuration evaluation exercise.

(ii) Insufficient progress in the implementation of efficiency efforts over the years

509. The report of the Secretary-General entitled "Repositioning the United Nations development system to deliver on the 2030 Agenda: our promise for dignity, prosperity and peace on a healthy planet" (A/72/684-E/2018/7) cited a wide range of business operation initiatives to generate efficiencies to be redeployed as part of programmes to better support the 2030 Agenda. These core initiatives are supported by three enabling principles, including costing and pricing, client satisfaction and mutual recognition.

510. The Board noted that as at 31 December 2022, 26 per cent of the United Nations Sustainable Development Group entities (9 of 35) had not yet signed both the client satisfaction and the costing and pricing principles. Although the efficiency road map had been revised in 2022 to include a target of 10 common back offices in high-volume locations to be approved or under implementation in 2022, no common back office projects had been completed in 2022 and the establishment of common back offices was still behind schedule.

(iii) Insufficient sharing of information between United Nations country teams and resident coordinators

511. The Board also noted the insufficient sharing of information between United Nations country teams and resident coordinators. In countries where a United Nations Sustainable Development Cooperation Framework had been developed between 2019 and 2022, only 20 per cent of United Nations country team member entities had shared their country programmes with resident coordinators for the coordinator's review and confirmation by letter.

512. The Board is concerned that the backlogs in Cooperation Framework implementation, the slow progress in establishing common back offices and the insufficient sharing of information among resident coordinators and United Nations country teams will hinder the alignment of the development system's functions and capacities with the 2030 Agenda.

513. The Board is also of the view that the repositioning of the United Nations development system is a shared responsibility and that a more robust accountability structure and coordination mechanism is necessary to achieve the envisaged benefits and reform targets.

514. **The Board recommends that the Administration ensure that the accountability structure and coordination mechanism under the United Nations Sustainable Development Group is fully functional with regard to the implementation of the development reform initiatives.**

515. **The Board also recommends that the Administration assist in refining the documentation of the entire United Nations Sustainable Development Group to clearly define the responsible entities for key initiatives of the workplan by clearly identifying the main entities responsible for supporting, or monitoring and evaluating, each key initiative.**

516. The Administration accepted the recommendations.

14. Operations related to peace and security affairs

517. 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.

518. In its reports (A/75/596, A/77/7 and A/77/574), the Advisory Committee on Administrative and Budgetary Questions raised concerns about the reform of the peace and security pillar in relation to benefits management, regional effectiveness and coherence, alignment with the development pillar and the continuous improvement mechanism, and the services provided by UNOPS, among others. The Board followed up on those concerns and noted efforts made by the Administration to develop a mechanism for continuous improvement, to improve reform-related change management and to enhance performance management. The Board, however, identified the deficiencies in need of improvement, set out below.

(a) Progress in peace and security reform

Weaknesses in implementation of the initiatives of peace and security reform relating to shared structure

519. The General Assembly, in its resolution 76/245, requested the Secretary-General to continue his efforts to produce more realistic budget assumptions and accurate resource estimates that adapt faster to changes in mandates and actual programme performance, with a view to ensuring a greater focus on results and mandate delivery. In the Secretary-General's bulletin entitled "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 the subprogramme structure will, to the extent possible, correspond to an organizational unit normally at the divisional level.

520. The Board, however, noted that the shared structure, as one of the key initiatives for peace and security reform, was not duly reflected in the proposed budget documents and that there was no clear reference to a shared structure or to the resources needed for the successful delivery of its mandates, while the posts in the shared structure were still under the original pre-reform subprogrammes. In addition, the offices in the shared structure did not have an integrated workplan, which should have been integrated into the workplan of the Department of Political and Peacebuilding Affairs/Department of Peace Operations, nor was there a results

framework to ensure that mandates of both departments were duly integrated into such a workplan.

521. In response, the Administration noted that there were limits to its capacity to enact certain changes as, based on the approval of the General Assembly, the funding streams and mandates of the peace and security pillar remained unchanged following the reform.

522. **The Board recommends that the Administration reference the shared structure under the relevant subprogramme to better reflect the reform structures, and also reflect the shared structures and their mandates in relevant workplans and associated performance reporting.**

523. The Administration accepted the recommendation.

(b) Mandate implementation

(i) Ensure transparency and report on activities of this nature to relevant governing bodies

524. The Board noted that upon the request of the Government of Member State "I", the United Nations Assistance Mission for Iraq (UNAMI) signed a memorandum of understanding in 2011 with Member State I to relocate the members of organization "M" in 2011 when organization M was listed as a foreign terrorist organization by many Member States.

525. In 2016, the Department of Political Affairs (now the Department of Political and Peacebuilding Affairs) received a voluntary contribution of $18 million from Member State "A" to support the relocation of the members of organization M to Member State "B". The project was implemented by UNHCR in 2016 and 2017, and the total expenditure was $15.61 million. In addition, UNHCR advocated with the Government of Member State B to amend its existing legislative framework in order to widen integration prospects for organization M members and advocated for the issuance of identification documents for them.

526. In 2021, the Department of Political and Peacebuilding Affairs received another $341,000 from Member State A to support the Government of Member State B in providing permanent resident identification to the members of organization M, and UNHCR was again selected to implement the project. The total expenditure of the grant was $340,000 and a total of 2,447 biometric identification cards for members of organization M were produced and delivered as of the end of 2022.

527. The Administration explained that owing to the political dimension, the then Department of Political Affairs worked closely with UNAMI and UNHCR to support the political negotiations with regard to the movement of organization M members to a new location, and thereafter to third countries. Funds were channelled through a trust fund managed by the Department of Political Affairs to support the costs related to the relocation process. All movement and relocation activities were implemented by UNHCR in line with its mandate. Considering the complicated political environment as well as the emergency humanitarian aid needed to facilitate the relocation of organization M members, the Department of Political Affairs had provided the necessary assistance to facilitate the relocation. In addition, the then Special Representative of the Secretary-General and Head of UNAMI briefed the Security Council on relevant developments and it was the Administration's view that the involvement of the Department of Political Affairs was in line with its mandate and its relevant compliance standards, notably, screening against the United Nations Security Council Consolidated List, which comprises individuals and entities subject to measures imposed by the Security Council.

528. Notwithstanding the explanation by the Administration, the Board would like to indicate that organization M was still listed as a terrorist organization by many Member States, including Member State A, when UNAMI signed the memorandum of understanding with Member State I in 2011. The Board was also informed that organization M had been reported as having received training from and providing intelligence to Member State A. Considering the sensitivity of these cases, the Board is of the view that formal reporting needs to be made to relevant governing bodies to ensure transparency.

529. **The Board recommends that the Administration ensure transparency and reporting on activities of this nature to relevant governing bodies.**

530. The Administration accepted the recommendation.

(ii) Deficiencies in the selection and management of mediation experts

531. The Department of Political and Peacebuilding Affairs is the system-wide service provider for dialogue and mediation assistance, and it requested UNOPS to establish a mechanism that would provide mediation expertise on short notice to senior mediators and envoys in support of peace processes. The Department maintains the Standby Team of Senior Mediation Advisers in accordance with the financial agreements signed regarding the provisions of the umbrella memorandum of understanding between the Secretariat and UNOPS, which administratively maintains and operationally supports a roster of eight full-time and several part-time senior mediation advisers, who are employed on UNOPS international individual contractor agreements.

532. In 2022, 8 individuals were selected from the roster to serve full-time on the Standby Team of Senior Mediation Advisers and 10 individuals were deployed when expertise could not be mobilized through the full-time team. These 18 experts were engaged in approximately 132 mediation support assignments; 78 per cent of these assignments were assigned to full-time members of the Standby Team. The Board then reviewed the management of the mediation experts and noted that the Department of Political and Peacebuilding Affairs could be more actively involved in the selection and evaluation of the mediation experts.

533. The Board was informed that the Department of Political and Peacebuilding Affairs follows Secretariat policy and guidance on the permitted uses of UNOPS as an implementing partner for projects, which places limits on the Department’s role in the selection and evaluation of mediation experts. Within the bounds of applicable rules, the Department provides substantive guidance to UNOPS in designing questions for examinations and interviews and in selecting interview panels, while UNOPS is responsible for selecting interview panel members, assessments and decisions regarding the selection of candidates. The performance of full-time Standby Team experts is formally evaluated by UNOPS while the Department of Political and Peacebuilding Affairs provides qualitative feedback to UNOPS by sharing verbal feedback. As for performance feedback for part-time experts, the Department of Political and Peacebuilding Affairs issues a statement of “no objection” to confirm to UNOPS that the expert has delivered all requested support, at the desired quality, for a particular assignment so UNOPS can begin the payment process.

534. Considering the importance and confidentiality of prevention and mediation programmes, as well as the key roles and responsibilities the experts play in mediation activities, the Board is of the view that the Department of Political and Peacebuilding Affairs should explore options for a more active way to participate in the selection and management of mediation experts within the bounds of the applicable regulatory framework with UNOPS by providing logistic support and backstopping functions to ensure qualified candidates are duly selected and evaluated.

535. **The Board recommends that the Administration explore a more active way to participate in the selection and evaluation of experts of the Standby Team of Senior Mediation Advisers based on the current regulatory framework.**

536. The Administration accepted the recommendation.

(iii) Various rosters need enhancements regarding geographical representation and gender balance

537. The Department of Political and Peacebuilding Affairs is the leading entity of the United Nations with regard to good offices, political analysis, mediation, electoral assistance, peacebuilding support and political guidance. To achieve this, the Department maintains various rosters of experts for Security Council subsidiary bodies, international electoral experts and mediation experts.

538. In a previous audit (A/76/5 (Vol. I)), the Board had identified the deficiencies in geographical representation and gender balance of members on those three rosters. The Board continued its review and noted that more proactive measures were needed. For instance, as of the end of December 2022, of 1,375 experts (from 122 countries) on the roster of international electoral experts, 613 (44.6 per cent) came from the 10 most-represented countries. Of the 53 experts on the mediation roster, 22 (41.5 per cent) came from the Americas and 15 (28.3 per cent) were from Europe. The Board was informed that the majority of mediation support assignments are conducted by a team of full-time experts, drawn each year from the roster, with a focus on achieving gender parity and geographic balance within this full-time team. Of a total of 466 members on the roster of experts for Security Council subsidiary bodies, 28 per cent were women. Wider geographical and gender representation are expected to enhance diversity, local knowledge, trust-building and gender equality, contributing to more effective and inclusive decision-making and enhancing the overall impact of the efforts of the United Nation in political and peacebuilding activities.

539. **The Board reiterates its previous recommendation that the Administration take more proactive measures to strengthen the geographical representation and gender balance of the rosters of experts for Security Council subsidiary bodies, international electoral experts and mediation experts.**

540. The Administration accepted the recommendation.

(c) Peacebuilding Fund

(i) Insufficient funding may lead to liquidity risks in the Peacebuilding Fund

541. The Peacebuilding Fund has proven to be an important tool, providing for a flexible, responsive and focused resource at the disposal of the United Nations system. However, a significant gap remains between the level of funding available and the level of funding required to meet peacebuilding requirements. The Board continued to note the funding shortfalls in 2022.

542. The revenue of the Peacebuilding Fund has declined significantly over the past three years, from $234.53 million in 2020 to $173.24 million in 2022. It has raised only $623.26 million in three years, which is 41.6 per cent of its five-year fundraising target of $1.50 billion. In addition, the total of Peacebuilding Fund contributions and interest in 2022 amounted to $171.8 million, which failed to meet the target of $275.0 million, but the approved budget for the Peacebuilding Support Office for projects funded by the Peacebuilding Fund was $231.0 million, resulting in a shortfall of $59 million, leaving the cash balance of the Fund at around $56 million. The Peacebuilding Support Office estimated that the cash balance will be insufficient to meet its funding targets and risks a decline in programmatic support in 2023 and beyond.

543. The Board is of the view that the shortfalls in Peacebuilding Fund contributions may lead to liquidity risks and reduce funding predictability, resulting in negative impacts on the delivery of mandates in relation to conflict prevention, electoral support and mediation, among other things.

544. **The Board recommends that the Administration develop a multi-year resource mobilization plan which takes into account emerging donors to raise funds and prevent a liquidity crisis in the Peacebuilding Fund.**

545. The Administration accepted the recommendation.

(ii) Deficiencies in Peacebuilding Fund project management

546. The Board continued to note the following deficiencies in relation to the funding allocation and project management of Peacebuilding Fund projects:

(a) The percentage of annual Peacebuilding Fund approvals does not meet the targets for two priority windows. In 2022, the allocation of funds to two priority windows ("Cross-border and Regional Approaches" and "Facilitating Transitions") was insufficient, and the actual results did not meet the predetermined target. With regard to those priority windows, the target has not been achieved for more than two years, which may have a negative impact on the achievement of their objectives;

(b) There is a need for sustained efforts to address project delays. By the end of November 2022, of a total of 337 ongoing projects, 107 projects with a start date before 2020 (including 2020) were "off-track" or had no information on project status, accounting for 31.75 per cent of the total. The Administration explained that the Peacebuilding Fund's design, monitoring and evaluation team continued to monitor the situation and there was evidence that previously off-track projects had been coming back on track during 2022. The Board is of the view that the high percentage of off-track projects, as well as insufficient remedial actions to bring the project back on track in a timely manner, may lead to the planned results of the project not being achieved in a full and timely manner;

(c) There is a lack of a standardized framework to report catalytic efforts. By the end of 2022, there were 337 ongoing projects; however, 61.49 per cent of the 174 projects sampled had no financial or non-financial catalytic effect. The Board is of the view that the lack of clear definitions or measures to assess the catalytic effects of Peacebuilding Fund projects may lead to the results not being properly measured and reported.

547. **The Board recommends that the Administration allocate sufficient funding to the priority windows of "Cross-border and Regional Approaches" and "Facilitating Transitions" by adjusting procedures and, in addition, revise performance targets based on the results of the initial three years of the Peacebuilding Fund's strategy.**

548. **The Board also recommends that the Administration enhance the system to regularly bring off-track projects in any given year back on track in the following year; and clearly define and duly report the catalytic effects of the projects.**

549. The Administration accepted the recommendations.

15. Humanitarian affairs

550. 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 managing country-based pooled funds and the Central Emergency Response Fund. The Office for the Coordination of Humanitarian Affairs carries out

its functions at Headquarters in New York and Geneva, in five regional offices and 29 country offices, and through 21 humanitarian advisory teams.

551. In response to the concerns of the Advisory Committee on Administrative and Budgetary Questions, the Board continued the review of the allocation of both the country-based pooled funds and the Central Emergency Response Fund, and the monitoring over implementing partners, and noted the issues presented below.

(a) Lack of transparency in allocation of the country-based pooled funds and the Central Emergency Response Fund

(i) Insufficient documentation on country selection for anticipatory action pilots

552. In its resolution 69/243, the General Assembly urged Member States, the United Nations and humanitarian organizations to shift towards an anticipatory approach to prevent and reduce human suffering. In 2021, the Assembly, in its resolution 76/124, again encouraged the exploration and development of innovative and anticipatory mechanisms and approaches.

553. Since 2019, as requested by the General Assembly, the Central Emergency Response Fund has taken an important role in supporting the set-up and financing of several anticipatory action pilots. The actions were taken under a rapid-response window in response to a trigger but ahead of predicted hazards, and were intended to prevent or reduce acute humanitarian impacts before they fully unfolded. As at 31 December 2022, 13 countries and one thematic area (cholera) had been selected as pilot countries or areas for anticipatory actions.

554. The Board reviewed the selection process for the 13 countries and one thematic area and noted that information supporting the Emergency Relief Coordinator's selections of countries for anticipatory action pilots was not comprehensively recorded, especially the consultation process relating to the Emergency Relief Coordinator's final decision. In addition, the information, including on consultations with external humanitarian agencies and key donors, for the selection of an initial 43 countries was not documented, and a specific detailed rationale for the narrowing down of the initial 43 "scale-ready" countries to the longlist of 15 possible candidates was not recorded. Furthermore, no supporting documents or written records were provided on the in-house consultation process that resulted in a proposed portfolio of 13 countries and one thematic area for the Emergency Relief Coordinator's final decision.

555. As a main tool for anticipatory mechanisms, anticipatory action contributes to providing timely assistance to vulnerable people and mitigating the impact of crises. The Board is of the view that it is of vital importance to select the countries that are most in need of assistance, and whose hazards are most predictable, in the most transparent way, so that anticipatory action plays a core role. Therefore, the country selection process needs to be comprehensively recorded and documented to ensure transparency.

556. **The Board recommends that the Administration keep the rationale for the Emergency Relief Coordinator's final decision on the selection of countries for anticipatory action well documented.**

557. The Administration accepted the recommendation.

(ii) Limited disclosure of implementing partners' preselection criteria under country-based pooled funds allocations

558. According to the policy instructions for country-based pooled funds, operation of the funds in a transparent and accountable manner is important and should be assured.

559. The Board reviewed the allocations for two country-based pooled funds in 2022 and noted that amounts totalling $186 million were granted to 121 preselected partners under the four reserve allocation strategies for the two funds, representing 95 per cent of the total amount granted to the four allocations. However, the specific and definite criteria for directly selecting these pre-identified and invited partners was not disclosed in the allocation strategies.

560. The Board also noted that the average project budget under the reserve allocations for one fund was nearly two times that of its standard allocation. Furthermore, a total amount of $51 million was granted to 35 partners exclusively through the less competitive reserve allocations under the two funds. Of the 35 partners, 1 was ineligible and 21 were high risk as of early April 2023. In addition, the approved budgets of three projects exceeded the limits of the approved amount, and 12 were found to have critical risks in their audit reports as at 31 December 2022.

561. The Administration explained that findings of critical risk in audit reports did not necessarily prevent a partner from receiving further funding unless a partner was rendered ineligible or suspended. And some of the same critical risk findings had been assessed as being at a medium or low risk level in subsequent audit reports.

562. The Board is concerned that insufficient disclosure of specific partner preselection criteria under the reserve allocation may have a negative impact on the funds' transparency and the stakeholders' confidence in the funds, and may increase financial and project implementation risks.

563. **The Board recommends that the Administration ensure that the global guidelines for country-based pooled funds provide guidance on requirements for the disclosure of the specific preselection criteria for partners invited to participate in the reserve allocations.**

564. The Administration accepted the recommendation.

(iii) Deficiencies in approving supplementary implementing partners under country-based pooled funds

565. In accordance with the reserve allocation workflow specified in the operational handbook for country-based pooled funds, the allocation strategy should be reviewed by the Humanitarian Coordinator and endorsed by the relevant Advisory Board.

566. On a sample basis, the Board reviewed allocation strategies for four rounds of reserve allocations under two country-based pooled funds and noted that all the initial 141 preselected partners listed in four allocation strategies were reviewed by the Humanitarian Coordinator and endorsed by the relevant Advisory Board, and were publicly available on the funds' website. However, 15 partners who were not initially invited but were allocated $8.63 million, representing 5 per cent of the four reserve allocations, did not go through the same approval process for the initial preselection, nor were their selections disclosed explicitly on the website. In addition, 1 of the 15 partners was approved only by the Head of the Humanitarian Financing Unit of the fund without any recommendation from the cluster coordinator.

567. The Administration explained that the operational handbook for country-based pooled funds in place at the time of the allocations did not specify the required approval and disclosure process for selecting supplementary partners, and the actual processes followed were not the same as those for the original preselection of partners.

568. The Board is of the view that the current reserve allocation process is a less competitive process compared with that of the standard allocation, and it is of vital importance to specify clear guidance on the approval process and disclosure

requirements for the selection of supplementary partners to ensure that they are best-placed to deliver prioritized humanitarian actions on the ground.

569. **The Board recommends that the Administration clarify the process of selecting supplementary partners outside the initial list of preselected partners for reserve allocations in relevant guidance, including but not limited to requirements to document the process, and duly disclose any changes to the initial list of preselected partners.**

570. The Administration accepted the recommendation.

(b) Oversight of implementing partners for country-based pooled funds

(i) Proportion of humanitarian pooled funds with assurance activities conducted by third parties

571. The Board reviewed assurance activities for funding allocated to implementing partners under country-based pooled funds, the Central Emergency Response Fund, other specially designated contributions and programme budget projects of the Office for the Coordination of Humanitarian Affairs, and noted that assurance activities were only conducted for country-based pooled funds and other specially designated contribution projects.

572. The Administration explained that the Central Emergency Response Fund projects were implemented and managed by United Nations agencies, which were responsible for conducting assurance activities in line with their own rules and regulations, while programme budget projects fell under the extensive purview of the Board and OIOS. The Administration also explained that it used an array of tools to conduct assurance activities when assessing the work of implementing partners of country-based pooled funds, including programmatic monitoring, financial spot-checking, programmatic and financial reporting (interim and final) and project auditing. The Board analysed two of these assurance activities – financial spot-checking and auditing – and noted that a lower percentage of these two assurance activities was conducted on funding allocated to implementing partners of country-based pooled funds in 2021 compared with other United Nations entities, as reflected in the Board's reports (see A/77/240). The Administration further explained that this was due to the nature of the two assurance activities considered and the timing of the project cycle. Typically, the majority of financial spot-checks and audits for funding allocated by country-based pooled funds in one year are conducted in the following years.

573. The Board further reviewed the assurance activities conducted as at 31 December 2022 for country-based pooled funds projects allocated in 2020, 2021 and 2022, and noted that the assurance expenditures sounded reasonable. However, the average percentage of assurance activities conducted by third parties for those three years was lower than the total average of 77 per cent observed by the Board for the year 2021, and ranged from 5 to 57 per cent.

574. The Administration explained that the low coverage of assurance activities conducted by third parties could be attributed to the greater number of assurance activities overall conducted on country-based pooled funds projects, as third parties conducted only audits.

(ii) Supplies procured and distributed by selected partners could not be verified

575. According to the operational handbook for country-based pooled funds, eligible costs must be identifiable in the accounting records and backed by original supporting evidence as incurred in accordance with the approved project proposal and period.

Eligible costs may include financial support to beneficiaries, including cash and voucher-based distribution.

576. On a sample basis, the Board reviewed 38 projects under three country-based pooled funds and noted the following discrepancies between procurement and distribution transactions:

(a) Discrepancies between the date of receipt and the distribution of goods were found. For project “A”, according to the distribution lists provided by the partner, medicines were distributed to 14,716 beneficiaries months before the aforesaid medicines had been procured by the partner. Similar cases were observed in project “B” regarding meal distribution. Of a total of 504 meals, 28 per cent of the fresh food procured for project B (valued at $25,070) was distributed to 2,415 beneficiaries months after the final receipt date, which means the food might be expired; otherwise, the truthfulness of this transaction could be called into question;

(b) A discrepancy was found regarding procurement and the actual supplies. For five sampled projects, there were discrepancies between the number of beneficiaries in the accounting records and their signatures/fingerprints in distribution lists, with a total variance of 2,913 beneficiaries in the amount of $49,622. In addition, distribution lists of medicines valued at $80,000 to beneficiaries from multiple areas provided by the partner were nearly identical; however, the numbers of beneficiaries in these areas were quite different, and ranged from 2,590 to 13,923. Furthermore, 26,116 signatures for cash distributions of $2.89 million were similar to each other and were unverifiable.

577. The Administration relayed partners’ explanations that the distributions before or after procurement were from their buffer stocks, but sufficient and appropriate evidence was not provided.

578. The Board was unable to verify the truthfulness of the aforesaid procurement and distribution transactions and is concerned that the project deliverables might be exposed to risk, which would affect the achievement of the project objectives.

579. **The Board recommends that the Administration highlight the potential discrepancies identified to the project auditors, conclude ongoing audit processes for the final verification of project deliverables and the determination of any ineligible expenditures and refunds, and follow up on compliance concerns in line with the established procedures.**

580. The Administration accepted the recommendation.

16. Information and communications technology

581. As part of the management reform, the Office of Information and Communications Technology plays a leading role in the strengthened governance of ICT operations across the Secretariat, and continues to support and facilitate the implementation of mandates by departments, offices and fields. Furthermore, the Office identifies frontier technologies to build innovative technology solutions and ensures information security in the face of complex cybersecurity challenges.

582. In his report entitled “Information and communications technology strategy” (A/77/489), the Secretary-General proposed a new ICT strategy for 2023–2028 to drive technology and data initiatives in the work of the United Nations. The strategic goals of the new ICT strategy are to serve the United Nations entities in their mandate delivery, enable digital transformation through innovation and partnership and safeguard and secure the Secretariat’s information assets.

583. In its recent reports (A/77/7/Add.22 and A/77/574), the Advisory Committee on Administrative and Budgetary Questions noted that challenges under the new ICT

strategy mainly include the need for strengthened ICT governance, growing cybersecurity threats and the use of personnel employed by third-party service providers, among others. In response to the above concerns, the Board focused on the review of the ICT functionality in the field of governance framework, cybersecurity, human resources and budget management, among others. The issues identified are discussed below.

(a) Shortcomings in the information and communication technology governance framework

584. The Board was informed that, for smoother implementation of the ICT strategy introduced by the Secretary-General in his report (A/77/489), the Office of Information and Communications Technology drafted an accountability framework stating the responsibilities of the Office and other United Nations entities in relation to ICT affairs, and classified the United Nations entities as ICT-certified and ICT-supported entities based on their ICT capacity to achieve a balance between operational freedom and central control. Moreover, the Office refined the roles and responsibilities of the decision-making bodies in the new governance framework. The Board reviewed the above framework and identified the deficiencies below that need further improvement.

(i) Lack of clarification about the balance between operational freedom and central control

585. The Board noted that there was no clearly defined guideline elaborating which ICT activities needed to be centrally controlled and which were to be delegated to the head of entity for operational freedom. In addition, there were no standards and assessments methods for classifying an entity as an ICT-certified entity, which has the ability to make decisions regarding ICT solutions.

586. The Board noted that the previous ICT strategy required the Office of Information and Communications Technology to oversee and monitor ICT investments, while the management reform sought to decentralize decision-making authority. This misalignment had partly resulted in ICT fragmentation in budget, cybersecurity, global assets management and sourcing.

587. The Board is concerned that the lack of a well-defined and widely accepted balance between operational freedom and central control would prevent entities from addressing complex challenges while leveraging the strengths of both centralized control and decentralized decision-making.

588. **The Board recommends that the Administration clarify the balance between the Office of Information and Communications Technology's central control and the entities' operational freedom in the procurement and management of ICT assets as part of the proposed information and communication technology accountability framework, and that the Office of Information and Communications Technology should also establish standards and assessment methods when designating entities as ICT certified.**

589. The Administration accepted the recommendation.

(ii) Lack of defined roles and duties of the Chief Information and Technology Officer

590. The Board continued to note that the roles and duties of the Assistant Secretary-General, Chief Information and Technology Officer had not been clearly defined in the proposed ICT governance framework even though it had been recommended in the previous audit report. The ICT strategy for 2023–2028 and the new ICT governance framework and accountability framework were still under consultation, which could be a good opportunity for the Administration to duly define the roles and duties of the Chief Information and Technology Officer with regard to ICT governance, strategic planning, the management of ICT infrastructure and cybersecurity, among others, ensuring the Chief Information and Technology Officer played an active role in managing the ICT budget, verifying compliance with the ICT governance and normative framework, optimizing efficiencies and avoiding duplication.

591. **The Board recommends that the Administration include a clear definition of the roles and duties of the Chief Information and Technology Officer in the ICT governance framework and accountability framework.**

592. The Administration accepted the recommendation.

(iii) Insufficient representation and performance of the information and communication technology governance bodies

593. The Board was informed that in the ICT governance framework, the key ICT governance bodies consisted of the ICT Steering Committee, the Project Review Committee and four ICT technical committees, including the Architecture Review Board, the ICT Policy Committee, the Information Security Board and the Technology Innovation Governance Committee.

594. The Board noted instances of insufficient and irrational representation of members in the four ICT technical committees, in the light of their terms of reference. For example, the ICT Policy Committee has a member from the Enterprise Programme Management Section of the Office of Information and Communications Technology, who is not required according to the terms of reference, and a representative from the Office of the Administration of Justice, which is not a substantive office that has a significant reliance on ICT. Such insufficient and irrational representation may lead to risks of lack of inclusiveness, inadequate understanding of user needs, limited stakeholder buy-in and ineffective decision-making.

595. The Board also noted the infrequent convening of the ICT Policy Committee, the Information Security Board and the Technology Innovation Governance Committee as required in the terms of reference, which might result in untimely decision-making, reduced coordination and communication, missed opportunities for improvement and a lack of accountability and oversight, among other things. In 2022, the ICT Policy Committee and the Technology Innovation Governance Committee were required to meet monthly, but these committees only held five meetings and one meeting, respectively, while the Information Security Board, which was required to meet quarterly, held only one meeting.

596. **The Board recommends that the Administration review the membership of the ICT governance bodies to ensure sufficient and appropriate representation in the committees and ensure that the ICT governance bodies meet at the required frequency, in accordance with their terms of reference.**

597. The Administration accepted the recommendation.

(b) Deficiencies in cybersecurity

598. In its resolution 69/262, the General Assembly underlined the importance of having strong and accountable management of information security. The Office of Information and Communications Technology made some efforts to enhance the management of information security by improving global visibility and oversight in 2022. At the same time, the Office implemented initiatives of the seven-point cybersecurity action plan and established proactive threat-hunting capabilities to reduce the occurrence of security incidents and minimize negative impacts. However, the Board noted the following deficiencies in cybersecurity, set out below.

(i) Insufficient visibility of cybersecurity at entities across the Secretariat

599. The full visibility of cybersecurity is crucial for a concerted effort towards protecting sensitive information, preserving organizational effectiveness, addressing cybersecurity challenges and exerting leadership and influence in the realm of cybersecurity. In this regard, the Board noted the following areas for improvement:

(a) There was insufficient visibility of the number of websites and applications. In 2022, 769 websites and 889 applications accomplished self-certification across the United Nations entities; however, the Office of Information and Communications Technology was unable to capture the total number of websites and applications due to some entities not completing the self-certification process;

(b) There was insufficient visibility regarding security assessments. The Board noted that the Office had not conducted sufficient and comprehensive security assessments across the United Nations entities. For example, the infrastructure and applications hosted by the entities themselves could not be assessed by the Office owing to the lack of required access. The Board also noted that seven United Nations entities had two or more security incidents in 2022 and that 294 vulnerabilities were found by the public across the United Nations accessible information systems, 61 of which were high-risk;

(c) There was insufficient visibility related to the implementation of disaster recovery plans. The Board noted that although the Office could follow the status of the disaster recovery plans of various entities based on the self-reporting mechanisms through Unite apps, it had limited authority to supervise entities in their performance of disaster recovery exercises annually, as required in its disaster recovery planning technical procedure.

600. The Board is concerned that insufficient visibility of overall cybersecurity across the Secretariat runs the risk of security challenges going undetected, not being duly addressed or sufficiently reported, and does not facilitate lessons learned.

601. **The Board recommends that the Administration define the specific areas of cybersecurity that need to be accountable to a central governance function, and encourage all entities to participate in global cybersecurity initiatives to increase visibility of and strengthen cybersecurity.**

602. The Administration accepted the recommendation.

(ii) Insufficient capacity in relation to cybersecurity management

603. Cybersecurity management capacity is important to protect data and assets, prevent cyberattacks, comply with regulations, ensure business continuity, protect stakeholders, maintain reputation and trust, manage risks proactively and support digital transformation. It is a strategic imperative in order for organizations to operate securely and thrive in an increasingly interconnected world that faces cyberthreats. In this regard, the Board noted the following deficiencies:

(a) The deployment of security tools was not accomplished. The Board reviewed the progress of the seven-point cybersecurity action plan in 2022 and noted that 18 of 35 entities across the Secretariat had not established network segmentation. In addition, 22 entities across the Secretariat still needed to deploy the threat-hunting solution, which is a project aimed at strengthening capabilities to proactively address threats;

(b) There is no comprehensive workforce plan for cybersecurity. The Office of Information and Communications Technology required 18 positions in the capital investment plan to reinforce the cybersecurity capacities across 10 locations of the Secretariat. However, the Office had no explanation of how the posts related to the detailed working objectives and how the posts would fill gaps in cybersecurity, as different locations may have different needs.

604. The Board also noted the following cybersecurity incidents that needed to be brought to the forefront:

(a) A distributed denial-of-service attack occurred against the homepage of the United Nations, which caused intermittent unavailability of the site in June 2022;

(b) The United Nations Organization Stabilization Mission in the Democratic Republic of the Congo was infected by malware six times through compromised assets during 2022;

(c) The global and long-term impacts of exposed accounts are a risk to security across the United Nations entities.

605. The Board is of the view that a clear and comprehensive plan for the deployment of security tools and software would allow the Organization to have a better understanding of the resources needed with respect to personnel, technology and services.

606. The Board is unsure whether the current cybersecurity capacity and strength are sufficient to protect the Organization from security incidents, given the growing scale and complexity of cyberattacks targeting the United Nations.

607. **The Board recommends that the Administration develop a workplan for the resources needed with respect to personnel and technology for the full implementation of network segmentation and the threat-hunting solution.**

608. The Administration accepted the recommendation.

C. Transmissions of information by management

1. Write-off of losses of cash, receivables and property

609. The Administration informed the Board that it had formally written off accounts receivable and advances of $190,740, and property (equipment and real estate assets) with a net cost of $14.23 million.

2. Ex gratia payments

610. The Administration reported that, in accordance with financial regulation 5.11, no ex gratia payments had been made during the year ended 31 December 2022.

3. Cases of fraud and presumptive fraud

611. 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.

612. For 2022, the Administration reported 108 cases of fraud or presumptive fraud, with an estimated amount of $3.28 million in 23 cases, as shown in table II.30. 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.30
Cases of fraud and presumptive fraud

Item	*Fraud*	*Presumptive fraud*
Number of cases	9	99
Number of cases in which investigation was completed	9	–
Number of cases pending/under investigation	–	99
Number of cases in which amount of fraud/presumptive fraud was estimated	6	17
Estimated amount of fraud/presumptive fraud (millions of United States dollars)	0.04	3.24

Source: Based on data provided by the Administration.

613. The Administration informed the Board that the process for reporting on cases of fraud or presumptive fraud had been improved, and most of the cases were reported in a timely manner, except for eight cases. The updated status of cases previously reported as presumptive fraud were included in the annual report, which reflected the long-standing policy that cases of fraud or presumptive fraud should be reported where a preliminary review of evidence gave grounds to suspect fraud, but not on the basis of unsupported allegations.

D. Acknowledgement

614. 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*) **Hou** Kai
Auditor General of the People’s Republic of China
Chair of the Board of Auditors
(Lead Auditor)

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

(*Signed*) Pierre **Moscovici**
First President of the French Cour des comptes

26 July 2023

Annex I

Status of implementation of recommendations up to the financial year ended 31 December 2021 (volume I)

No.	*Audit report year*	*Report reference*	*Recommendation of the Board*	*Administration's response*	*Board's assessment*	*Status after verification* Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
1	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.	On 2 November 2022, the Administration signed a contract with a vendor to conduct an open book audit of the health insurance plans in the United States of America. The audit has commenced. In addition, final comments have been received from the firm that conducted the audit of the plans. The Administration considers this recommendation implemented and respectfully requests that the Board close it.	Given that the Administration has organized an open book audit for United States-based health insurance plans and final comments from the firm that conducted the audit have been received, the Board considers this recommendation implemented.	X			
2	2014	A/70/5 (Vol. I), chap. II, para. 98	The Board recommended that the Office of Human Resources Management: (a) consider capturing information on the spans of control of first and second reporting officers with a view to identifying cases where such spans are unacceptably large compared with office norms; (b) consider enhanced data analytics for additional dashboard reports that would facilitate analysis of individual performance grading of individual employees; and (c) consider enhancing system applications to aggregate information on individual development plans and training activities to be undertaken.	The new e-performance monitoring module of the management dashboard was released on 14 March 2022; data on the dashboard was refreshed on a weekly basis for heads of entity and their focal points. The data on the dashboard is now being refreshed daily. The e-performance dashboard, enabled in partnership with the Office of Information and Communications Technology technical teams in Bangkok and New York, is designed to provide high-level summary insights on the overall progress of the e-performance cycle, helping users to explore the data further by enabling ways to filter and drill down to granular information. This granular information includes the ability to identify the number of direct reports of first reporting officers within entities, or "spans of control", and provides heads of entity and their	Given that the new e-performance monitoring module has been put in place, the Board considers this recommendation implemented.	X			

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				focal points with this information to enable them to review such cases and take corrective action, if required.					
3	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.	The Administration developed reporting, analysis and dashboard mechanisms for the oversight and control of data quality in the Umoja real estate module. Following the analysis of the data and assessment of data quality, corrections were initiated for all relevant entities, and standardization of measurements for real estate data (objects, space) has been implemented in Umoja. Guidance for standardized measurements is being prepared and will be published in the second quarter of 2023.	Given that guidance for standardized measurements has not yet been issued, the Board considers this recommendation to be under implementation.		X		
4	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 Administration has developed reporting, analysis and dashboard mechanisms to capture operating costs across duty stations. Individual analysis of data availability for potential breakdowns for cost reporting for each duty station, and the feasibility of their implementation, is ongoing.	Given that individual analysis of data availability for potential breakdowns for cost reporting for each duty station, and the feasibility of their implementation, is ongoing, the Board considers this recommendation to be under implementation.		X		
5	2015	A/71/5 (Vol. I), chap. II, para. 141	The Board recommended that the Administration design a common set of performance metrics to help benchmark performance across each duty station.	The Administration notes that not all the data referred to in chapter II, paragraphs 140 and 141, of A/71/5 (Vol. I) are available in Umoja, and that qualitative elements such as user satisfaction, quality of repairs, maintenance services and space management or surveys are not under the purview of global United Nations estate management but instead reside within each particular entity and cannot be addressed by the Administration.	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	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
6	2015	A/71/5 (Vol. I), chap. II, para. 169	The Board recommended that the Administration develop indicators for the handling of disciplinary cases. These indicators should cover: (a) the proportion of referrals that lead to a case being initiated; (b) the length of time between referral and case initiation; (c) overall case durations; and (d) case outcomes. The indicators should be used to support improvements in the processes for referring and handling cases.	The Administration continues to explore the development of indicators for the processing of disciplinary matters. As part of this process, it is consulting with the World Health Organization to obtain relevant lessons learned from that entity's recent changes in handling disciplinary cases. In addition, the Administration is devising categories of types of cases and will obtain data as to the average length of time it takes the Administration and other stakeholders to perform their respective roles in the process. The data will be analysed to identify areas for improvement.	Given that key performance indicators are still under development, the Board considers this recommendation to be under implementation.		X		
7	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 is considering the appropriate time to submit a new proposal to the General Assembly while mindful of other targeted revisions to the Financial Rules and Regulations of United Nations that may be required.	Given that the new proposal has not been submitted to the General Assembly, the Board considers this recommendation to be under implementation.		X		
8	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 at the stage of internal consultation.	Given that the common policy framework is at the stage of internal consultation, the Board considers this recommendation to be under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
9	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 grants management systems and the information needs of users and other stakeholders before finalizing the scope of Umoja Extension 2.	This recommendation was addressed, as the data exchange between the grantor management system and the Umoja grantor module has been built. The Administration requests its closure by the Board.	Given that the bridge between the grantor management system and the Umoja grantor module has been built, the Board considers the recommendation implemented.	X			
10	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 useful lives and residual values so as to correct the ad hoc practices presently followed in this regard.	This recommendation is related to the recommendation in chapter II, paragraph 243, of A/77/5 (Vol. I), which relates to the review of useful lives and fully depreciated assets. The Board raised the subsequent recommendation after performing a thorough review of the current depreciation policies of the Organization. Therefore, the present recommendation has been superseded by the subsequent recommendation and should therefore be closed.	Given that the new recommendation in chapter II, paragraph 243, of A/77/5 (Vol. I) and the present recommendation both require a more appropriate assessment on the useful life of assets, and there are clear steps to implement the new recommendation, the Board consider this recommendation to have been overtaken by events.				X
11	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 staff 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 requests closure of this recommendations as no significant discrepancies were observed during the audit of the census data. The Administration is continuously working on improving checks on and validation of the data used for the census. All active staff records now come from a single data source, Umoja, with only a fraction of records coming from the United Nations Development Programme (UNDP) for United Nations staff who are administered by that agency. Data provided by UNDP is of robust quality as well and is an extract from the central enterprise resource planning system of the agency.	Given that the Administration is continuously working on improving checks on and validation of the data used for the census and that all active staff records now come from a single data source, Umoja, with only a fraction of records coming from UNDP for United Nations staff who are administered by that agency, the Board considers this recommendation implemented.	X			

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12	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 clarified to the Board that, in accordance with financial rule 106.1, volume II is confined to the special accounts established by the Security Council and all trust funds should be reported in Volume I. An explanatory paragraph is added in the notes to the volume I financial statements for 2021 regarding where the trust funds related to peacekeeping operations are reported. A similar paragraph is provided in the notes to the volume II financial statements for 2021. In addition, the transition of certain trust funds to other volumes is prohibited by the Financial Regulations and Rules of the United Nations and, since a suitable disclosure is provided in the volume I financial statements, this recommendation should be considered implemented.	Given that explanatory paragraphs about related trust funds were added to the financial reports, the Board considers this recommendation implemented.	X			
13	2016	A/72/5 (Vol. I), chap. II, para. 139	The Board recommended that a system of centralized data collection and reporting of geographic move figures through Umoja may be devised, including for segregating long-term and short-term assignments, so that long-term mobility patterns and short-term moves are identified.	From a human resources perspective, this recommendation has been implemented, as data regarding movements is recorded during the processing of movement-related actions in Umoja and can be extracted when necessary.	Given that the data regarding movements is recorded during the processing of movement-related actions in Umoja and can be extracted when necessary, the Board considers this recommendation implemented.	X			
14	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 system to better align with the timelines recommended by the High-level Committee on Management in March 2015.	The Secretariat is pursuing all elements of the occupational safety and health management system outlined in the High-level Committee on Management's occupational safety and health framework.	Given that occupational safety and health management system and health framework is under way, the Board considers this recommendation as having been overtaken by events.				X

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15	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.	A process for technical supervision has been developed based on technical upgrades to access control as has a memorandum of understanding with entities' managing clinical users. Both were expected to be operational by 30 April 2023. A policy governing technical supervision was expected to follow by 30 June 2023 pending a consultation process. Note that this process is limited to entities using the EarthMed medical records system.	Given that a process for technical supervision and a memorandum of understanding with entities are not yet operational, and a policy governing technical supervision is pending a consultation process, the Board considers this recommendation to be under implementation.		X		
16	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 Administration reviews the requirements for standardized ICT commodities as part of its regular activities and ongoing solicitation processes. Specific to some low-complexity items, the Administration standardizes brands by leveraging existing contracts with suppliers, thereby creating economies of scale for maintenance and support, while simultaneously addressing information security and integration requirements.	This recommendation has been overtaken by events.				X
17	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.	In their budget proposals, programme managers use the most realistic assumptions that factor in past trends. Examples of more realistic assumptions include, in the context of the proposed programme budget for 2022: (a) that additional resources for after-service health insurance under section 32 take into account past trends in the number of participants and costs;	Given that notable enhancements to include multiple adjustments and preliminary estimates were made in 2022 for the proposed programme budget, and that further continuous efforts will be made to ensure that budget proposals are based on	X			

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				and (b) that reduced resources under section 5 for military observer requirements reflect the actual utilization in the previous year. Similarly, lower provisions under travel and consumable supplies across many budget sections reflected lower consumption patterns under these budget lines in 2022. In the context of the recosting of the proposed programme budget for 2023, the 2022 baseline was adjusted to reflect actual price changes in travel and energy costs. The Administration considers it unrealistic to expect the absence of under- or overexpenditures: a budget is based on best estimates of requirements and the most realistic assumptions. The General Assembly, in paragraph 20 of its resolution 77/262, requested that the Secretary-General ensure that each programme undergoes a spending review at least once every five years. This request from the Assembly will be implemented starting with the proposed programme budget for 2024. The Administration requests the closure of this recommendation.	realistic budget assumptions, the Board considers this recommendation implemented.				
18	2017	A/73/5 (Vol. I), chap. II, para. 22	The Board recommended that urgent steps be taken to strengthen the business planning and consolidation module to eliminate the need for manual adjustments and interventions.	The only remaining automation needed for the Business Planning and Consolidation module relates to the cost recovery elimination rule. The Administration took a cost/benefit approach to implementing this rule and concluded that the rule would be impractical to implement owing to the additional costs involved. Instead, it was decided that this elimination would continue to be performed manually. As a result, the Administration requests the closure of this recommendation.	Given that the necessary measures have been conducted by the Administration, the Board considers this recommendation implemented.	X			

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19	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 Administration is working with the Office of Legal Affairs on this matter. The Office's review of the list of entities participating in the main cash pool to determine the entities for which an agreement is required is ongoing. Written agreements will be established with the entities to be identified by the Office.	Given that the list of entities for which a written agreement is required is under the review of the Office of Legal Affairs, the Board considers this recommendation to be under implementation.		X		
20	2017	A/73/5 (Vol. I), chap. II, para. 98	The Board recommended that the Administration revisit the practice of temporary assignment and analyse the reasons for temporary job openings in a large number of cases instead of job openings.	Uncertainty in the continuity of funding and the recent hiring freeze led to an increase in the use of temporary job openings. Under normal circumstances, however, temporary job openings are used to meet emerging needs and seasonal peak workloads. Examples include the hiring of conference personnel during regular sessions of the General Assembly and other seasonal meetings or events. Amendments to the staff rule on special post allowances (rule 3.10) requires the approval of the Assembly. The proposed amendments to that effect were not approved.	Given that the Administration explained that uncertainty related to the continuity of funding and the recent hiring freeze led to an increase in the use of temporary job openings, the Board considers this recommendation implemented.	X			
21	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 Inspira consultant module has been updated and renamed as the "non-staff personnel module". Existing defects have been addressed and a new updated workflow was rolled out in October 2022. Additional upgrades were planned for March 2023 and the new talent pool functionality was to be made available to the global Secretariat in April 2023. Further improvements (including performance management and the creation of a dashboard for hiring managers) are planned for the third quarter of 2023 following the	Given that this recommendation has been implemented, and additional recommendations on this topic appear in chapter II, paragraph 107, of A/76/5 (Vol. I) and in chapter II, paragraph 104, of A/77/5 (Vol. I), the Board considers this recommendation as having been overtaken by events.				X

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				Inspira technical upgrade in May/June 2023. Improvements to the consultant and individual contractor workflow will be completed by the fourth quarter of 2023.					
22	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 be used to view the consultant engagements across the Secretariat, factoring in the relevant data security and privacy needs.	The process guide has been promulgated and evidence has been shared for onward transmission to the Board. This recommendation has been fully implemented and its closure is requested.	Given that the process guide has been promulgated, the Board considers this recommendation implemented.	X			
23	2017	A/73/5 (Vol. I), chap. II, para. 144	The Board recommended that the Administration ensure suitable measures for sharing employment information across United Nations entities to flag possible instances of violation of the applicable business rule(s) and put in place an appropriate mechanism to monitor them.	The Business Transformation and Accountability Division, in support of the Office of Human Resources, has put a mechanism in place to verify data and monitor exceptions. 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 that have diverse coding. The Administration is of the opinion that the solution in place following the management reform addresses the issue and it requests the closure of this recommendation.	Given that there is already a mechanism in place to verify data and monitor exceptions, the Board considers this recommendation implemented.	X			
24	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.	A fraud and corruption awareness strategy was finalized and endorsed by the Management Committee in March 2023. The Administration considers the recommendation implemented and requests its closure.	Given that the fraud and corruption strategy has been finalized, along with an action plan and monitoring mechanisms, the Board considers this recommendation implemented.	X			
25	2017	A/73/5 (Vol. I), chap. II, para. 401	The Board recommended that Training and Development Section maintain a consolidated database containing details on all	All data on all trainees and training courses have been migrated to the learning management system in the Training and Development Section.	Given that all data on all trainees and training courses have been migrated, the Board considers this	X			

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			trainees and training courses conducted by the Department of Safety and Security.	Management recommends that this recommendation be closed, as it has consolidated its database except with regard to two courses.	recommendation implemented.				
26	2018	A/74/5 (Vol. I), chap. II, para. 46	The Board reiterated the recommendation that the Administration review and appropriately strengthen the system of asset capitalization in view of the inaccuracies noticed. The Board further recommended that internal controls over disposal of assets be strengthened and all necessary disposal processes be completed on time.	The Administration continues to monitor the performance of the action owners in the write-off and disposal process through the established performance framework. Entities continuously identify slow-moving/obsolete property as part of the physical verification and counting process and initiate and complete the write-offs and disposals in line with the provisions of the delegation of authority. Special attention is paid to the timely processing of approvals for the disposal of capitalized assets and their derecognition prior to the end of the reporting period.	Given that new modules have been developed in the system to strengthen asset capitalization, and the Administration further strengthened the entire assets management process, the Board considers this recommendation implemented.	X			
27	2018	A/74/5 (Vol. I), chap. II, para. 57	The Board recommended that the Administration review and appropriately strengthen the system of capitalization of intangible assets and improve the alignment of capitalization of Umoja with the deployment of the functionality concerned.	This recommendation is related to the recommendation in chapter II, paragraph 236, of A/77/5 (Vol. I), which relates to the Umoja project. The Board raised that recommendation after performing a thorough review of Umoja project expenditures in 2021. Therefore, the present recommendation has been superseded by the subsequent recommendation and should therefore be closed.	Given that the new recommendation in chapter II, paragraph 236, of A/77/5 (Vol. I) and the present recommendation both require a more appropriate assessment on the capitalization of intangible assets, the Board consider this recommendation to have been overtaken by events.				X
28	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	This recommendation was fully implemented and the Administration requests its closure. A special review of historical records of retirees contained in Umoja as well as in the legacy system was carried out and a new apportionment ratio was established and applied in the actuarial valuation as at 31 December 2021, as	Given that a special review of historical records of retirees contained in Umoja as well as in the legacy system was carried out and a new apportionment ratio was established and applied in the actuarial valuation as at 31 December 2021, the	X			

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			employees and thus the appropriate share of employee benefit liabilities on account of after-service health insurance.	follows: 69 per cent of liability was attributed to the regular budget, 14 per cent was attributed to extrabudgetary funding and 17 per cent to volume II (peacekeeping). The new ratio replaced the previously used ratio of 77 per cent attributed to the regular budget, 8 per cent to extrabudgetary funding and 15 per cent to peacekeeping. The impact of this change on the after-service health insurance liability reported in the financial statements of the operations of the United Nations (volume I) for the year ended 31 December 2021 was a decrease of approximately $58 million. The matter was discussed with the Board in detail and the notes to the financial statements of volume I for the year ended 31 December 2021 were revised to include a description of this change and its impact on the financial statements.	Board considers this recommendation implemented.				
29	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 after-service health insurance project on the Medical Insurance Plan for United Nations locally recruited staff at designated duty stations away from Headquarters was implemented successfully as at 1 December 2022. Records of the participants in the Medical Insurance Plan who are eligible for after-service health insurance are now available in Umoja and will be managed through the Health and Life Insurance Section. The premium calculations will be conducted centrally, and the contributions towards premiums will be directly deducted through the United Nations Joint Staff Pension Fund (UNJSPF).	Given that the process has been formalized, the Board considers this recommendation implemented.	X			

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30	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 the 643 cases where participants have not been identified either as surviving dependants or retirees.	The Administration is tracking cases where a retiree is survived by a dependant who is a child only and plans to reflect those cases in the census data to be prepared for the upcoming full actuarial valuation as at 31 December 2023.	Given that the Administration is tracking such exceptional cases for the next actuarial valuation exercise, the Board considers this recommendation to be under implementation.		X		
31	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 its quality and accuracy in the granting of post-retirement benefits and classify retirees as a category that can be uniquely identified.	Umoja already has a unique customer-specific status of "after-service health insurance/after-service life insurance" for all participants regardless of employee status. Furthermore, all retired staff are given the status "retiree" in Umoja. On this basis, no further validation or change to Umoja is needed and the Administration requests that this recommendation be closed.	Given that Umoja already has a unique customer-specific status of "after-service health insurance/after-service life insurance" for all participants regardless of employee status, the Board considers this recommendation implemented.	X			
32	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 with other sources such as payroll payments and eligibility lists sent to the third-party administrators.	This recommendation has been implemented and its closure is requested. Between September and December 2021, Umoja central accounts and the Health and Life Insurance Section uploaded more than 50,000 insurance records of staff to Umoja. The upload was used in the census of the most recent actuarial reports.	Given that sufficient numbers of staff members' insurance records have been uploaded to Umoja for the census of the most recent actuarial reports, the Board considers this recommendation implemented.	X			
33	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-	On 2 November 2022, the Administration signed a contract with a vendor to conduct an open book audit of the health insurance plans in the United States. The audit has commenced. In addition, final comments have been received from the firm that conducted the audit of	Given that relevant actions were undertaken to address this issue, the Board considers this recommendation implemented.	X			

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			party administrators and put in place a formal feedback mechanism with the third-party administrators.	the plans. The Administration considers this recommendation implemented and respectfully requests that the Board close it.					
34	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 Procurement Division provided an update to the Board on 19 April 2023 regarding the status of contracts for third-party administrators aimed at addressing the recommendation. Going forward, the Procurement Division will be responsible for providing updates on the recommendation. The Division is responsible for establishing written agreements with vendors, including third-party administrators, that provide goods and/or services to the United Nations. The Division is currently following up on outstanding comments from some third-party administrators before finalizing a unified approach to address all third-party administrator comments, which includes leveraging negotiation power on the United Nations General Conditions of Contract. The Division will engage relevant stakeholders (e.g. the Office of Legal Affairs) to provide a response to each third-party administrator towards the conclusion of related agreements. The revised target date is set for 31 December 2023.	Given that the Procurement Division is following up on outstanding commitments from some third-party administrators and will engage relevant stakeholders to provide a response to each third-party administrator towards the conclusion of related agreements, and that the revised target date is set for 31 December 2023, the Board considers this recommendation to be under implementation.		X		
35	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 Procurement Division provided an update to the Board on 19 April 2023 regarding the status of contracts for third-party administrators aimed at addressing the recommendation. Going forward, the Procurement Division will be responsible for providing updates on the recommendation. The Division is responsible for establishing written agreements with vendors, including	Given that the negotiations with all third-party administrators to ensure a consolidated strategy are still pending, the Board considers this recommendation to be under implementation.		X		

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				third-party administrators, that provide goods and/or services to the United Nations. The Division is currently following up on outstanding comments from some third-party administrators before finalizing a unified approach to address all third-party administrator comments, which includes leveraging negotiation power on the United Nations General Conditions of Contract. The Division will engage relevant stakeholders (e.g. the Office of Legal Affairs) to provide a response to each third-party administrator towards the conclusion of related agreements. The revised target date is set for 31 December 2023.					
36	2018	A/74/5 (Vol. I), chap. II, para. 149	The Board recommended that the Administration put in place a formal mechanism for monitoring recovery of unduly paid amounts and actively pursue the recoveries. The Board also recommended that a focal point be designated centrally with the responsibility to carry out the monitoring and follow-up.	The Administration has requested the third-party administrators to provide annual updates on the amounts being recovered and requests that this recommendation be closed.	Given that the Administration has requested third-party administrators to provide annual updates on the amounts being recovered, the Board considers this recommendation implemented.	X			
37	2018	A/74/5 (Vol. I), chap. II, para. 159	The Board recommended that: (a) the processes to be followed for the cash management function with the initiation of Umoja be documented and formally approved as a priority; (b) the Administration take steps to finalize, formalize and document the structure, roles and duties of the Treasury staff; and (c) roles and responsibilities of cashiers not located at Headquarters for cash management functions and their functional relationship with the Treasury at Headquarters be formalized.	Documentation on the structure, roles and duties of cashiers not located at Headquarters will be submitted to senior management for review and approval.	Given that the processes for the cash management function have been formalized, and that chapter II, paragraph 107, of A/76/5 (Vol. I) also contained a recommendation to document the responsibilities of cashers at Headquarters and local offices, the Board considers this recommendation as having been overtaken by events.				X

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38	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 requests that the Board consider closing part (a) of the recommendation. With regard to part (b), the off-cycle payroll process model went live in Umoja production during the fourth quarter of 2021. The off-cycle process model automates the manual steps that are needed to process ad hoc payroll payments, namely, the calculation of payroll, the posting of payroll results and the generation of the payment for disbursement to cashiers. The alignment of the payroll disbursement to follow the "T+3" rule is built into the process model. The process model is a pilot project and has been deployed at Headquarters and three other payroll offices. In the meantime, for the payroll offices that do not have the process model, Umoja variants have been built to follow the same T+3 rule. Payroll users have been instructed to use the variants when processing both off-cycle and regular payroll. The Board is requested to consider part (b) implemented and to close the entire recommendation.	Given that recommendation (a) was implemented and that, for recommendation (b) there were also recommendations to process payroll following the T+3 rule in chapter II, paragraph 107, of A/76/5 (Vol. I), and in chapter II, paragraph 164, of A/77/5 (Vol. I), the Board considers this recommendation as having been overtaken by events. Overall, this recommendation is considered implemented.	X			
39	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 daily forecasts for a rolling six-week period. This supplements the existing system of monthly forecasts for a rolling 12-month period. This will be further improved with the output of cash-flow reporting expected to be completed by June 2023.	Given that daily forecasts for a rolling 6-week period have been introduced and further improvement is expected to be completed by June 2023, the Board considers this recommendation to be under implementation.		X		

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40	2018	A/74/5 (Vol. I), chap. II, para. 212	The Board recommended that the Administration carry out a review of its hedging programme, increase the number of counterparties having International Swaps and Derivatives Association agreements and revisit the policy of equal splitting of agreements among the counterparties so as to derive advantage from the most competitive market rates while 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 has been implemented in the execution of the hedging programme since the 2020 regular budget period. Furthermore, the Administration is working to increase from three the number of counterparties with which the United Nations has an International Swaps and Derivatives Association agreement. The Office of Legal Affairs is currently reviewing the draft International Swaps and Derivatives Association agreement provided by a potential additional counterparty bank.	Given that a review of the hedging programme was undertaken and the agreement of potential additional counterparties is currently under review, the Board considers this recommendation to be under implementation.		X		
41	2018	A/74/5 (Vol. I), chap. II, para. 303	The Board recommended that the Administration upgrade the information technology resources of the Non-Governmental Organizations Branch to ensure efficient and timely processing of new applications for consultative status from NGOs, as well as processing of 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.	The development of a civil society organization portal is well under way, although there have been some additional delays owing to the implementation of complex user requirements. The Department of Economic and Social Affairs is planning to conduct the data migration, user training and further refinement of the development. Owing to the complexity of the development, the new platform is expected to be available in the third quarter of 2023.	Given that the new portal is still under development, the Board considers this recommendation to be under implementation.		X		
42	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	The Administration has completed its review of the non-compliance categories and has concluded that the categories should remain the same. The training of travel focal points on the use of the categories will continue,	Given that the Administration has completed its review of the non-compliance categories, the Board considers this	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.	particularly to address the perceived overuse of the "other" category. In order to better guide travellers on the use of the "other" justification for the late submission of a travel request in Umoja, the Administration deployed an Umoja system enhancement that requires global users to confirm their selection of "other" as the reason for non-compliance. A pop-up window requires the traveller to confirm that none of the reasons for late submission already provided in the system's drop-down list are relevant to their submission. In response to the recommended action to guide travellers to respond to travel management company's requests promptly to ensure better compliance with the advance ticketing policy, a business process was introduced at United Nations Headquarters for expedited ticket issuance. Travellers from Headquarters were informed in a broadcast email that the travel management company had been instructed to automatically issue air or rail tickets within one business day upon approval of the Umoja travel request in order to minimize delays encountered in ticketing official itineraries and ensure maximum savings are achieved by the Organization. The Administration considers this recommendation to be implemented and requests its closure by the Board.	recommendation implemented.				
43	2018	A/74/5 (Vol. I), chap. II, para. 372	The Board recommended that Archives and Records Management Section interact with the focal points of the departments, offices and missions to ensure preparation of retention	The Archives and Records Management Section has been working with the remaining departments (the Department of Safety and Security, the Department of Global Communications and the	Given that the retention schedules for the Department of Safety and Security is ongoing and that the Department of Global Communications is still in		X		

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			schedules followed by review by the Section.	Office for the Coordination of Humanitarian Affairs) to complete their retention schedules. Final retention schedules are pending for the Department of Safety and Security and the Office for the Coordination of Humanitarian Affairs. The Section is working closely with the departments to complete their retention schedules, but the completion of the exercise is dependent on department finalization.	progress, the Board considers this recommendation to be under implementation.				
44	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 identified as being on the critical path, to avoid risk of cost escalation.	As at 13 April 2023, planned activities were ongoing and would continue throughout the project life. The Economic Commission for Africa has requested an extension of the due date in order to align with the project closure timeline.	Given that the efforts and key activities are still in the progress, the Board considers this recommendation to be under implementation.		X		
45	2019	A/75/5 (Vol. I), chap. II, para. 61	The Board recommended that the Administration to carry out a thorough review of cost recovery in the cost-recovery fund (10RCR) to ensure its reasonableness.	The Administration included guidance on fund balance utilization and surpluses in its annual guidance issued October 2022. The Administration is also following up with individual service providers on their surplus balances to bring them in line with the guidance.	Given that the upward trend of accumulated surplus and different reserve ratios among the entities still exist, the Board considers this recommendation to be under implementation.		X		
46	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 prepared the first draft of the guidelines on the management of programme support costs, which have been circulated for internal review. As a next step, the guidance will be shared with relevant stakeholders for consultations.	Given that the draft guidelines on the management of programme support costs have been circulated for internal review, the Board considers this recommendation to be under implementation.		X		

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47	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 conducted a comprehensive review and analysis of programme support cost rates stated for all the grants that showed lower-than-stipulated rates, in cooperation with the entity responsible for the grants. In addition, the Administration has already adjusted all the grant master data in cases where the rate was not accurate, in accordance with the request of each responsible entity. A review and approval process for the request of non-standard programme support cost rates has already been put in place. Furthermore, the Administration has enhanced the grant master data to include fields to provide a justification for such rates and to upload approval memorandums where applicable.	Given that the Administration has conducted a comprehensive review and analysis on non-standard programme support cost rates and enhanced the grant master data, the Board considers this recommendation implemented.	X			
48	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 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 ways to facilitate the use of the alignment exercise by clients and budget officers; (c) provide guidance and launch the remaining alignment steps; and (d) task a small team to guide the alignment and perform quality assurance by monitoring the adjustments.	Given that the alignment will be continued and completed with the issuance of the proposed programme budget for 2025, the Board considers this recommendation to be under implementation.		X		

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49	2019	A/75/5 (Vol. I), chap. II, para. 111	The Board reiterated its recommendation that the Administration strengthen the 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.	Since all special commitments have been liquidated and balances have been reported in the present report as returnable to Member States under income section 2, the Administration requests the closure of this recommendation.	Given that all special commitments have been liquidated and balances have been included in the present report as returnable to Member States under income section 2, the Board considers this recommendation implemented.	X			
50	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.	All bank statements are loaded as soon as they are available. The manually loaded bank statements follow a well-defined process and will continue to exist as long there are banks that are not connected to the Society for Worldwide Interbank Financial Telecommunication (SWIFT). As shown in a review dated 12 August 2022, all available bank statements had been loaded. More importantly, the new process put in place ensures that the bank account closing balances and the general ledger match. In addition, there were no pending reconciling items as a result of missing bank statements.	Given that all bank statements are loaded as soon as they are available, the Board considers this recommendation implemented.	X			
51	2019	A/75/5 (Vol. I), chap. II, para. 123	The Board recommended that the Administration obtain the bank statements promptly from the house banks and update them in Umoja to reflect the actual cash position correctly.	The bank statement process has been improved. All bank statements are loaded and promptly completed and missing bank statements are promptly followed up. The difference between the Umoja nominal value and the closing bank statement balance is zero.	Given that the bank statement process has been improved and all bank statements are loaded and promptly completed, the Board considers this recommendation implemented.	X			
52	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 cash balances to identify any funds with negative cash balances and informs managers of the negative cash balances to take corrective action. Formal guidelines will be finalized by the end of the third quarter of 2023.	Given that the formal guidelines will be finalized by the end of the third quarter of 2023, the Board considers this recommendation to be under implementation.		X		

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53	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 use of the UNJSPF entry-on-duty date in the 2019 actuarial valuation was a temporary measure. Based on the Board's recommendation, starting in 2021 the Administration has been actively moving away from the use of the entry-on-duty date to the use of the periods of enrolment in health plans for the valuation of the after-service health insurance obligation. As a result, the Administration does not consider it a good resource investment to continue to review and refine a parameter that is being actively phased out and replaced by a more appropriate approach. The Administration respectfully requests the closure of this recommendation.	Given that the Administration is actively moving away from the use of the entry-on-duty date data parameter, the Board considers this recommendation as having been overtaken by events.				X
54	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 Administration requests an opportunity to discuss this recommendation with the Board with regard to its closure.	Given that there are still discrepancies in data on staff members who have served with different United Nations system organizations prior to joining the United Nations, and that the Administration should establish effective monitoring mechanisms over the accuracy of membership records and contributions, the Board considers this recommendation to be under implementation.		X		
55	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 requests an opportunity to discuss this recommendation with the Board with regard to its closure.	Given that the census data provided to the actuary showing a clear demarcation of retirees from their dependants was downloaded directly from Umoja, and that retirees	X			

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					who were included in the census file but had no entries in the insurance field were excluded from the actuarial valuation, the Board considers this recommendation implemented.				
56	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.	Regarding the United States-based plans, the Administration regularly oversees and ensures that no more than two thirds of the premiums are collected from the Organization. This threshold is outlined in General Assembly resolution 38/235, in which the Assembly established a maximum ratio of 2 to 1 between the Organization and the plan participants. Furthermore, the Administration has completed the documentation that outlines the procedure for calculating the ratio, in accordance with the resolution. In the light of the above, the Administration respectfully requests that the recommendation be closed.	Given that the Administration has completed the documentation detailing the process and the mechanism of cost-sharing that outlines the procedure for calculating the ratio, the Board considers this recommendation implemented.	X			
57	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 recommendation has been implemented as seen in note 32 of the notes to the financial statements of the present report. In the light of the above, the Administration requests the closure of this recommendation.	Given that the relevant disclosures have been included in the notes to the financial statements of the present report, the Board considers this recommendation implemented.	X			
58	2019	A/75/5 (Vol. I), chap. II, para. 197	The Board recommended that the Administration create and approve service entry sheets promptly upon the delivery of service and, especially at year end, have the	The Administration agreed with the Board that the recommendation would be closed after the Administration provided accrual working papers related to 2022 group	Given that some internal controls and test procedures were conducted by the Administration, the Board considers this	X			

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			service entry sheet approved within the deadline so that the relevant expense is posted in the correct year.	1 commitments for further testing. The Board has already tested papers related to 2020 and 2021.	recommendation implemented.				
59	2019	A/75/5 (Vol. I), chap. II, para. 198	The Board recommended that the Administration ensure compliance with the delivery principle when recognizing expenses and that it upload all relevant documents in Umoja.	The Administration agreed with the Board that the recommendation would be closed after the Administration provided accrual working papers related to 2022 group 1 commitments for further testing. The Board has already tested papers related to 2020 and 2021.	Given that the Administration has uploaded the documents related to expenses to Umoja in 2022, the Board consider this recommendation implemented.	X			
60	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.	The Secretary-General's bulletins are undergoing legal review. They are expected to be promulgated in the third quarter of 2023.	Given that the Secretary-General's bulletins are still being processed, the Board considers this recommendation to be under implementation.		X		
61	2019	A/75/5 (Vol. I), chap. II, para. 210	The Board recommended that the Administration clearly define and document the roles and responsibilities of the Department of Management Strategy, Policy and Compliance and the Department of Operational Support, including decision-making authority, for all human resources processes and projects, to avoid any potential confusion among their shared clients.	The draft is currently under legal review and issuance is expected in the second half of 2023 or the first half of 2024.	Given that the Secretary-General's bulletins are undergoing legal review, the Board considers this recommendation to be under implementation.		X		
62	2019	A/75/5 (Vol. I), chap. II, para. 227	The Board recommended that the Administration define criteria for what constitutes an entity and clarify which entities are included in the delegation of authority framework as contained in	The revision of ST/SGB/2019/2 is in the finalization stage and includes a precise definition of an entity according to the delegation of authority framework. The revised	Given that the revision of ST/SGB/2019/2 is in the finalization stage and includes a precise definition of an entity according to the delegation of authority		X		

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			Secretary-General's bulletin ST/SGB/2019/2.	policy was to have been submitted for final legal review in April 2023.	framework, the Board considers this recommendation to be under implementation.				
63	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 the revision of ST/SGB/2019/2, which will further clarify the definition of the entities included in the delegation of authority framework. A central repository documenting decisions to include or exclude entities from the framework has been piloted and will serve as a live resource that will be continuously updated and expanded as new entities are created. The Administration will consider the recommendation implemented when the revised policy is issued.	Given that the Administration is planning to conduct an assessment based on well-defined criteria and aligned with the newly formulated definition included in the revised delegation of authority policy, and that the revised policy is currently in the final review stage and was expected to be issued by the first quarter of 2023, the Board considers this recommendation to be under implementation.		X		
64	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 authority policy is 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 can make decisions (i.e. exercise delegated authority) on behalf of another entity. The revision of ST/SGB/2019/2 is in the finalization stage and the revised policy was to be submitted for final legal review in April 2023.	Given that the revised policy is currently in the final review stage and was expected to be issued by the first quarter of 2023, the Board considers this recommendation to be under implementation.		X		
65	2019	A/75/5 (Vol. I), chap. II, para. 249	The Board recommended that the Administration expedite the revision of the Secretary-General's bulletin issued for the purpose of decentralizing decision-making to align it with	A comprehensive review of the policy against the delegation instrument was performed in 2020, and misalignments were corrected in the draft revised version of ST/SGB/2019/2 and the revised instrument. The revision of	Given that the revised policy is currently in the final review stage and was expected to be issued by the first quarter of 2023, the Board considers this		X		

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			the procedure followed for delegation of authority.	ST/SGB/2019/2 is in the finalization stage following a requirement to align the draft policy with the new provisional Staff Regulations and Rules introduced in the first quarter of 2023, and the revised policy was to be submitted for final legal review in April 2023.	recommendation to be under implementation.				
66	2019	A/75/5 (Vol. I), chap. II, para. 251	The Board recommended that the Administration review the changes in the workload and responsibilities resulting from the enhanced delegation of authority across Organization at the earliest to better inform policy on delegation of authority and also for resource planning.	The Administration will consider this recommendation implemented once the new revised delegation of authority policy is issued. The revision of ST/SGB/2019/2 is in the finalization stage following a requirement to align the draft policy with the new provisional Staff Regulations and Rules introduced in the first quarter of 2023, and the revised policy was to be submitted for final legal review in April 2023.	Given that the revised policy is currently in the final review stage and was expected to be issued by the first quarter of 2023, the Board considers this recommendation to be under implementation.		X		
67	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 segregation of duties and develop a mechanism for identifying and documenting of the lessons learned, for further improvement.	The criteria for the withdrawal of delegated authority and other corrective actions are being developed as part of the revised accountability framework response mechanism, which will be rolled out in 2023. The Administration performs checks on the segregation of duties related to delegation of authority in all entities each quarter, and therefore considers this element of the recommendation already implemented.	Given that the criteria for the withdrawal of delegation of authority and other corrective actions are being developed as part of the revised accountability framework response mechanism, which is planned to be rolled out in 2023, the Board considers this recommendation to be under implementation.		X		
68	2019	A/75/5 (Vol. I), chap. II, para. 303	The Board recommended that the Administration ensure adherence to the timelines, as communicated to the Board of Auditors, for the activities prescribed in the action plan for the implementation of results-based management.	Activity 10 of the results-based management action plan, in which the Secretary-General used the results of programme implementation as one of the components of the assessment of the performance of senior managers, has been completed. The measurement of programmatic results is primarily	Given the progress made concerning the action plans for the implementation of results-based management, the Board considers this recommendation implemented.	X			

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				achieved through the programme planning and budget process, which is reported to the intergovernmental bodies through the mandated reporting mechanisms. In addition, the Secretary-General approved a revised compact template that has been in use since 2022 as the performance management tool for his senior leadership team. By signing their compacts, managers commit to delivering programme results and tracking programme performance using the Umoja strategic planning, budgeting and performance management solution. In section 1 of the revised compact, senior managers set out their personal commitments against the strategic objectives pertaining to their entities, which they will focus on during the reporting cycle. Each manager submits an assessment against progress made at the end of the performance cycle. On behalf of the Secretary-General, the Management Performance Board undertakes an assessment of the performance of senior managers, including the programmatic elements contained in section 1. The Management Performance Board is supported by analysis undertaken by the Business Transformation and Accountability Division on the results of the performance assessment. The analytical approach is continuously improving – guided in part by the Board's previous audit observations (see responses regarding the recommendations of the Board in A/77/5 (Vol. I), chap. VII, paras. 409 and 415) – including by leveraging					

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				both quantitative and qualitative analysis to identify systemic issues and to include the results for the consideration of the Management Performance Board. Activity 13 of the results-based management action plan has also been completed: all entities funded by the programme budget are using the Umoja strategic management application module to reflect their results frameworks and are updating them during the budget cycle. Activity 5 of the action plan, which was to evaluate, review and update the results-based management framework and its implementation, has been undertaken by the Office of Internal Oversight Services (OIOS) in the context of its evaluation of the accountability system of the United Nations Secretariat, as results-based management is an important component of the Secretariat's accountability system. The evaluation was completed on December 2022.					
69	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.	Work on redesigning the Inspira data warehouse was completed in 2022 and the new data source was put into production in March 2023 following the completion of testing. Development of a datal model for the United Nations business intelligence initiative and the subsequent release of enhancements to the management dashboard was planned to resume during the second quarter of 2023.	Given that the redesign of the Inspira data warehouse was in testing, the Board considers this recommendation to be under implementation.		X		
70	2019	A/75/5 (Vol. I), chap. II, para. 360	The Board recommended that the Administration prioritize the implementation of a Secretariat-wide, modern client relations management system to optimally	In December 2021, the Information and Communications Technology Steering Committee approved an approach consisting of two phases. An initial roll-out phase would have a limited	Given that the Information and Communications Technology Steering Committee approved a two-phased approach and funds	X			

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			fulfil the service delivery responsibility of the Headquarters support structure.	human resources and ICT scope and be funded by participating entities. That would be followed by a global roll-out based on the funding identified. Funds were identified for the initial roll-out. The Board is requested to consider this recommendation implemented and close it.	were identified for the initial roll-out, the Board considers this recommendation implemented.				
71	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 Secretary-General's bulletins are undergoing legal review. They are expected to be promulgated in the third quarter of 2023.	Given that the draft Secretary-General's bulletins are under legal review, the Board considers this recommendation to be under implementation.		X		
72	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.	The Administration considers this recommendation as implemented with the roll-out of three new delegation of authority key performance indicators in the area of procurement in February 2023, including indicators relating to the proper use of Financial Regulations and Rules, mandatory procurement training and repeated purchases from the same vendor. With the additional key performance indicator rolled out in February 2022 relating to procurement approvers with delegation, this brings the total number of procurement-related delegation of authority key performance indicators to six.	Given that the Administration has developed key performance indicators in the area of procurement, including indicators relating to stand-alone purchases, exceptions to formal solicitations and procurement approvers with delegation, the Board considers this recommendation implemented.	X			

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73	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 by 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. Work is progressing with a view to issuing an administrative instruction at the earliest possible time.	Given that the work is continuing, the Board considers this recommendation to be under implementation.		X		
74	2019	A/75/5 (Vol. I), chap. II, para. 420	The Board recommended that the Administration put in place a mechanism for monitoring the creation and composition of local property survey boards.	The administrative instruction is under final revision prior to promulgation.	Given that the administrative instruction is under final revision prior to promulgation, the Board considers this recommendation to be under implementation.		X		
75	2019	A/75/5 (Vol. I), chap. II, para. 433	The Board recommended that the Administration continue its efforts and explore avenues to further improve the inflow of resources for the smooth and optimum functioning of the reinvigorated resident coordinator system.	The Administration has continued to pursue outreach to Member States to support the mobilization of voluntary resources and the effective functioning of the hybrid funding model for the resident coordinator system. This has included meetings with Member States and briefings by United Nations senior leadership and Development Coordination Office management at the permanent representative and deputy permanent representative level; a round table with permanent representatives and the Secretary-General; resource mobilization letters from Development Coordination Office management; and regular engagement at the technical level. It further includes the drafting of five case studies showcasing the partnership between the resident coordinator system and host Governments in a variety of contexts to	Given that the Development Coordination Office has continued to pursue outreach to Member States to support the mobilization of resources and close the gap towards the target of $2.81 million per year, the Board considers this recommendation to be under implementation.		X		

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				highlight the added value of the resident coordinator system and help donors make the case to their capitals to fund the system. Through the round table co-convened by Kenya, the United States and the Secretary-General, the membership has been apprised of the urgency of the funding situation, particularly the need to quickly secure financial predictability and sustainability. The round table succeeded in creating momentum with the membership, in follow-up to which several donors have fast-tracked the payment of their 2023 contributions, including Sweden ($5 million), Ireland ($1.5 million), the Kingdom of the Netherlands ($4 million) and Germany ($6.4 million). Entities continue to implement the levy, as the levy revenue for 2022 has reached the full projected amount of $50 million for the first time since the inception of the reforms, and the cost-sharing continues to be paid in full. The Development Coordination Office will continue its daily engagement with technical focal points at missions and capitals to ensure the resident coordinator system is on the radar of ministries and ministers when advocating for funding and making funding decisions in their administrations.					
76	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.	Based on reporting from the United Nations Sustainable Development Group information management system in 2022, 72 per cent of United Nations country teams updated their common country analyses.	Given that as at 31 December 2022, of the 69 countries that had implemented United Nations Sustainable Development Cooperation Frameworks, 20 countries (29 per cent) had not yet		X		

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					updated their common country analyses, the Board considers this recommendation to be under implementation.				
77	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.	This recommendation is still under implementation.	Given that efforts are ongoing to have the rest of the entities sign those principles, the Board considers this recommendation to be under implementation.		X		
78	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 platform is included in the revised efficiency road map, which was endorsed by the United Nations Sustainable Development Group principals in August 2022. The service delivery platform was implemented in Viet Nam as planned in May 2022. Therefore, the Development Coordination Office requests that the Board close this recommendation.	Given that the service delivery platform was implemented in Viet Nam as planned in May 2022, the Board considers this recommendation implemented.	X			
79	2019	A/75/5 (Vol. I), chap. II, para. 529	The Board recommended that the Administration set a realistic timeline, with interim milestones for the implementation of common premises, identify risks and challenges in the implementation thereof and coordinate with partner agencies to ensure execution.	A revised efficiency road map, which included a section on common premises, was cleared by the Executive Office of the Secretary-General and approved by the United Nations Sustainable Development Group principals in August 2022.The Development Coordination Office requests that the Board close this recommendation.	Given that the revised efficiency road map, which adjusts the timelines and milestones related to the implementation of common premises, prioritizes more impact-driven targets and focuses on high-cost locations, has been approved, the Board considers this recommendation implemented.	X			

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80	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.	Data collection and quality assurance were completed for the common premises platform for 2021 and 2022. The closure of this recommendation is requested.	Given that the data collection and quality assurance has been completed for the common premises platform, the Board considers this recommendation implemented.	X			
81	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 conducted on a regular basis. A weekly communication is sent to the Departments of Political and Peacebuilding Affairs and Peace Operations ensuring that all personnel are aware of and have opportunities to engage in change management opportunities, with a view to enhancing organizational culture in the pillar.	Given that the Administration has taken various measures to enhance employee activity, the Board considers this recommendation implemented.	X			
82	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 Administration reiterates its request for additional guidance from the Board as to how to close this recommendation. As detailed in prior responses to this recommendation, efforts to augment financial resources for the Peacebuilding Fund have been undertaken throughout the year, culminating in a high-level meeting on peacebuilding financing with Member States and a proposal presented to the Fifth Committee by the Secretary-General for more sustained financing. The Administration continues its efforts to address the funding shortfall through the Secretary-General's proposal to introduce assessed contributions for	Given that the Administration is actively expanding funding sources for the Peacebuilding Fund, the Board considers this recommendation implemented.	X			

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				the Fund; by encouraging individual donors to increase contributions and thus increasing burden-sharing among Member States (which is showing some results in that countries such as the Kingdom of the Netherlands, Canada and Switzerland, as well as the members of the European Union, have increased their voluntary contributions) and by increasing the number of communications about the Fund's results to strengthen the case for investing in peacebuilding.					
83	2019	A/75/5 (Vol. I), chap. II, para. 644	The Board recommended that the Office expedite the roll-out of the Umoja Extension 2 grantor-country-based pooled funds grant management system bridge and explore its utility and customization for the Central Emergency Response Fund to reduce manual interventions in the recording of financial transactions and the preparation of trial balances.	Data-sharing between the Umoja Extension 2 grantor module and the country-based pooled funds grant management system has been developed and rolled out. The utility of data-sharing for the Central Emergency Response Fund has been explored, but at present there is no plan to develop it. The Administration considers this recommendation implemented and requests its closure by the Board.	Given that data-sharing between the Umoja Extension 2 grantor module and the country-based pooled funds grant management system has been developed and rolled out, the Board considers this recommendation implemented.	X			
84	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.	The Administration included guidance on fund balance utilization and surpluses in its annual guidance issued October 2022. The Administration is also following up with individual service providers on their surplus balances to bring them in line with the guidance.	Given that the Administration was in the process of reviewing all fund balances and determining appropriate reserve levels with service providers, the Board considers this recommendation to be under implementation.		X		
85	2020	A/76/5 (Vol. I), chap. II, para. 35	The Board recommended that the Administration cooperate closely with the Umoja team to ensure the elimination rules that have already been set up in the Business Planning and Consolidation	The only remaining automation of elimination rules in the Business Planning and Consolidation module relates to the cost-recovery elimination rule. The Administration took a cost/benefit approach to	Given that the necessary measures have been conducted by the Administration, the Board considers this	X			

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			module are duly improved to reduce manual adjustments.	implementing this rule and concluded that this rule would be impractical to implement owing to the additional costs required to customize the ERP Central Component in Umoja in order for the rule to work in the Business Planning and Consolidation module. Instead, it was decided that this elimination rule would continue to be performed manually. As a result, the Administration requests the closure of this recommendation.	recommendation implemented.				
86	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 improvements in the Business Planning and Consolidation module to ensure that the interface among the different modules in Umoja is enhanced towards the realization of the fully automated generation of financial reports, so as to ensure efficiency in financial reporting.	In consultation with the Umoja team, which has many competing priorities, it was agreed to postpone the activities relating to this recommendation to 31 December 2024. The Administration will further assess the feasibility of the full integration of all modules for the automated generation of reports, which could prove feasible in some cases but could also prove too complex or costly to implement in full. The Finance Division, together with the Umoja team, will further review the scope of this recommendation and update the result accordingly.	Given that the integration of all modules for the automated generation of reports is in process, the Board considers this recommendation to be under implementation.		X		
87	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 Administration has shared the template agreement with external partners and requests that this recommendation be closed.	Given that the reviewing and monitoring process has been conducted by the Administration, and the updated template agreement was published and shared with external implementing partners, the Board considers this recommendation implemented.	X			

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88	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 requests an opportunity to discuss the status of this request and further action, if any, with the Board.	Given that the Administration is in the process of observing the accumulated surplus of funds and the updated funding policy has not been formally published, the Board considers this recommendation to be under implementation.		X		
89	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 funds commitments.	Guidance on the use of funds commitments (and other earmarked funding documents) was published on the United Nations Finance Knowledge Gateway. The Administration requests that this recommendation be closed.	Given that guidance on the creation and usage of funds commitments has been issued, the Board considers this recommendation implemented.	X			
90	2020	A/76/5 (Vol. I), chap. II, para. 63	The Board recommended that the Administration continue to centrally monitor and regularly review the fund commitments with the entities concerned and ensure that they are administered pursuant to the Financial Regulations and Rules of the United Nations, including maintaining proper supporting documentation.	Please refer to the Administration's comments relating to the recommendation in paragraph 111 of the Board's report for the year ended 31 December 2019 (A/75/5 (Vol. I), chap. II). In addition, it should be noted that the review of open commitments is conducted throughout the year, especially at the year end, prior to the closure of the related budget period to ensure proper validity. During the 2021 audit, the Administration provided justification to the Board that the A21 fund commitments were created with appropriate support documentation. In addition, the use of the A20 special fund commitments has been based on detailed assessments of needs, which are carefully monitored through a comprehensive reporting structure and fully supported with appropriate documentation, and the recommendation was expected to be fully implemented by the end of 2022.	Given that guidance on the creation and usage of funds commitments has been issued, and that special commitments have been liquidated and balances have been included in the present report as returnable to Member States under income section 2, the Board considers this recommendation implemented.	X			

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91	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 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.	In the context of the proposed programme budget for 2024, the information on extrabudgetary resources includes: (a) actual extrabudgetary expenditures in 2022; (b) estimated extrabudgetary resources in 2023; (c) estimated extrabudgetary resources in 2024; (d) main reasons for the variances in estimated resources; (e) the number of extrabudgetary posts and their distribution in the organizational charts; (f) explanations of the functions of the posts funded by extrabudgetary resources; (g) information on the planned use of extrabudgetary resources; and (h) oversight mechanisms for extrabudgetary resources. The General Assembly, in paragraph 29 of its resolution 77/262, took note of the recommendation of the Advisory Committee on Administrative and Budgetary Questions in paragraph 75 of its report (A/77/7) and therefore rejected the Advisory Committee's recommendation requesting more detailed extrabudgetary information in the budget. Considering the information currently provided in the proposed programme budget and the decision of the Assembly, the Administration requests the closure of this recommendation.	Given that enhancements regarding the disclosure of the financial resources required from regular budget and extrabudgetary sources are included in the proposed programme budget for 2024, the Board considers this recommendation implemented.	X			
92	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 justify in full its budget redeployments by duly considering and adhering to the requirements relating to	The Secretariat ensures that funds are to be used for the purposes for which they were approved, and that these purposes are defined as budget sections and entities. Programme managers/heads of entity are held accountable for the use of funds, and	Given that justification has not been finalized, the Board considers this recommendation to be under implementation.		X		

						Status after verification			
No.	*Audit report year*	*Report reference*	*Recommendation of the Board*	*Administration's response*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
			vehicle and laptop holdings in the Standard Cost and Ratio Manual.	the material differences between the approved appropriation and actual expenditure are presented in the financial reports. The Secretariat has ensured that special political missions are reminded of the need to exercise discretion and due diligence in the use of funds. The Field Operations Finance Division has ensured that the budget guides issued to all special political missions (including the United Nations Assistance Mission in Afghanistan) for both the 2023 and 2024 periods contain guidance reminding missions of the recommendation of the Board of Auditors to justify budget redeployments in full by duly considering and adhering to the requirements relating to vehicle and laptop holdings in the Standard Cost and Ratio Manual. In addition, in the allotment advice for 2023 issued to all special political missions, the Field Operations Finance Division included a request to all missions to justify the budget redeployments by duly considering and adhering to the requirements relating to vehicle and laptop holdings in the Standard Cost and Ratio Manual, as recommended by the Board of Auditors. The Field Operations Finance Division also ensures that, in the financial performance report to be submitted to the General Assembly, justifications are provided for over- or underexpenditures in the special political missions.					

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93	2020	A/76/5 (Vol. I), chap. II, para. 79	The Board 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 in compliance with the existing budget policies and legislative framework. The Department continues to provide guidance and support to programme managers in departments who have delegated authority to perform these redeployments. Existing policies and the manual in place provide sufficient guidance on budget redeployment, with separate workflows for budget redeployments to be approved at: (a) the entity/office/mission level; and (b) the central level by the Administration. Therefore, the Administration requests the closure of this recommendation.	Given that existing policies and the manual in place provide sufficient guidance on budget redeployment, and contain separate workflows for budget redeployment approval, the Board considers this recommendation implemented.	X			
94	2020	A/76/5 (Vol. I), chap. II, para. 84	The Board 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.	Heads of entity and programme managers are aware of the request from the General Assembly and were encouraged to keep provisions for consultants to a minimum. In formulating budget proposals, programme managers are required to balance the need to implement mandates in an efficient and effective manner, and to use realistic assumptions that factor in past trends in their budget proposals (see A/72/5 (Vol. I), chap. II, para. 324). Programme managers were delegated authority to redeploy funds across non-post budget classes to best implement their mandates, and the overexpenditure on consultants was more than offset by underexpenditure in other non-post budget classes. The Administration monitors the use of	Given that the Administration requested entities to enhance monitoring of the expenditures under consultants and experts in a memorandum on budget implementation, and had made notable efforts towards monitoring the use of delegated authority, the Board considers this recommendation implemented.	X			

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				delegated authority to ensure that the delegates comply with the applicable legal and policy framework and internal controls. 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. The Administration requests the closure of this recommendation.					
95	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 General Assembly, in paragraph 29 of its resolution 77/262, took note of the recommendation of the Advisory Committee on Administrative and Budgetary Questions in paragraph 75 of its report (A/77/7) and therefore rejected the Advisory Committee's recommendation requesting more detailed extrabudgetary information in the budget. In the context of an early engagement process with Member States, the presentation format of budget proposals was presented to Member States for any further guidance regarding the Secretariat's interpretation of resolution 77/262. The Secretariat's interpretation was supported by the early engagement process. Considering the above decision by the Assembly, and the outcome of the early engagement with the Member States on the proposed programme budget for 2024, the Administration will continue to provide the existing information on extrabudgetary resources in the budget fascicle and supplementary notes. The Administrations requests the closure of this recommendation.	Given that enhancements regarding the disclosure of the financial resources required from regular budget and extrabudgetary sources are included in the proposed programme budget for 2024, the Board considers this recommendation implemented.	X			

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96	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 action to accelerate the progress of modification of the Umoja cashier business roles and the development of the new payroll process model.	Documentation will be submitted to senior management for review and approval. The new technical Umoja business roles have been developed and submitted to senior management for review and approval.	Given that the documentation is under review and has not yet been established, the Board considers this recommendation to be under implementation.		X		
97	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 criteria for the selection of trading counterparties, in addition to the existing standards (which include minimum credit ratings and primary dealer status) are being drafted and reviewed. This recommendation is expected to be fully implemented by September 2023.	Given that the criteria for selection of trading counterparties are being drafted and reviewed, the Board considers this recommendation to be under implementation.		X		
98	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 the Office of Programme Planning, Finance and Budget in conjunction with the Procurement Division. The Office of Programme Planning, Finance and Budget is currently working on finalizing the statement of work for the solicitation exercise.	Given that the Administration is currently working on finalizing the solicitation exercise, the Board considers this recommendation to be under implementation.		X		
99	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 interface between Bloomberg and Umoja regarding foreign exchange transactions has been in production since October 2022. The second phase is currently in the testing stage.	Given that the second phase is currently in the testing stage, the Board considers this recommendation to be under implementation.		X		

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100	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 Administration, together with the third-party administrator responsible for administering the Medical Insurance Plan for locally recruited staff and retirees at designated duty stations, has gathered all required data. Furthermore, the Administration is finalizing the recruitment of additional personnel to ensure that the data collected are presented to a committee that will oversee the functioning of the Medical Insurance Plan and make the necessary changes to the Plan to ensure its sustainability. The revised target date is 31 December 2023.	Given that the assessment is being conducted, the Board considers this recommendation to be under implementation.		X		
101	2020	A/76/5 (Vol. I), chap. II, para. 158	The Board recommended that the Administration, in coordination with the relevant department or office, analyse the reasons for assets remaining idle, actively use idle assets and retire unusable ones, and take more proactive measures to avoid further obsolescence in the future.	The Administration continues to monitor the utilization of assets and enhance the framework in which entities update equipment status each time there is a change in the situation on the ground. The Administration will continue to monitor the utilization rates and consumption patterns and factor that into the demand and acquisition plans.	Given that the Administration continues to monitor the utilization of assets, the Board considers this recommendation to be under implementation.		X		
102	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 Administration rolled out a "data quality check – shopping cart" dashboard to facilitate the identification and resolution of potential data input errors or inconsistencies in the selection of a material master records/product identification on a line-item level prior to the approval of the related purchase order in Umoja. This quality check is applied as early as possible in the upstream requisitioning process to enable the resolution of errors, including those leading to incorrect capitalization. This allows for the improvement of the quality of data throughout the end-to-end supply	Given that both the present recommendation and the new recommendation in chapter II, paragraph 236, of A/77/5 (Vol. I) require a more appropriate assessment on the capitalization of assets, the Board consider this recommendation as having been overtaken by events.				X

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						Implemented	Under implementation	Not implemented	Overtaken by events
				chain, which reduces inconsistencies in asset, equipment and inventory records in the downstream materials management processes and ultimately improves the quality of data used in management and financial reports on property, plant and equipment, and inventory. Users responsible for creating and approving shopping carts promptly review the flagged items in the cart, consult with the asset/property/inventory managers within the entity and implement the required corrections. In the instances where an appropriate material master records/product identification is not found in the material master record database, a request to create a new product identification will be initiated in line with applicable processes without delay. Entities will review the dashboard weekly and rectify any errors and inconsistencies identified. The Administration continues to apply the quality assurance mechanisms with regard to asset, equipment and inventory records during the downstream materials management processes. The Administration requests that this recommendation be closed.					
103	2020	A/76/5 (Vol. I), chap. II, para. 168	The Board recommended that the Administration write off the unserviceable assets before closing the accounts at each year end in order to ensure the accuracy of the financial statements.	The Administration continues to monitor the performance of the action owners in the write-off and disposal process through the established performance framework. Entities continuously identify slow-moving and/or obsolete property as part of the physical verification and counting process and initiate and complete the write-off and disposal in line with the provisions of the delegation of authority. Special attention is paid to	Given that the Administration has implemented the recommendation to identify and review property through the established performance framework, the Board consider this recommendation implemented.	X			

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				the timely processing of the disposal approval process for capitalized assets and their derecognition prior to the end of the reporting period. The Administration requests that this recommendation be closed.					
104	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 entities and urge all entities to implement the requirements and make unified rectifications accordingly.	The recommendation has been implemented. Supplemental guidance has been issued that extends the current guidance on centralized warehouse management to all other entities.	Given that supplemental warehouse management guidance for the United Nations Headquarters and other non-peacekeeping entities has been issued, the Board considers this recommendation implemented.	X			
105	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 Administration considers that the recommendation has been implemented and request its closure by the Board. All laptops under the flexible workspace project have been distributed.	Given that the laptops under the flexible workspace project have been distributed, the Board considers this recommendation implemented.	X			
106	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 to urge the United Nations Foundation to contribute more resources directly to the United Nations in support of the Organization's activities.	In 2021, the United Nations Foundation provided the United Nations Fund for International Partnerships (UNFIP) (administered by the United Nations Office for Partnerships) grants worth approximately $11.9 million for projects implemented by United Nations partners. As at 31 December 2022, the United Nations Foundation had provided $27.3 million in grants to the United Nations system through UNFIP – an increase of approximately 250 per cent in contributions from the United Nations Foundation to the United Nations from 2021. Accordingly, the United Nations Office for Partnerships requests that this recommendation be closed.	Given that the contributions by the United Nations Foundation to the United Nations still need relatively long-term observation, the Board considers this recommendation to be under implementation.		X		

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107	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 programmatic initiatives in support of United Nations causes through the joint coordination committee, in order to provide further assurances that such activities are aligned to and support United Nations priorities and the Sustainable Development Goals.	The United Nations Office for Partnerships has coordinated with the United Nations Foundation to provide more detailed programmatic and budget information through the joint coordination committee in accordance with the revised standardized templates used to report on the Foundation's initiatives. The United Nations Foundation has provided this additional information to the joint coordination committee on 10 initiatives that cover the remaining scope of the Foundation's current activities. The United Nations Office for Partnerships and the United Nations Foundation are committed to ensuring that future reporting by the Foundation on any new initiatives through the revised standardized templates continues to provide this detailed programmatic and budget information.	Given that 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 revised standardized templates on the Foundation's initiatives, the Board considers this recommendation implemented.	X			
108	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 and the United Nations Foundation are fully committed to ensuring continued reporting on the acceptance by the Foundation of donations from Member States in accordance with the relationship agreement between the United Nations and the Foundation. The Office for Partnerships has provided the Board with all United Nations Foundation Member State contribution notifications, and believes the Foundation is currently in full compliance. Accordingly, the Office requests that this recommendation be closed.	Given that the United Nations Office for Partnerships and the United Nations Foundation are fully committed to ensuring continued reporting on the acceptance by the Foundation of donations from Member States in accordance with the relationship agreement between the United Nations and the United Nations Foundation, the Board considers this recommendation implemented.	X			

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109	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 provide more detailed programmatic and budget information through the joint coordination committee in accordance with revised standardized templates used to report on the Foundation's initiatives. The United Nations Foundation has provided this additional information to the joint coordination committee on 10 initiatives that cover the remaining scope of the Foundation's current activities. The United Nations Office for Partnerships and the United Nations Foundation are committed to ensuring that future reporting by the Foundation on any new initiatives through the revised standardized templates continues to provide this detailed programmatic and budget information. This documentation has been transmitted by the Office to the Board for its review and consideration. No further templates are outstanding.	Given that 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 revised standardized templates on the Foundation's initiatives, the Board considers this recommendation implemented.	X			
110	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 has coordinated with the United Nations Foundation to provide further detailed information regarding the Foundation's fundraising activities through the joint coordination committee. The United Nations Foundation provided a dedicated briefing on fundraising during the meeting of the joint coordination committee on 8 April 2022, which was welcomed by the committee, and provided a discussion note on fundraising to the Executive Office of	Given that the United Nations Office for Partnerships has coordinated with the United Nations Foundation to provide further detailed information regarding the Foundation's fundraising activities through the joint coordination committee, and the Foundation has provided the fundraising briefing and discussion note, the Board considers	X			

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				the Secretary-General following the meeting. This information was provided in addition to the United Nations Foundation's standard biannual comprehensive reporting on its donors to the joint coordination committee and its special reporting on donors that contributed to the COVID-19 Solidarity Response Fund through the Foundation. This documentation has been transmitted by the United Nations Office for Partnerships to the Board for its review and consideration.	this recommendation implemented.				
111	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 Foundation has provided the United Nations Office for Partnerships with documentation on its good governance policies, which detail its investment policies as endorsed by the Foundation's board of directors. This documentation has been transmitted by the Office to the Board. The Office believes this documentation fulfils the Board's recommendation and requests its closure.	Given that the United Nations Foundation has provided the United Nations Office for Partnerships with documentation on its good governance policies, which detail its investment policies as endorsed by the Foundation's board of directors, the Board considers this recommendation implemented.	X			
112	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 Foundation has provided the United Nations Office for Partnerships with data from two trusted and verified third-party sources that track and capture the latest industry standards for non-profit administrative expenses. The data shared with the Board demonstrate that the United Nations Foundation's executive compensation levels are below industry standards when considering the size of the Foundation and its geography. The United Nations Office for Partnerships is satisfied that	Given that the Administration has conducted a review of the level of the United Nations Foundation's administrative expenses, the Board considers this recommendation implemented.	X			

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				the data provide sufficient justification for addressing the Board's recommendation and requests that it be closed.					
113	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 exercise of delegated authority in their different functional areas.	The development of an expanded set of key performance indicators was completed in February 2023. The Under-Secretary-General for Management Strategy, Policy and Compliance announced the new key performance indicators to heads of entity on 22 February 2023. The Business Transformation and Accountability Division is following the "plan-do-check-act" approach set out in the 2019 accountability framework for the monitoring of delegation of authority. The key performance indicators are currently undergoing final internal testing before being made available to entities on an initial six-month pilot basis, although this may be extended based on lessons learned. A decision to continue, adjust or stop the new key performance indicators will be taken following the pilot phase based on their usefulness to: (a) the Business Transformation and Accountability Division's second line monitoring activities; and (b) entities' first line monitoring. The pilot period will cover data gathered from 1 January 2023 onward. A number of activities are now in progress to support the pilot. The launch of the new suite of key performance indicators has been communicated to entities. The Business Transformation and Accountability Division is updating the online user guide on reporting the	Given that progress has been achieved in launching the expanded set of key performance indicators, the Board considers this recommendation implemented.	X			

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				delegation of authority key performance indicators to clarify how to navigate to the new key performance indicators. The Business Transformation and Accountability Division will also engage in a range of further communications activities throughout the pilot period to advise and support entities and gather feedback on the use and usefulness of the new suite of key performance indicators.					
114	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.	Significant progress has been made in improving the timeliness of establishing senior managers' compacts. The Business Transformation and Accountability Division and the Executive Office of the Secretary-General launched the 2023 compact drafting exercise on 4 January 2023 (as opposed to 1 February 2022 for the 2022 exercise) and collaborated closely to provide support to entities. This work resulted in 87 per cent of 2023 compacts endorsed by the Secretary-General by 9 March 2023, compared with only 32 per cent of 2022 compacts endorsed by 28 April 2022. The Administration considers this recommendation implemented and requests its closure by the Board.	Given that progress has been achieved with regard to the signing of senior managers' compacts, the Board considers this recommendation implemented.	X			
115	2020	A/76/5 (Vol. I), chap. II, para. 363	The Board 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 has taken steps to strengthen the guidance and monitoring of entities in reporting exceptions, including by enhancing the exception log to capture and track cases where exceptions are approved by entities outside the scope of delegated authority, providing detailed analyses of reporting compliance and	Given that the Administration will strengthen follow-up and escalation procedures, and issue updated guidance in response to feedback from entities, the Board considers this recommendation to be under implementation.		X		

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				undertaking ongoing monitoring, which resulted in increased outreach and the provision of guidance to entities to improve the timeliness and completeness of their reporting. In February 2022, the Administration implemented an enhancement to the key performance indicator related to monitoring timely compliance on reporting human resources exceptions by adding a chart showing the average number of days for submissions. It will consider the recommendation implemented with the roll-out, scheduled for April 2023, of a new provisional key performance indicator that shows the completion rate of the human resources exceptions, within the delegated authority of the entity, that are submitted to the human resources exception log. The Administration considers this recommendation to be implemented pending the release of the additional provisional key performance indicators and requests its closure in April 2023, when the supporting documentation will be made available to the Board.					
116	2020	A/76/5 (Vol. I), chap. II, para. 373	The Board recommended that the Administration ensure that a phased plan is developed for the issuance of the guidance to operationalize the delegation of authority and closely track the progress thereof.	As part of the roll-out strategy of the revised delegation of authority policy and related instrument, the Administration launched an upgraded delegation of authority question-and-answer tool in August 2022. Users can navigate by topic and search for specific content, which is reviewed and updated on a continuous basis to address issues raised by clients and capture policy developments and new guidance as well as tool enhancements	Given that the upgraded delegation of authority question-and-answer tool was launched in August 2022, the Board considers this recommendation implemented.	X			

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				and monitoring updates. Launched on the Knowledge Gateway, the updated delegation of authority question-and-answer tool provides users with links to the latest available operational guidance (e.g. links to the latest guidelines on the acceptance of voluntary contributions issued in July 2022 and to the guidelines on the use of corporate credit cards issued in June 2022). The updated question-and-answer tool, launched in August 2022, had already been updated with new entries in September 2022 and will continue to be enhanced. The Administration considers this recommendation implemented and requests its closure.					
117	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.	The Administration has initiated the request for the development of data models in SAP HANA with data from the exception log, with a daily refresh to get the most current data. This will require the inclusion of exception log data in the client relations management data warehouse, which will then be integrated into SAP HANA. The data models in SAP HANA will be analysed to determine whether additional data is needed from Umoja, Inspira or the information technology system used by the United Nations Joint Staff Pension System. The Business Transformation and Accountability Division is coordinating this with the Office of Human Resources, the Office of Information and Communications Technology and the Enterprise Resource Planning Solution Division as needed.	Given that the development of data modules for the monitoring of exceptions is still in progress, the Board considers this recommendation to be under implementation.		X		

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118	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 Management Client Board is regularly consulted on policy development priorities as and when they advance to a point where consultation with the Board is called for as part of the wider organizational consultation process. Consultation on policy development is a standing agenda item for the consideration of the Management Client Board, as linked to ongoing activities and as explained above. The Management Client Board also holds annual consultations on matters related to policy priorities. The most recent annual discussion took place on 27 March 2023. The Administration considers this recommendation to be implemented and requests its closure by the Board.	Given that The Management Client Board has regularly consulted on policy development priorities, the Board considers this recommendation implemented.	X			
119	2020	A/76/5 (Vol. I), chap. II, para. 405	The Board reiterated 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.	Since 2019, the Administration has introduced eight new recruitment tools to support heads of entity in the efficient exercise of their delegated authority for recruitment and meet the 120-day target to fill vacant posts. In 2022, the timeline for selections averaged 156 days (a 16 per cent improvement compared with 185 days in 2021) based on 2,333 selections recorded in Inspira. The time to fill 1,710 regular job openings averaged 185 days and the time to fill 623 recruit-from-roster job openings averaged 79 days. With regard to Secretariat entities that have not achieved the desired level of performance, the Administration is consulting with them to explore ways to meet the target recruitment timelines.	Given that the Administration has introduced eight new recruitment tools to support heads of entity in the efficient exercise of their delegated authority for recruitment and meet the 120-day target to fill vacant posts, the Board considers this recommendation implemented.	X			

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120	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 conditions/criteria in the application of roster-based recruitments and the requirement to ensure that all candidates are duly notified are specified in chapters 5 and 10 of the Staff Selection System Manual. Furthermore, under section 5.15 of the newly issued administrative instruction on downsizing or restructuring resulting in termination of appointments (ST/AI/2023/1), hiring managers are no longer permitted to make selections from the roster prior to the closing date of the job opening. Accordingly, the Administration considers this recommendation to be implemented and is requesting its closure by the Board.	Given that hiring managers are no longer permitted to make selections from the roster prior to the closing date of the job opening, the Board considers this recommendation implemented.	X			
121	2020	A/76/5 (Vol. I), chap. II, para. 419	The Board recommended that the Administration review the policies on rosters, taking into consideration geographical diversity, gender parity and sunset clauses, to ensure rightsizing based on workforce planning forecasts, clarify accountability for maintaining rosters and formulate guidance for hiring managers on selecting rostered candidates.	The Administration is currently reviewing relevant policies as part of its broader review of the staff selection framework. Staff management consultations are under way as part of the policy review process.	Given that changes to the management of rosters are currently under review, the Board considers this recommendation to be under implementation.		X		
122	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.	Further guidance will be provided in 2023 to entities on how to advance equitable geographical distribution. In addition, a working group will be established to develop a concrete action plan outlining key actions, responsibilities and accountabilities for entities and other stakeholders as part of a revised geographical diversity strategy. The work is expected to be completed by the fourth quarter of 2023.	Given that the key performance indicators on geographical representation have not been achieved for two consecutive years, the Board considers this recommendation to be under implementation.		X		

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123	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 finalization of the process guide is dependent on the overall review of the framework currently being conducted by the Office of Human Resources in the Department of Management Strategy, Policy and Compliance, and includes necessary consultation with Member States. The completion date has been adjusted to the second quarter of 2023.	Given that operational guidance is still under development, the Board considers this recommendation to be under implementation.		X		
124	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 technical working group will be established and the revised target for the occupational safety and health policy has been changed to December 2023.	Given that the policies at the Secretariat level are still in process, the Board considers this recommendation to be under implementation.		X		
125	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 redeveloped following an upgrade in technical capacity by the software vendor. The necessary amendments to user guides are under way and the upgrade is expected to be extended to locations that have a professional safety officer on staff by June 2023.	Given that the necessary amendments to user guides are under way, the Board considers this recommendation to be under implementation.		X		
126	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 regarding continuous improvement in the Sustainable Development Goal indicator framework.	The Statistics Division of the Department of Economic and Social Affairs has supported the Inter-Agency and Expert Group on Sustainable Development Goal Indicators in preparing a comprehensive review of the global indicator framework for 2025, which provides a good opportunity to improve the indicator framework. The Group has developed the guiding principles and timelines for the comprehensive reviews, which were approved in March 2023 by the Statistical Commission at its fifty-fourth session.	Given that the framework needs further review during its next comprehensive review in 2025, the Board considers this recommendation to be under implementation.		X		

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127	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 Department of Economic and Social Affairs has proposed the establishment of an Evaluation Officer (P-4) for the Development Account in the proposed programme budget for 2024 under section 9. The fascicle is expected to be published in May 2023. The decision of the General Assembly is expected in December 2023.	Given that the question on allocating resources to conduct the programmatic evaluation needs further review, the Board considers this recommendation to be under implementation.		X		
128	2020	A/76/5 (Vol. I), chap. II, para. 509	The Board recommended that the Administration intensify its resource mobilization efforts to ensure adequate, predictable and sustainable funding to support the resident coordinator system.	The Development Coordination Office has intensified its resource mobilization efforts to ensure adequate, predictable and sustainable funding to support the smooth operation of the resident coordinator system. This, among other efforts, has included meetings of Member States and briefings by United Nations senior leadership and the Development Coordination Office management at the permanent representative and deputy permanent representative level; a round table with permanent representatives and the Secretary-General; resource mobilization letters from Development Coordination Office management; and daily outreach at the technical level. Donor trips at the Assistant Secretary-General level have been envisaged. In addition, efforts include strategic outreach towards the members of the Group of 77 and the Gulf Cooperation Council to broker buy-in and a token contribution to send a signal to their broader constituency. Efforts also include the drafting of five case studies showcasing the partnership between the resident coordinator system and host Governments in a	Given that the Development Coordination Office has intensified its resource mobilization efforts to close the gap towards the target of $2.81 million a year, the Board considers this recommendation to be under implementation.		X		

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				variety of contexts to highlight the added value of the resident coordinator system and help donors make the case to their capitals to fund the system. Through the round table co-convened by Kenya and the United States, the membership has been apprised of the urgency of the funding situation, particularly regarding the need to quickly secure financial predictability and sustainability. The round table succeeded in strengthening momentum with the membership, in follow-up to which several donors have fast-tracked the payment of their 2023 contributions, including Sweden ($5 million), Ireland ($1.5 million), the Kingdom of the Netherlands ($4 million) and Germany ($6.4 million).					
129	2020	A/76/5 (Vol. I), chap. II, para. 515	The Board recommended that the Administration develop a more robust resource mobilization plan.	The outreach and resource mobilization strategy for the special purpose trust fund created in 2018 is updated regularly. It has undergone recent updates in August 2022 that include ways to address the gap between the estimated and actual funding/income in voluntary contributions in particular, together with an action plan at all levels. At this point in time, the gap for 2023 is slightly smaller than the 2022 gap. The Development Coordination Office continues consistent outreach to the membership at all levels to secure funding for the resident coordinator system to ensure its predictability and stability.	Given that the resource mobilization plan was updated in 2022, the Board considers this recommendation implemented.	X			
130	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	As of December 2022, the Joint Sustainable Development Goals Fund had received a total of $254 million from 14 donor partners, 13 of which were Member States. The top four	Given that the Development Coordination Office is exploring new opportunities in broadening the donor base and increasing annual		X		

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			capitalization of the Joint Sustainable Development Goals Fund at the required levels.	donors – Sweden, Spain, the European Union and the Kingdom of the Netherlands – accounted for more than 80 per cent of the total contributions to the Fund. However, this level of mobilization is well below the target of $290 million a year pledged to the Fund by Member States as part of their funding compact in support of United Nations development system reform. Recognizing the difficulties in the development aid landscape, the Fund is exploring new opportunities in partnership with United Nations entities to tap into thematic resources by incubating and launching dedicated thematic windows related to key Sustainable Development Goal transformations. This strategic move aligns with the future vision of the Fund to become the flagship financing mechanism for United Nations collective action on key Sustainable Development Goals, as well as respond to the recommendations of the system-wide evaluation. Based on this approach, there have been promising discussions with donors, including the European Union, Germany, Spain, Belgium, Denmark and others, in relation to the Fund or a particular thematic window.	contributions, but the resources mobilized are far below the target, the Board considers this recommendation to be under implementation.				
131	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.	The Development Coordination Office is continuing to closely monitor recruitment processes and to ensure that vacant posts are filled in an expeditious manner. As at 31 March 2023, 110 resident coordinator positions were encumbered (85 per cent), with 20 positions vacant (15 per	Given that there were still 17 resident coordinator positions vacant as at 31 December 2022, and that some of them have long been vacant, the Board considers this		X		

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				cent). This vacancy rate is in line with vacancy rates in the Secretariat and other United Nations entities. Of the 20 vacant positions, recruitment for 7 positions (5 per cent) has been completed; for 3 of these positions the new resident coordinators are expected to deploy shortly, and Government clearance is still pending for the remaining 4. The recruitment for the 13 remaining positions (10 per cent) is ongoing or will be launched imminently. While recruitments are expected to be complete by July 2023, it is expected that new vacancies will arise in the meantime due to the natural turnover of staff. Considering that ST/AI/2022/1 became effective in April 2022 and recruitment is ongoing under the new procedure, the Board is requested to consider the closure of this recommendation.	recommendation to be under implementation.				
132	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 parties involved, to facilitate the completion of the key steps in the Cooperation Framework.	The United Nations Sustainable Development Group principals meeting in October 2022 discussed the trend analysis on United Nations entity derivation from United Nations Sustainable Development Cooperation Frameworks, which touched upon the overall timelines for design. These trends – consistent with the 2021 audit observations – showed that the time taken to design Cooperation Frameworks remains longer than that outlined in the guidelines. The timelines are guidelines, not rules, and will need to be tailored to the country context. That said, the Development Coordination Office continues to monitor and identify systemic solutions to shorten the design timeline. An	Given that the systematic backlogs of the United Nations Sustainable Development Cooperation Framework cycle have not yet been addressed, and further system-wide evaluation on the Cooperation Framework cycle is needed, the Board considers this recommendation to be under implementation.		X		

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				independent, system-wide evaluation on good practices and opportunities for improvement of country programme derivation from and alignment with Cooperation Frameworks and United Nations country team configurations across all United Nations Sustainable Development Group entities (undertaken by the soon-to-be established United Nations Sustainable Development Group System-wide Evaluation Office) will serve to inform any policy revisions and/or practice adjustments. While solutions are being identified, the Development Coordination Office requests that the Board close this recommendation, as process monitoring and the identification of backlogs has been completed. Translating this work into shorter time frames will require system-wide solutions that are beyond the immediate control of the Development Coordination Office.					
133	2020	A/76/5 (Vol. I), chap. II, para. 534	The Board 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.	By the end of 2022, 87 per cent of countries implementing a United Nations Sustainable Development Cooperation Framework had developed a joint workplan in UN-Info, meaning that significant progress was achieved in terms of compliance. Of the other 13 per cent (16 countries), three United Nations country teams (Libya, Sao Tome and Principe and Mauritius) have joint workplans, but these were not yet public (the joint workplan for Libya was being prepared for publication; that of Sao Tome and Principe had not yet obtained a sign-off from its Government; and there were	Given that the systematic backlogs of the United Nations Sustainable Development Cooperation Framework cycle have not yet been addressed, and further system-wide evaluation on Cooperation Frameworks is needed, the Board considers this recommendation to be under implementation.		X		

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				limitations in UN-Info with regard to the workplan for Mauritius). Ten United Nations country teams were in the process of developing their joint workplans as their new cycle had just started (Fiji, Samoa, the Federated States of Micronesia, the State of Palestine, Yemen and Myanmar), or because of past delays for reasons outside the country teams control (e.g. a delayed/outstanding Government signature on the Cooperation Framework (Saudi Arabia and Malaysia) or paused because of the impact of war (Eritrea and the Syrian Arab Republic)). For two country teams, joint workplans were not feasible (the United Arab Emirates has no Cooperation Framework, while in the Democratic People's Republic of Korea, development work has been paused). Regarding joint steering committees, 90 per cent of countries with Cooperation Frameworks have established a joint steering committee, with 84 per cent meeting at least once in the last 12 months. This is an improvement of 14 per cent over 2021. Other countries are facing challenges of a political nature that have impeded the ability of joint steering committees to meet. Guidance and tracking support from the Development Coordination Office will not solve political issues at the country level. Based on the above, the Development Coordination Office requests that the Board close this recommendation, as the provision of support to improve the process has been achieved.					

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134	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.	The documents for two outstanding country implementation plans (Jamaica and Suriname), are available. The Development Coordination Office requests that the Board close this recommendation.	Given that the supporting documents for country implementation plans for all countries have been provided, the Board considers this recommendation implemented.	X			
135	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.	Thirty-three of 35 United Nations entities have signed the mutual recognition statement. Work is in progress with respect to the World Intellectual Property Organization and the World Meteorological Organization by the High-level Committee on Management, as the Development Coordination Office has handed over that task to the Committee.	Given that 97 per cent of entities had signed the mutual recognition statement in 2022, the Board considers this recommendation implemented.	X			
136	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 revised efficiency road map, which includes sections on the common premises and the common back office, was cleared by the Executive Office of the Secretary-General and approved by the United Nations Sustainable Development Group principals in August 2022. Therefore, the Development Coordination Office requests that the Board close this recommendation.	Given that the benefit from the implementation of the common back office is lower than the target, and that the implementation of a standardized development plan that aims at simplifying and accelerating the common back office roll-out is still in progress, the Board considers this recommendation to be under implementation.		X		
137	2020	A/76/5 (Vol. I), chap. II, para. 558	The Board recommended that the Administration take all measures necessary to expedite the development of the country common premises plan at the	The revised efficiency road map road map, which includes a section on the common premises plan, was cleared by the Executive Office of the Secretary-General and approved by	Given that the resource mobilization plan for common premises has been suspended due to the budget cuts, and further effort is		X		

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			country level and ensure that the resource mobilization plan and the impact and prioritizing analyses are finished as planned in accordance with the Business Innovations Group's annual workplan.	the United Nations Sustainable Development Group principals in August 2022. According to the road map, country common premises in 66 priority locations are to be implemented by 2024. As a detailed plan has been developed, the Development Coordination Office requests that the Board close this recommendation.	required to explore options for financing the ongoing initiatives, the Board considers this recommendation to be under implementation.				
138	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 draft administrative instruction on the performance management of resident coordinators is undergoing consultation across various stakeholders.	Given that the Board was informed that the promulgation process of the appraisal of resident coordinators is still ongoing, and that the draft administrative instruction on the performance management of resident coordinators is under review by the Executive Office of the Secretary-General, the Board considers this recommendation to be under implementation.		X		
139	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 Development Coordination Office has taken measures to address the issue of the timely completion of staff appraisals. The status of completion of staff appraisals during the performance cycle for 2021/2022 showed an increase from previous periods. The Development Coordination Office continues to monitor the management dashboard and is consistently following up to ensure all staff and managers complete the e-performance appraisals in a timely manner.	Given that the staff appraisal process for all Development Coordination Office staff has not been fully completed for the 2021/2022 performance cycle, the Board considers this recommendation to be under implementation.		X		

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140	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.	All six processes have been completed.	Given that all six processes have been completed, the Board considers this recommendation implemented.	X			
141	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.	In the fourth quarter of 2022 and in the first quarter of 2023, the Mediation Support Unit within the Policy and Mediation Division in the Department of Political and Peacebuilding Affairs continued to work to ensure that experts from the Standby Team of Senior Mediation Advisers roster are deployed to support the mediation efforts of United Nations and partner organizations. This remains, however, a demand-driven endeavour and the Mediation Support Unit is only able to support the engagement of specific mediation experts with the concurrence of mediation teams receiving support. To date, all experts engaged in coordination with the Mediation Support Unit have been drawn from the roster. During the 2022 expert identification process, two additional female mediation experts were added to the roster at the end of 2022 and were deployed in support of the Unit's mediation support assignments in early 2023. Continued efforts will be made ahead of and during the 2023 expert identification process to encourage high numbers of applications, including from women and from the global South, with outreach conducted	Given that a review was conducted of experts in the Policy and Mediation Division and in the Security Council Affairs Division in 2022, the Board considers this recommendation implemented.	X			

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				with regional and subregional organizations as well as women mediators' networks. As in previous years, all Member States will be informed of the process once launched and invited to encourage applications.					
142	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 Political and Peacebuilding Affairs is part of a working group led by the Human Resources Services Division of the Department of Operational Support to develop a talent pool management tool for consultants and individual contractors. The Office of Information and Communications Technology built a talent pool functionality in Inspira to allow for the better management and refreshing of related consultant pools, including electoral experts. The functionality has already been rolled out to three client entities.	Given that the talent pool function in Inspira has been activated, the Board considers this recommendation implemented.	X			
143	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 new Security Council Affairs Division pool of experts was launched in October 2022. It is embedded in Inspira and replaces the previous roster of experts. In late October 2022, the Security Council Affairs Division invited all members of the previous roster of experts to apply and be screened for inclusion in the new pool of experts. All current members of the pool of experts are active, can modify their profiles online and can apply for vacancies on the platform. Going forward, at the end of each calendar year, the Security Council Affairs Division will invite all members of the pool of experts to update their profiles, as appropriate.	Given that efforts are still needed to improve the gender balance and geographical representation of the three rosters, the Board considers this recommendation to be under implementation.		X		

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144	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.	In implementing this recommendation, the Electoral Assistance Division coordinated with UNDP and a message was sent to all chief technical advisers of electoral projects in the field encouraging them to share their reports with the Division. The Electoral Assistance Division now receives regular reports from UNDP electoral projects in the field.	Given that the Electoral Assistance Division receives regular reports from UNDP electoral projects in the field, the Board considers this recommendation implemented.	X			
145	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 completion of the assignment.	The Electoral Assistance Division now receive outcomes of recruitment exercises from UNDP and other entities that use the United Nations single electoral roster. The Electoral Assistance Division will continue to follow up with subsequent roster recruitments to receive the results. On performance evaluations, the Electoral Assistance Division continues to seek guidance from the Human Resources Services Division of the Department of Operational Support on the matter and will follow whatever guidance is provided. The Electoral Assistance Division also followed up with UNDP, which informed the Division that the only formal evaluation of UNDP staff is an annual performance review, the results of which are confidential.	Given that the Electoral Assistance Division continues to receive outcomes of recruitment exercises from UNDP and other entities and will continue to follow up with subsequent roster recruitments, the Board considers this recommendation implemented.	X			
146	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 in order to achieve funding targets.	The Secretary-General submitted his proposal for assessed contributions to the Peacebuilding Fund in 2022. Following review by the Advisory Committee on Administrative and Budgetary Questions, the Fifth Committee began deliberations on the proposal that have not yet concluded. Deliberations were expected to continue during the resumed session in May 2023.	Given that the Fifth Committee was expected to continue its deliberations during the resumed session in May 2023, the Board consider this recommendation to be under implementation.		X		

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147	2020	A/76/5 (Vol. I), chap. II, para. 627	The Board recommended that the Administration ensure that corrective action is taken in a timely manner to bring off-track projects back on track.	From the reported 4 per cent of projects that remained off-track, one was closed and received a formal on-track rating. The last project is ongoing and was brought back on track in 2022.	Given that, as at 31 December 2022, the overall off-track rate was 31.6 per cent compared with 21.5 per cent in 2020, indicating a slight increase, the Board consider this recommendation to be under implementation.		X		
148	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.	Management requests that this recommendation be closed, based on the agreement reached with the Board, as funding in 2022 was higher than in 2021. Funding in 2022 reached $1.34 billion for country-based pooled funds, higher than the $1.13 billion received during 2021. The Central Emergency Response Fund received $611.9 million, which was lower, in absolute terms, than the 2021 income of $638.3 million, which was due to the exchange rate. The strengthening of the United States dollar in 2022 led to a lower income of some $58 million, compared with the income in 2021 against the same national currencies.	Given that funding in 2022 increased by more than 10 per cent from 2021, the Board considers this recommendation implemented.	X			
149	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 vulnerabilities in mobilizing resources.	In 2022, the number of contributing donors was 72, including 64 Member States, the European Union, 4 regional/local authorities and 3 private companies.	Given that, in 2022, the number of contributing donors was 72, including 64 Member States, the European Union, 4 regional/local authorities and 3 private companies, the Board considers this recommendation implemented.	X			
150	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	Management requests that this recommendation be closed. With the issuance of the new global guidelines for country-based pooled funds, the	Given that the new global guidelines for country-based pooled funds issued in December 2022 have	X			

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			for country-based pooled funds, further specifying the rationale for implementing partner subgranting modalities and continuing to provide sustained assurances thereon.	Office for the Coordination of Humanitarian Affairs has clarified the subgranting modalities in chapter 4.2.4. A new portal to register and track subpartners has been introduced with the roll-out of a grant management system to continue to ensure that subgranting arrangements do not involve partners with suspended eligibility due to ongoing inquiry processes. The revised global guidelines were issued in December 2022.	clarified the subgranting modalities, the Board considers this recommendation implemented.				
151	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 requests that this recommendation be closed. Practices regarding the management of partner risk levels were strengthened in chapter 5.4.2 of the revised global guidelines for country-based pooled funds and a requirement that fund managers review and validate partners' assigned risk levels based on the performance index score on a regular basis was added in paragraph 248. The revised global guidelines were issued in December 2022.	Given that the revised global guidelines for country-based pooled funds, which include strengthened practices regarding the management of partner risk levels, has already been issued, the Board considers this recommendation implemented.	X			
152	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 fund projects that were already paid by implementing partners and coordinate with the Finance Division to record them in Umoja in a timely manner.	A weekly status report and an optimized shared file have been created with the Office of Programme Planning, Finance and Budget to strengthen the timely identification and recording of outstanding refunds. Options for a data bridge for improved automated tracking remain under consideration.	Given that 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 consider this recommendation to be under implementation.		X		
153	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 adhere strictly to minimum global standards and that	With the issuance of the new global guidelines for country-based pooled funds, provisions have been made in chapter 5.4.3 to remove any ambiguity regarding the appropriate approval procedures for deviations from the	Given that the new global guidelines for country-based pooled funds now include provisions to remove the ambiguity regarding the appropriate	X			

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			deviations, if any, are sufficiently justified and appropriately endorsed.	minimum global standards across all funds.	approval procedures for deviations from the minimum standards set out in the operational modalities, the Board considers this recommendation implemented.				
154	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.	Following a comprehensive review of roles assigned in Umoja, the Office for the Coordination of Humanitarian Affairs has resolved all conflicting roles regarding the segregation of duties except one. The Office had intended to hire a female staff member to assume the duties of one user left who still had a conflicting role. However, owing to the country authorities' de facto ban on hiring Afghan female nationals, the user deprovisioning could not be completed. The Office for the Coordination of Humanitarian Affairs will resume the recruitment of Afghan female nationals as soon as the country's regulatory regime allows. In the meantime, the Office is also considering other alternative solutions, and requests the closure of this recommendation by the Board.	Given that all conflicting roles regarding the segregation of duties have been resolved, the Board considers this recommendation implemented.	X			
155	2020	A/76/5 (Vol. I), chap. II, para. 721	The Board reiterated its recommendation that the Administration clearly define the functions and responsibilities of each division and service within the Office of Information and Communications Technology to avoid duplication and fragmentation within the Office.	Divisions and services within the Office of Information and Communications Technology have avoided duplication and fragmentation within the Office. This has resulted in a clear and aligned organizational chart and streamlined workplans.	Given that no further supporting documentation has been provided, the Board considers this recommendation to be under implementation.		X		

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						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
156	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.	The recommendation has been implemented. Following the Board's comments, a communication infrastructure and radio systems strategy was approved by the Steering Committee on 20 December 2022. The relevant supporting documents showing the updated material and service master records, including categories, as well as a list of goods and services and a memorandum from the Assistant Secretary-General for Supply Chain Management, were shared with the auditors.	Given that action has been taken, the recommendation is considered implemented.	X			
157	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.	The mobile device policy is in the process of being issued.	Given that the relevant policy formulation has not yet been completed, the Board considers this recommendation to be under implementation.		X		
158	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 General Assembly resolution 69/262 and Secretary-General's bulletin ST/SGB/2016/11 relating to the ICT budget submission, and hold entities accountable for the submission of budgets and projects from all funding sources for all ICT initiatives and operations to the Office of Information and Communications Technology.	The Office of Information and Communications Technology is engaged with the Office of Programme Planning, Finance and Budget to generate relevant reports on the ICT budgets of entities.	Given that the relevant reports have not been finalized, the Board considers this recommendation to be under implementation.		X		

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159	2020	A/76/5 (Vol. I), chap. II, para. 745	The Board reiterated 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.	The network segmentation project is moving forward, with pilot activities described in an update in July 2022. Appropriate procedures and guidelines are being tested and finalized. The global roll-out of network segmentation recommendations commenced in November 2022.	Given that the network segmentation project is in progress, the Board considers this recommendation to be under implementation.		X		
160	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.	Implementation of the recommendation is ongoing.	Given that the process is ongoing, the Board considers this recommendation to be under implementation.		X		
161	2021	A/77/5 (Vol. I), chap. II, para. 36	The Board recommended 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.	The Administration included guidance on fund balance utilization and surpluses in its annual guidance issued in October 2022. The Administration is also following up with individual service providers on their surplus balances to bring them in line with the guidance.	Given that both the present recommendation and a new recommendation require appropriate actions to ensure that the overall fund balance is maintained at an appropriate level, the Board considers this recommendation as having been overtaken by events.				X
162	2021	A/77/5 (Vol. I), chap. II, para. 37	The Board recommended that the Administration review and clear old or non-functioning fund centres and attribute the unassigned accumulated surplus to the relevant departments.	The Administration is still in the process of reviewing and clearing the old fund centres, as recommended.	Given that both the present recommendation and a new recommendation require the clearing of old or non-functional fund centres and the attribution of the unassigned accumulated surplus to the relevant departments, the Board considers this recommendation as having been overtaken by events.				X

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163	2021	A/77/5 (Vol. I), chap. II, para. 41	The Board recommended that the Administration comply with relevant cost-recovery policies and guidelines to charge for necessary and reasonable costs only.	The Administration has issued comprehensive policy guidance as well as its annual guidance to service providers. It therefore considers this recommendation to have been implemented and requests its closure.	Given that the Administration has issued comprehensive policy guidance as well as its annual guidance to service providers to charge for necessary and reasonable costs only, the Board considers this recommendation implemented.	X			
164	2021	A/77/5 (Vol. I), chap. II, para. 45	The Board recommended that the Administration expedite the integration of the meeting management system with the Umoja financial system to ensure that cancelled or postponed meetings are incorporated into the revenue adjustment process in accordance with IPSAS requirements.	The Department for General Assembly and Conference Management has continued to work with the Enterprise Resource Planning Solution Division on the assessment of several data transfer requests. In the light of the ongoing work to upgrade Umoja to Enhancement Package 8, it is expected that the integration of the meetings management module and Umoja will not take place until 2024.	Given that the Administration is in the process of assessing the data transfer requests and upgrading the Umoja meetings management module, the Board considers this recommendation to be under implementation.		X		
165	2021	A/77/5 (Vol. I), chap. II, para. 52	The Board recommended that the Administration improve its controls in order to ensure that services provided to entities are recognized in the accounts in a timely manner.	The recommendation has been implemented and the United Nations Office at Vienna requests its closure. As part of its year-end review, in December 2022, the Budget Unit reviewed the income received and its proper allocation and recognition and found no unrecognized or wrongly recognized income.	Given that the Administration has improved controls over the provision of services, this recommendation is considered implemented.	X			
166	2021	A/77/5 (Vol. I), chap. II, para. 53	The Board recommended that the Administration conduct an accurate review aimed at detecting services that have been provided to entities but that have not been properly identified.	The recommendation has been implemented and the United Nations Office at Vienna requests its closure. The review of services has been completed and confirmation of the inclusion and recognition of the services has been obtained from the respective chiefs of service.	Considering that the United Nations Office at Vienna has performed an accurate review in this regard, this recommendation is considered implemented.	X			

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167	2021	A/77/5 (Vol. I), chap. II, para. 57	The Board recommended that the Administration review the cost-recovery revenue used that is not directly related 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.	The issue that gave rise to this recommendation has been resolved. Therefore, the Administration considers this recommendation implemented and requests its closure.	Given that the Administration has resolved the issue related to the two offices that did not have cost-recovery revenue, the Board consider this recommendation implemented.	X			
168	2021	A/77/5 (Vol. I), chap. II, para. 63	The Board recommended 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.	The Administration is working on a dashboard that will provide more visibility on cost-recovery activities; however, as has been previously mentioned, there are system limitations to establishing a cost-tracing regime.	Given that the development of a dashboard that will provide more visibility on cost-recovery activities is in process, the Board considers the recommendation to be under implementation.		X		
169	2021	A/77/5 (Vol. I), chap. II, para. 68	The Board recommended that the Administration comply with relevant guidelines in the preparation of cost plans for cost-recovery services.	Annual guidance was issued in October 2022 and the policy and guidance on cost recovery was also reviewed and updated. The Administration considers the recommendation implemented and requests its closure.	Given that the annual guidance was issued in October 2022 and the policy and guidance on cost recovery was also reviewed and updated, the Board considers the recommendation implemented.	X			
170	2021	A/77/5 (Vol. I), chap. II, para. 80	The Board recommended that the Administration review the management of fund transfers and continue to take appropriate action on remaining balance for business continuity regarding the transferred amounts of the regular budget-related funds, in line with the provisions of relevant regulations and rules.	Business continuity activities have been concluded and the return of $5.3 million to Member States has been processed.	Given that the business continuity activities have been concluded and the remaining balance of $5.276 million has been recorded as returnable to Member States under the regular budget and will be credited to Member States in 2024, the Board considers this recommendation implemented.	X			

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171	2021	A/77/5 (Vol. I), chap. II, para. 93	The Board recommended 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.	The formulation of additional criteria is ongoing. The revised target date was June 2023.	Given that the formulation of additional criteria for the future exceptional use of special commitments is ongoing, the Board considers this recommendation to be under implementation.		X		
172	2021	A/77/5 (Vol. I), chap. II, para. 97	The Board recommended that the Administration request the service providers to ensure that the surplus is duly utilized with a view to improving performance of the resources.	The Administration included guidance on the utilization of fund balances and surpluses in its annual guidance. The Administration is also following up with individual service providers on their surplus balances to bring them in line with the guidance.	Given that issues related to the utilization of fund balances still exist, the Board considers this recommendation to be under implementation.		X		
173	2021	A/77/5 (Vol. I), chap. II, para. 105	The Board recommended 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.	In the first report of the Advisory Committee on Administrative and Budgetary Questions on the proposed programme budget for 2023 (A/77/7), the Advisory Committee noted in paragraph 62 that the positions were part of the workforce of the organization and, in order to have a comprehensive overview of the personnel requirements, recommended that the General Assembly request the Secretary-General to include all general temporary assistance positions as a subcategory under post resources, in the relevant sections of future budget submissions, with detailed information by grade, level, function, date of incumbency and duration, along with full justification. The Assembly, in paragraph 28 of its resolution 77/262, took note of this recommendation. As a result, the information on general temporary assistance positions will continue to	Given that the Board noted the insufficient disclosure of justifications for general temporary assistance positions in the present audit, the Board considers this recommendation to be under implementation.		X		

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				be provided at the current level of detail. The Administration considers that this recommendation has been implemented and requests its closure.					
174	2021	A/77/5 (Vol. I), chap. II, para. 114	The Board recommended 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.	As indicated by the General Assembly, the primary consideration for the allocation of resources is the efficient and effective implementation of mandates. In formulating budget proposals, programme managers are required to balance the need to implement mandates in an efficient and effective manner, and to use realistic assumptions that factor in past trends in their budget proposals (A/72/5 (Vol. I), chap. II, para. 324). The Controller issued a memorandum to heads of entity (as mentioned in previous responses) requesting the close monitoring of expenditures in the light of expenditure trends. The Administration will continue to monitor expenditures under consultants. Material variances at the section level or budget class level will be justified in the context of the financial performance report, in accordance with the established practice. The Administration requests the closure of this recommendation.	Given that the Administration stressed the importance of monitoring consultant expenditures by sending a memorandum on budget implementation to heads of entity and made notable efforts to monitor the use of delegated authority, the Board considers this recommendation implemented.	X			
175	2021	A/77/5 (Vol. I), chap. II, para. 121	The Board recommended that the Administration continue its efforts to strictly monitor expenditure under furniture and equipment.	As indicated by the General Assembly, the primary consideration for the allocation of resources is the efficient and effective implementation of mandates. In formulating budget proposals, programme managers are required to balance the need to implement mandates in an efficient and effective manner, and to use realistic assumptions that factor in past trends	Given that the Controller issued a memorandum to heads of entity to request close monitoring of expenditures on furniture and equipment and that the Administration will continue to monitor expenditures under furniture and equipment, the Board considers this	X			

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				in their budget proposals (A/72/5 (Vol. I), chap. II, para. 324). The Controller issued a memorandum to heads of entity (as mentioned in previous responses) requesting the close monitoring of expenditures in the light of expenditure trends. The Administration will continue to monitor expenditures under furniture and equipment. Material variances at the section level or budget class level will be justified in the context of the financial performance report, in accordance with the established practice. The Administration requests the closure of this recommendation.	recommendation implemented.				
176	2021	A/77/5 (Vol. I), chap. II, para. 127	The Board reiterated 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.	The General Assembly, in paragraph 29 of its resolution 77/262, took note of the recommendation of the Advisory Committee on Administrative and Budgetary Questions in paragraph 75 of its report (A/77/7) and therefore rejected Advisory Committee's recommendation to include more detailed extrabudgetary information in the budget. In the context of an early engagement process with Member States, the presentation format of budget proposals was presented to Member States for further guidance. Member States did not request more information on extrabudgetary resources. Considering the above decision by the Assembly, and the outcome of the early engagement with the Member States on the proposed programme budget for 2024, the Administration will continue to provide the existing information on extrabudgetary resources in the budget fascicle and supplementary notes.	Given that similar issues related to extrabudgetary posts were noted, the Board considers this recommendation to be under implementation.		X		

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177	2021	A/77/5 (Vol. I), chap. II, para. 138	The Board recommended 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.	The Administration is preparing an updated set of guidelines in collaboration with the Office of Legal Affairs.	Given that the updated guidance was in progress, the Board considers this recommendation to be under implementation.		X		
178	2021	A/77/5 (Vol. I), chap. II, para. 143	The Board recommended that the Administration comply with the guidance note on communicating the fraudulent use of Central Emergency Response Fund funds.	Starting with the biannual donor update in November 2021, the Office for the Coordination of Humanitarian Affairs has reviewed the circulation list and ensured that in each round the Office only circulated the fraud case matrix to the top 10 donors along with those donors who have expressed interest, so long as those interested donors have contributed to the Central Emergency Response Fund in the year the relevant allocations were made. Therefore, this recommendation is considered implemented.	Given that no more fraudulent cases of Central Emergency Response Fund projects are being shared with ineligible donors, the Board considers this recommendation implemented.	X			
179	2021	A/77/5 (Vol. I), chap. II, para. 148	The Board recommended that the Administration appropriately deal with the cash pool balances of the three closed country-based pooled funds, properly consolidate the old country-based pooled fund accounts and assign the refunds in a timely manner.	The account for Indonesia was closed in February 2022 and the Haiti account was closed in January 2023. Significant progress has been made in the review and clean-up of the ledger of the Colombia fund and, following discussions with donors regarding the treatment of any remaining balances, closure of this account is expected in the third quarter of 2023.	Given that the closing procedure has been partly completed and the Administration is still working on improving the identification and assignment of refunds, the Board consider this recommendation to be under implementation.		X		
180	2021	A/77/5 (Vol. I), chap. II, para. 158	The Board recommended 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.	This recommendation has been implemented, and documentation and demonstration can be provided on request. The Administration requests the closure of this recommendation.	Given that the process has been formalized, the Board considers this recommendation implemented.	X			

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181	2021	A/77/5 (Vol. I), chap. II, para. 164	The Board recommended 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.	The off-cycle payroll process model went live in Umoja production during the fourth quarter of 2021. The off-cycle process model automates the manual steps that are needed to process ad hoc payroll payments, namely, the calculation of payroll, the posting of payroll results and the generation of the payment for disbursement to cashiers. The alignment of the payroll disbursement to follow the T+3 rule is built into the process model. The process model is a pilot project and has been deployed at Headquarters and three other payroll offices. In the meantime, for the payroll offices that do not have the process model, Umoja variants have been built to follow the same T+3 rule. Payroll users have been instructed to use the variant when processing both off-cycle and regular payroll. The Board is requested to consider the recommendation implemented and to close it.	Given that improvements have been made to ensure that payroll payments follow the T+3 rule, the Board considers this recommendation implemented.	X			
182	2021	A/77/5 (Vol. I), chap. II, para. 173	The Board recommended 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.	The United Nations Treasury is working to implement a diversified strategy for after-service health insurance investments under separate guidelines and benchmarks. Benchmarks for the euro and Swiss franc portfolios have been reviewed and updated to reflect the Euro OverNight Index Average and the London Inter-Bank Offered Rate replacements. This work was completed in August 2022. The established benchmark for the main pool is the three-month United States Treasury bill, which is closest to the 60-day maximum weighted average	Given that the United Nations Treasury is working to implement a diversified strategy for after-service health insurance investments under separate guidelines and benchmarks, the Board considers this recommendation to be under implementation.		X		

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				maturity that money funds are required to adhere to, and the most liquid money market instrument.					
183	2021	A/77/5 (Vol. I), chap. II, para. 178	The Board recommended 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.	The review of expenditures by currency and budget source is ongoing and the analysis of potential areas to expand the hedging program is expected to be completed by December 2023.	Given that the review of expenditures by currency and budget source is in process, the Board considers this recommendation to be under implementation.		X		
184	2021	A/77/5 (Vol. I), chap. II, para. 185	The Board recommended 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.	Actions that have been undertaken to address this issue include but are not limited to: (a) the taking of steps to establish a separate, longer-duration and more diversified pool for extrabudgetary-related after-service health insurance reserves (which would then be available for use by other pool participants for funds with a similar profile); (b) the undertaking of an asset allocation study by the consultant/ actuaries; (c) the development of investment guidelines, based on the asset allocation study, that will form part of the agreement with the external asset manager for specific asset classes; and (d) consultations 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. It has already been determined that long-duration liabilities should have long-duration assets, and implementation of a proper diversified strategy for after-service health insurance investments under separate guidelines and benchmarks is well under way.	Given that relevant actions have been undertaken to address this issue, the Board considers this recommendation to be under implementation.		X		

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185	2021	A/77/5 (Vol. I), chap. II, para. 191	The Board recommended that the Administration establish formal procedures to review the post-trade date increases in the concentration levels, make a decision on the basis of the nature and risk exposure of investment portfolios, and document the decision-making process appropriately.	The Administration is in the process of formalizing the documentation of the circumstances and steps to be taken with regard to an increase in concentration levels, in the event that such an unusual situation arises.	Given that the Administration is in the process of formalizing the documentation of the circumstances and steps to be taken with regard to an increase in concentration levels, in the event that such an unusual situation arises, the Board considers this recommendation to be under implementation.		X		
186	2021	A/77/5 (Vol. I), chap. II, para. 200	The Board reiterated 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.	The Administration has instructed third-party administrators to take corrective action as applicable and was on track to implement this recommendation by 30 June 2023.	Given that the Administration has instructed third-party administrators to take corrective action, the Board considers this recommendation to be under implementation.		X		
187	2021	A/77/5 (Vol. I), chap. II, para. 205	The Board recommended 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.	The Administration has fully implemented this recommendation. The Administration has formalized and delegated the authority to the third-party administrator to approve an amount of up to $50,000 in relation to the hardship provision. The Administration has also requested the third-party administrator to run regular reports to ensure that no amounts have been paid beyond the monetary ceilings. As needed, the third-party administrator has made the	Given that the Administration has completed the rectification of this issue and submitted the supporting materials, and that the third-party administrator has completed the verification and correction of relevant matters, the Board considers this recommendation implemented.	X			

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				necessary corrections and reported those corrections to the Administration. In the light of the above, the Administration respectfully requests that the recommendation be closed.					
188	2021	A/77/5 (Vol. I), chap. II, para. 212	The Board recommended that the Administration expedite the execution of collective negotiations and the formalization of standardized agreements.	The Procurement Division provided an update to the Board on 19 April 2023 regarding the status of contracts for third-party administrators aimed at addressing the recommendation. Going forward, the Procurement Division will be responsible for providing updates on the recommendation. The Division is responsible for establishing written agreements with vendors, including third-party administrators, that provide goods and/or services to the United Nations. The Division is currently following up on outstanding comments from some third-party administrators before finalizing a unified approach to address all third-party administrator comments, which includes leveraging negotiation power on the United Nations General Conditions of Contract. The Division will engage relevant stakeholders (e.g. the Office of Legal Affairs) to provide a response to each third-party administrator towards the conclusion of related agreements. The revised target date is set for 31 December 2023.	Considering that the contract has not been formally signed, the Board considers this recommendation to be under implementation.		X		
189	2021	A/77/5 (Vol. I), chap. II, para. 218	The Board recommended 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.	The Administration is developing performance evaluation standards and reports as recommended by the Board. The Administration is on track to implement this recommendation by June 2023.	Given that the Administration is developing performance evaluation standards, the Board considers this recommendation to be under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
190	2021	A/77/5 (Vol. I), chap. II, para. 226	The Board recommended 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.	The Administration continues to monitor the utilization of assets and enhance the framework in which entities update equipment status each time there is a change in the situation on the ground. The Administration will continue to monitor the utilization rates and consumption patterns and factor that into the demand and acquisition plans.	Given that a large amount of assets are still idle or are not used properly, and that a massive number of assets have been purchased subsequently, the Board considers this recommendation to be under implementation.		X		
191	2021	A/77/5 (Vol. I), chap. II, para. 231	The Board recommended 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.	The discrepancies found were related to 10 shotguns that were outdated and were recommended to the Host Country Affairs Section of the United States Mission to the United Nations for destruction in May 2019. They are not on the list of approved firearms of the Department of Safety and Security and should therefore not be kept in stock. A request was made to the New York Police Department to have them destroyed and the Police Department indicated that they would be able to destroy the weapons in September 2022. With regard to ammunition, from the inception of Umoja in 2015 to 20 August 2018, the Security and Safety Service procured ammunition as "direct material" and entered in Umoja as inventory. The 367,302 rounds recorded in Umoja fall under this category. However, these rounds were used for shooting practice and training during the same period. From September 2018 to the present, the Security and Safety Service has been procuring ammunition as "consumables", which are not required to be entered in Umoja and may have thus created the discrepancy. The Service is working	Given that discrepancies still exist, the Board considers this recommendation to be under implementation.		X		

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				with the Property Management and Inventory Control Unit to reconcile the Umoja inventory with the amount of ammunition used with a view to clearing up the discrepancy, but additional steps are still required in order to fully address this. The Service will follow the guidance from the working group now led by the Office of Supply Chain Management on reviewing the mechanisms of inventory control related to firearms and ammunition in Umoja.					
192	2021	A/77/5 (Vol. I), chap. II, para. 236	The Board recommended 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.	The Administration considers that the first part of the recommendation, with regard to the review of expenditure and the capitalization of the flexible workplace project, has been implemented. The Administration reiterates that strong financial controls exist in the area of capitalization. In addition, all assets are included in the key performance indicator reviews undertaken by the Global Asset Management Policy Service, which aims at ensuring that assets are correctly capitalized. The Administration has also implemented stronger reviews of intangible asset capitalization with offices. Specifically, in relation to the initial observation regarding the capitalization of flexible workspace and Umoja, when costs are incurred related to the Umoja project, the Enterprise Resource Planning Solution Division defines whether a cost is capitalizable through the use of the appropriate work breakdown structure element. All costs related to the flexible workspace were capitalized in	Given that supporting documentation related to the expenditure has not been provided, the Board considers this recommendation to be under implementation.		X		

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				2021. During the 2021 audit, the Board identified expenditures requiring capitalization and the Administration submitted supporting documentation to the Board for those costs showing that they were correctly expensed. The Administration again reiterates that the Umoja project expenditures are correctly treated and will provide additional documentation as required.					
193	2021	A/77/5 (Vol. I), chap. II, para. 243	The Board recommended 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.	The Administration has completed the review of the IPSAS economic useful lives of assets in 2022 by using the fixed asset data in Umoja, which uses post-Galileo conversion data and includes all active assets, disposed assets, equipment records and asset quantities. The updated IPSAS useful lives are active in Umoja effective 1 January 2023, and the Board can review the entries in Umoja to confirm. Updates to United Nations corporate guidance and policies are scheduled for completion in 2023. The Administration requests the closure of this recommendation.	Given that the new United Nations corporate guidance and policies related to asset reassessment have not yet been updated, the Board considers this recommendation to be under implementation.		X		
194	2021	A/77/5 (Vol. I), chap. II, para. 258	The Board recommended 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.	Training of Security and Safety Services staff is key to a successful security operation and is of vital importance in maintaining safe and secure operations within the United Nations Office at Geneva campus. As part of the Department of Safety and Security mandatory training programme, the Security and Safety Services is required to ensure that all of its officers are trained and certified on (a) firearms; (b) basic unarmed control and restraint techniques; and (c) basic self-defence techniques, first aid and basic firefighting techniques, on a	The recommendation is considered implemented.	X			

						Status after verification			
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				yearly basis at minimum. While there are dedicated facilities on campus for points (b) and (c) above, the Security and Safety Services relies on four different external facilities (shooting ranges) to maintain firearms training and (re)certification. The completion of a feasibility study and the careful analysis of its results, along with due consideration of the fact that the Security and Safety Services, in 2021, successfully established a contract for the use of private shooting range facilities located in very close proximity to the United Nations Office at Geneva campus, has prompted a reconsideration of the original strategy. This reconsideration is also mindful of the related recommendation of the Board. In order to maximize the benefit of a contract at a nearby range and to pursue a more efficient solution, the Security and Safety Services no longer intends to proceed with the creation of a live shooting range within the grounds of the United Nations Office at Geneva. Instead, to meet firearms training needs, the objective will be to create a training infrastructure which will incorporate "use of force" simulator technology based on bespoke scenario training, in which officers are exposed to different training scenarios. This facility, combined with the use of contracted range facilities as referred to above, will meet the Security and Safety Services training requirements in a more sustainable and flexible manner from both an operational and financial perspective. The Security and Safety Services in Geneva is required to ensure the full execution of its					

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				annual firearms (re)certification programme, which can only be done on a live shooting range. The Services will therefore maintain as part of its cost plan the existing contract with the external shooting range provider.					
195	2021	A/77/5 (Vol. I), chap. II, para. 268	The Board recommended 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.	The Administration is developing policies on the use of general temporary assistance. The proposed programme budget for 2024 will include definitions by type of position to ensure consistency in the use of the different types of position.	Given that policy development is still in progress, the Board considers this recommendation to be under implementation.		X		
196	2021	A/77/5 (Vol. I), chap. II, para. 272	The Board recommended that the Administration strengthen monitoring to ensure that all the general temporary assistance positions are used in full compliance with related polices and regulations.	Please refer to the Administration's comments immediately above.	Given that policy development is still in progress, the Board considers this recommendation to be under implementation.		X		
197	2021	A/77/5 (Vol. I), chap. II, para. 278	The Board recommended 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.	The Department of Operational Support has worked with UNDP to establish a list of UNDP-administered personnel and has reached out to affected entities to provide guidance on the process of integrating those personnel into the Secretariat.	Given that new situations have arisen with regard to the process of integrating the remaining UNDP-administered staff into the Secretariat, the Board considers this recommendation as having been overtaken by events.				X

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198	2021	A/77/5 (Vol. I), chap. II, para. 283	The Board recommended 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.	The Office for the Coordination of Humanitarian Affairs is following up on the findings from the interim audit as part of the plan of action.	Given that the Administration is working on a plan of action, the Board considers this recommendation to be under implementation.		X		
199	2021	A/77/5 (Vol. I), chap. II, para. 286	The Board recommended 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.	The Office for the Coordination of Humanitarian Affairs has initiated a discussion with UNDP on the amendments to letters of offer or appointment for UNDP-administered personnel on behalf of the Office. With regard to the review of the overarching legal framework that governs the memorandums of understanding/ service-level agreements of all Secretariat entities, including that of the Office for the Coordination of Humanitarian Affairs with UNDP, the Office's Human Resources Section is not the lead in the implementation of this recommendation, but will contribute to these discussions together with other entities.	Given that this work is in progress, the Board considers this recommendation to be under implementation.		X		
200	2021	A/77/5 (Vol. I), chap. II, para. 295	The Board recommended 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.	The recommendation is under implementation.	Given that this work is in progress, the Board considers this recommendation to be under implementation.		X		
201	2021	A/77/5 (Vol. I), chap. II, para. 299	The Board recommended 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.	The recommendation is under implementation.	Given that this work is in progress, the Board considers this recommendation to be under implementation.		X		

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202	2021	A/77/5 (Vol. I), chap. II, para. 304	The Board recommended that the Administration ensure that the established procedures for personnel selection are well monitored and duly documented to ensure transparency, fairness and competitiveness.	The recommendation is under implementation.	Given that this work is in progress, the Board considers this recommendation to be under implementation.		X		
203	2021	A/77/5 (Vol. I), chap. II, para. 309	The Board recommended 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.	The Office of Information and Communications Technology will conduct an evaluation of the current contractual services model to optimize the engagement of ICT services within the applicable framework of the contracts with the ICT service providers.	Given that the entity-level analysis is still ongoing, the Board considers this recommendation to be under implementation.		X		
204	2021	A/77/5 (Vol. I), chap. II, para. 313	The Board reiterated 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.	The United Nations Office at Nairobi introduced backward counting for consultants and individual contractor services in January 2022. For the period from January to December 2022, the United Nations Office at Nairobi processed a total of 1,298 consultant and individual contractor contracts. A duration of 24 months in a 36-month period was observed for all consultants and a duration of 9 months in a 12-month period was observed for all individual contractors. in line with ST/AI/2013/4 sections 5.8 and 5.9. In addition, the quarterly checks performed by the Business Transformation and Accountability Division did not find any cases that did not meet this requirement. The Administration considers this recommendation to be implemented and requests its closure by the Board.	Given that the United Nations Office at Nairobi had already introduced backward counting for consultants and individual contractors, the Board considers this recommendation implemented.	X			

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205	2021	A/77/5 (Vol. I), chap. II, para. 317	The Board recommended 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.	The Office of Information and Communications Technology will engage with the Office of Human Resources in the Department of Management Strategy, Policy and Compliance to review compliance with existing guidance and ensure cost-effectiveness and appropriateness.	Given that the review for compliance with existing guidance is in process and that no further comments or supporting documents have been provided, the Board considers this recommendation to be under implementation.		X		
206	2021	A/77/5 (Vol. I), chap. II, para. 321	The Board recommended that the Administration ensure that the United Nations Assistance Mission for Iraq selects consultants in strict compliance with the requirements in administrative instruction ST/AI/2013/4 and ensure that sole-source recruitment is duly justified.	A new tool is being used by the United Nations Assistance Mission for Iraq (UNAMI) to ensure that the requirements are met.	Given that UNAMI had already introduced a new tool to monitor the use of consultants and individual contractors, the Board considers this recommendation implemented.	X			
207	2021	A/77/5 (Vol. I), chap. II, para. 329	The Board recommended that the Administration update the policy to address deficiencies in roster-based recruitment and clean up the roster data.	This issue was discussed at the meeting of the Staff-Management Committee held in Brindisi, Italy, from 23 to 29 April 2023. Policy revisions will follow once the Secretary-General approves the report of the meeting.	Given that this work is in progress, the Board considers this recommendation to be under implementation.		X		
208	2021	A/77/5 (Vol. I), chap. II, para. 333	The Board recommended 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.	The development work on the vetting automation project is being finalized for user testing and approval, with a roll-out of the automated feature forecasted for the second quarter of 2023. It should be noted that this project is limited to positions in the Secretariat and is not applied system-wide. While there is no system-wide vetting for other forms of misconduct, the expansion of Clear Check with regard to cases other than sexual exploitation and abuse and sexual harassment to United Nations	Given that the development work on the vetting automation project has not been finished, and a system-wide solution has not yet been determined, the Board considers this recommendation to be under implementation.		X		

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				agencies, funds and programmes is under active consideration. In its most recent resolution on human resources management (resolution 77/278), the General Assembly welcomed the use of Clear Check, requested the Secretary-General, in his capacity as Chair of the United Nations System Chief Executives Board for Coordination (CEB), to encourage heads of participating entities to promptly record relevant data into Clear Check to increase its utility, and also requested the Secretary-General to include an assessment of whether the scope of entries in Clear Check could be extended to cover other categories of misconduct and disciplinary sanctions and to explore whether the Clear Check database and the Misconduct Disclosure Scheme could complement each other, and to report thereon to the Assembly at its seventy-eighth session. The proposed expansion of the coverage of Clear Check will require significant discussions within CEB and will require the addressing of all legal considerations, in addition to determining an appropriate technical solution that could automate the process of inputting data into the database. It is envisaged that this part of the recommendation will therefore require additional time, with the initial phase lasting until the first quarter of 2025.					
209	2021	A/77/5 (Vol. I), chap. II, para. 338	The Board recommended that the Administration continue to monitor the performance of heads of entities for achieving key	The Administration considers this recommendation implemented, as it continues to monitor the performance of heads of entity, has issued guidance	Given that the key performance indicator on geographical representation was not achieved for two		X		

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			performance indicators on geographical representation, issue guidance to entities and develop more proactive measures to improve geographical representation.	and has taken proactive measures to improve geographical representation. Last year the Office of Human Resources held meetings with entities on their geographical representation targets and gender parity, and entity action plans were created in 2022. In addition, the network was set up in 2022 to support entities with capacity-building and knowledge-sharing on best practices on talent outreach, sourcing and acquisition and advancing equitable geographical distribution.	consecutive years, the Board considers this recommendation to be under implementation.				
210	2021	A/77/5 (Vol. I), chap. II, para. 349	The Board recommended 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.	The recommendation has been implemented. The Office of Supply Chain Management sent weekly round-up e-mails inviting local vaccine deployment coordinators to submit vaccine request forms to order new doses.	Given that the new allocation model has already been updated to a needs-based modality, the Board considers the recommendation implemented.	X			
211	2021	A/77/5 (Vol. I), chap. II, para. 358	The Board recommended 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.	The recommendation is partly implemented. The Everbridge component is complete. The final report will be issued after the closure of the United Nations System-wide COVID-19 Vaccination Programme, which is expected in 2023.	Given that the comprehensive report has not yet been produced, the Board considers the recommendation to be under implementation.		X		
212	2021	A/77/5 (Vol. I), chap. II, para. 365	The Board recommended that the Administration ensure and document that each requisitioner has completed all mandatory	The Administration notes that the new user access functional subgroup has endorsed a work package to review the technical aspects of training courses	Given that work is continuing, the Board considers this		X		

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			Umoja training in accordance with the Procurement Manual before being listed as a requisitioner in Umoja.	taken by users who are assigned a specific role. The respective functional subgroups remain responsible for determining the courses required for the granting of Umoja roles and ensuring the respective security liaison officers comply with their guidance.	recommendation to be under implementation.				
213	2021	A/77/5 (Vol. I), chap. II, para. 372	The Board recommended 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.	The Administration requests the closure of the recommendation on the basis of evidence provided to the Board.	The Board considers this recommendation implemented.	X			
214	2021	A/77/5 (Vol. I), chap. II, para. 379	The Board recommended that the Administration ensure that the Department of Management Strategy, Policy and Compliance consider 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.	The Administration considers this recommendation implemented, as it has considered the areas identified in the recommendation when finalizing the revised suite of key performance indicators on delegation of authority. For example, based on the assessment of the Business Transformation and Accountability Division, in order to help monitor the use of low-value acquisitions, the initial key performance indicator on the utilization of long-term contracts has been enhanced to reflect stand-alone purchases, broken down by stand-alone purchase orders and stand-alone low-value acquisitions. In addition, a new procurement authority key performance indicator on repeat purchases from the same vendor will allow the monitoring of whether repeat (stand-alone) purchases are made from the same vendor over and over to avoid going beyond certain thresholds, such as the low-value	Given that the Administration will determine whether new delegation of authority key performance indicators are required or whether operational guidance or policy guidelines should be updated and strengthened, the Board considers this recommendation to be under implementation.		X		

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				acquisition threshold. In accordance with the accountability framework for delegation of authority, the Business Transformation and Accountability Division will continuously improve the suite of key performance indicators. The development of the expanded set of key performance indicators was communicated in an announcement in the fourth quarter of 2022 on the move to Umoja Analytics.					
215	2021	A/77/5 (Vol. I), chap. II, para. 384	The Board recommended 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.	The Administration is working on more targeted analysis and follow-up to identify the root cause and suggest interventions which include better tools, information, guidance and/or policy and process improvements by the second line of defence. The Business Transformation and Accountability Division is focusing efforts on identifying systemic issues and leveraging enhanced data analytics to help entities, as the first line of defence, to improve their performance against targets. However, ultimately an entity's performance against any key performance indicator is the responsibility of the entity itself to improve and to put in place the environment to achieve this.	Given that the Administration will start fine-tuning the analysis in 2023 to support entities in reaching the key performance indicator targets, the Board considers this recommendation to be under implementation.		X		
216	2021	A/77/5 (Vol. I), chap. II, para. 392	The Board recommended 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.	The Administration is working on the development of the escalation component of the response mechanism to reinforce the holding of managers accountable for the exercise of delegated authorities. The development work on the vetting automation project is being finalized for user testing and approval, with a roll-out of the automated feature forecasted for second quarter of 2023.	Given that the Administration is planning to improve guidance to entities on delegated authority for human resource exceptions and, in 2023, will roll out the escalation component of the response mechanism to reinforce the holding of managers accountable for		X		

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				It should be noted that the vetting project is limited to positions in the Secretariat only and is not applied system-wide.	the exercise of delegated authorities, the Board considers this recommendation to be under implementation.				
217	2021	A/77/5 (Vol. I), chap. II, para. 396	The Board recommended 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.	The Administration has finalized the delegation of authority arrangements for officers-in-charge in resident coordinator offices, based on different scenarios that address the diversity of existing situations and ensure consistency in the application of the accountability framework for the exercise of delegated authorities. Dedicated briefing sessions for resident coordinator offices on key performance indicators have taken place, including for resident coordinators ad interim in April 2023. Delegations to all resident coordinators, including to resident coordinators ad interim, have been issued in the delegation of authority portal as of the end of April 2023.The Administration considers this recommendation to be implemented.	Given that delegations of authority to resident coordinators ad interim have already been recorded in the portal, the Board considers this recommendation implemented.	X			
218	2021	A/77/5 (Vol. I), chap. II, para. 403	The Board recommended 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.	The Administration is currently undertaking two pilot analyses to address this recommendation by: (a) utilizing information generated by the strategic planning, budgeting and performance management solution to identify systemic issues with regard to programme implementation and reporting as part of the 2022 senior managers' performance assessment exercise; and (b) augmenting existing quantitative measurements of OIOS evaluation implementation rates with a qualitative analysis of outstanding OIOS recommendations. Results of	Given that the Administration strengthened the analysis of information generated by the strategic planning, budgeting and performance management solution, the Board considers this recommendation implemented.	X			

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				the pilot analyses will be presented to the Management Performance Board for their review and deliberation by December 2023.					
219	2021	A/77/5 (Vol. I), chap. II, para. 404	The Board recommended 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 the programme performance and support decision-making.	During the 2022 cycle, the Administration actively monitored the usage of the strategic planning, budgeting and performance management solution for those heads of entity with senior managers' compacts through a dedicated indicator, which measures the frequency of updates to strategic management application module records. Preliminary assessment results reveal that approximately 80 per cent of applicable entities received a "satisfactory" rating by updating, at least every six months, their programmatic results and deliverables in the strategic management application module.	Given that the information in the strategic planning, budgeting and performance management solution is still not complete and has not been updated in a timely manner, the Board considers this recommendation to be under implementation.		X		
220	2021	A/77/5 (Vol. I), chap. II, para. 409	The Board recommended that the Administration pilot practices for the consideration of material and recurring compliance issues identified by oversight bodies when assessing senior managers' performance.	The Administration has undertaken a pilot analysis of the Board's findings and recommendations as they relate to specific peacekeeping missions, with a focus on recurring compliance issues, and has included the results in the senior managers' performance assessment for the 2021/22 reporting period. A similar analysis of the Board's findings and recommendations for regular budget entities is currently being conducted as part of the senior managers' performance assessment for the 2022/23 reporting period, with the results expected to be presented to the Management Performance Board for their review and deliberation by December 2023.	Given that the Administration achieved progress in the analysis of recurring issues identified by oversight bodies, the Board considers this recommendation implemented.	X			

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221	2021	A/77/5 (Vol. I), chap. II, para. 415	The Board recommended that the Administration ensure that, in considering any revised approach to manage the benefits of reform, regular updates be considered.	The Administration provided an update on its approach to benefits management as part of the Board's interim audit of the Executive Office of the Secretary-General, which owns the process. As originally set out in the 2019 benefits management framework, stand-alone mechanisms such as the online benefits tracker should be closed once the structural elements of reform were completed, with a final update as of December 2021. An end-of-process review has been undertaken and a draft output is being finalized, which the Administration will share with the audit team in April with a view to closing the recommendation. Any remaining management reform activities have been transferred to the departmental plans of the Department of Management Strategy, Policy and Compliance and the Department of Operational Support respectively, and their status will be updated as part of the normal business cycle. The Secretariat's approach to benefits management has moved to the third phase set out in the 2019 benefits management framework.	As the Administration has provided an update on the status of its approach to benefits management, the Board considers this recommendation implemented.	X			
222	2021	A/77/5 (Vol. I), chap. II, para. 426	The Board recommended that the Administration develop a resident coordinator handbook to provide more guidance to resident coordinators ad interim in delivering the expected results.	The development of a resident coordinator handbook is in progress.	Given that the development of a resident coordinator handbook is still in progress, the Board considers this recommendation to be under implementation.		X		
223	2021	A/77/5 (Vol. I), chap. II, para. 427	The Board recommended that the Administration intensify efforts to expand the resident coordinator pool to include more viable	In order to expand the resident coordinator pool to include more viable candidates, the Development Coordination Office held three	Given that there were insufficient suitable candidates to meet the demand, resulting in the		X		

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			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.	sessions of the Resident Coordinator Assessment Centre in 2022 (in January, October and November/December). As a result of these three sessions, a total of 64 new members were added to the resident coordinator pool. In order to ensure that all the candidates in the pool are active, in October 2022 the Development Coordination Office launched a clean-up exercise of the resident coordinator pool to ascertain the continued interest and availability of pool members, in line with the provisions of section 3.10 of ST/AI/2022/1 on the resident coordinator selection system. There were 208 resident coordinator pool members prior to the clean-up exercise. As a result of this exercise, 189 resident coordinator pool members were confirmed as active pool members as at 31 December 2022.	vacancy of 17 resident coordinator positions as at 31 December 2022, of which 5 had been advertised several times, even though a clean-up exercise of the resident coordinator pool had been conducted and new resident coordinator pool members had been recruited in 2022, the Board considers this recommendation to be under implementation.				
224	2021	A/77/5 (Vol. I), chap. II, para. 433	The Board recommended 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.	The draft administrative instruction on the performance management of resident coordinators is undergoing consultation among various stakeholders.	Given that the Board was informed that the promulgation process of a permanent performance appraisal system for resident coordinators is still ongoing and the draft administrative instruction on the performance management of resident coordinators is under review, the Board considers this recommendation to be under implementation.		X		
225	2021	A/77/5 (Vol. I), chap. II, para. 439	The Board recommended that the Administration continue to strengthen its monitoring of the implementation of the key steps in the United Nations Sustainable	Strengthened monitoring of progress regarding United Nations Sustainable Development Cooperation Framework design and implementation milestones is ongoing through the monthly	Given that the development of UN-Info is ongoing, and further action is needed to improve the reliability and quality of the information		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	*Status after verification* Implemented	Under implementation	Not implemented	Overtaken by events
			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.	check-ins with regional offices of the Development Coordination Office. In addition, analysis of information management system data from 2022 is ongoing, and enables trouble-shooting with specific countries as necessary and informs policy and decision-making through newly established "data deep dives". New monitoring mechanisms have been established and existing ones strengthened. The Development Coordination Office requests that the Board close this recommendation.	management system data, the Board considers this recommendation to be under implementation.				
226	2021	A/77/5 (Vol. I), chap. II, para. 447	The Board recommended 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.	The revised efficiency road map was cleared by the Executive Office of the Secretary-General and approved by the United Nations Sustainable Development Group principals in August 2022. Therefore, the Development Coordination Office requests that the Board close this recommendation.	Given that the revised efficiency road map is approved, the Board considers this recommendation implemented.	X			
227	2021	A/77/5 (Vol. I), chap. II, para. 448	The Board recommended 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.	The development of an efficiency dashboard is in progress.	Given that the development of an efficiency dashboard is in progress, the Board considers this recommendation to be under implementation.		X		
228	2021	A/77/5 (Vol. I), chap. II, para. 449	The Board recommended 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.	The development of an efficiency dashboard is in progress.	Given that the development of an efficiency dashboard is in progress, the Board considers this recommendation to be under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
229	2021	A/77/5 (Vol. I), chap. II, para. 455	The Board recommended 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.	The reform implementation plan has been completed and periodic updates were conducted in 2021 and 2022. As agreed with the Board, the peace and security pillar will continue to conduct annual reporting against ongoing milestones as part of its approach to continuous improvement. As a result, the Administration requests the closure of this recommendation.	Given that the peace and security pillar will continue to conduct annual reporting against ongoing milestones, the Board considers this recommendation implemented.	X			
230	2021	A/77/5 (Vol. I), chap. II, para. 463	The Board recommended that the Administration develop an action plan to continue to promote adaption and integration in order to facilitate the efficient achievement of the "whole-of-pillar" approach.	It should be noted that the previous OIOS recommendation on strengthening management culture and communication in the Department of Political and Peacebuilding Affairs has been fully implemented and is now considered closed. The peace and security pillar consists of the Department of Political and Peacebuilding Affairs and the Department of Peace Operations, thus the Executive Office takes a "whole-of-pillar" approach to providing administrative, financial, budgetary and human resources guidance and support to both Departments. To facilitate continued adaption and integration and to avoid fragmentation, the Executive Office supports the efficient achievement of the pillar's goals by ensuring that administrative guidance and support are provided to all offices, regardless of whether an office is in the Department of Political and Peacebuilding Affairs or the Department of Peace Operations, are consistent across the pillar and are in line with existing policies, rules and regulations.	Given that the staff survey of the Secretariat in 2023 has not been conducted, the Board consider this recommendation to be under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
231	2021	A/77/5 (Vol. I), chap. II, para. 467	The Board recommended 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.	The new Security Council Affairs Division pool of experts was launched on 18 October 2022 and is fully functional. In late October 2022, the Security Council Affairs Division invited all members of the previous roster of experts to apply and be screened for inclusion in the new pool of experts. Furthermore, on 8 December 2022, the Division sent a note verbale to all Member States announcing the launch of the new pool of experts and inviting their nominated candidates to apply and be screened for inclusion in the new pool. The new pool allows the Security Council Affairs Division to swiftly identify suitable candidates for individual expert positions and invite them to apply. It has been systematically consulted in every recruitment process since its launch. Two of the experts recruited since its launch in late October were drawn from the new pool of experts, as the pool remains only one of several conduits used to generate a suitable pool of candidates.	Given that new the Security Council Affairs Division pool of experts was launched and is functional, the Board consider this recommendation implemented.	X			
232	2021	A/77/5 (Vol. I), chap. II, para. 471	The Board recommended that the Administration engage the rostered experts more proactively in supporting mediation tasks and intensify efforts to further expand the roster.	In the fourth quarter of 2022 and in the first quarter of 2023, the Mediation Support Unit within the Policy and Mediation Division in the Department of Political and Peacebuilding Affairs continued to work to ensure that experts from the Standby Team of Senior Mediation Advisers roster are deployed to support the mediation efforts of United Nations and partner organizations. This remains, however, a demand-driven endeavour and the Mediation Support Unit is only able to support the engagement of specific	Given the expansion of the roster of mediation experts, the Board considers this recommendation implemented.	X			

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				mediation experts with the concurrence of mediation teams receiving support. To date, all experts engaged in coordination with the Mediation Support Unit have been drawn from the roster. During the 2022 expert identification process, two additional female mediation experts were added to the roster at the end of 2022 and were deployed in support of the Unit's mediation support assignments in early 2023. Continued efforts will be made ahead of and during the 2023 expert identification process to encourage high numbers of applications, including from women and from the global South, with outreach conducted with regional and subregional organizations as well as women mediators' networks. As in previous years, all Member States will be informed of the process once launched and invited to encourage applications.					
233	2021	A/77/5 (Vol. I), chap. II, para. 475	The Board recommended 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.	The UNDP Multi-Partner Trust Fund Office undertook an assessment and an analysis of the reserve funds vis-à-vis other funds. The Peacebuilding Fund's balance as a percentage of its overall capitalization was one of the lowest rates across all funds examined. In comparison to individual projects, multi-partner trust funds do not have a yearly schedule and rely on the rhythms of allocations and needs. The flexibility of multi-partner trust funds is one of their central features. The availability of a fund balance is not considered a negative performance indicator, unless there have been no, or very low, allocations throughout the year.	Given that the UNDP Multi-Partner Trust Fund Office undertook an assessment and analysis of the reserve funds, the Board considers this recommendation implemented.	X			

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234	2021	A/77/5 (Vol. I), chap. II, para. 480	The Board recommended 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 the national capacity.	The Peacebuilding Fund has initiated a process to assess the catalytic effect of its work as well as an in-depth assessment of its work with civil society organizations. This is expected to be finalized in the third quarter of 2023.	Given that the process to assess the catalytic effect of the Peacebuilding Fund's work as well as an in-depth assessment of its work with civil society organizations is ongoing, the Board considers this recommendation to be under implementation.		X		
235	2021	A/77/5 (Vol. I), chap. II, para. 486	The Board recommended 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.	Based on the findings of the mid-term review, the Peacebuilding Fund is of the view that a strategic results framework should be developed wherever there is a clear need or gap. Ideally, work under the Peacebuilding Fund should be consolidated under the United Nations Sustainable Development Cooperation Framework. By the end of the 2024 strategy period, the Peacebuilding Fund will have established nine strategic results frameworks in at least 75 per cent of Peacebuilding Recovery Facility (i.e. eligible) countries in close alignment with United Nations Sustainable Development Cooperation Frameworks. Further roll-out of strategic results frameworks will be prioritized in line with respective countries' eligibility for renewal and Peacebuilding Fund capacities. The Peacebuilding Fund will also intensify its support to strengthen project design in Immediate Response Facility countries.	Given that strategic results frameworks are currently under construction, the Board consider this recommendation to be under implementation.		X		
236	2021	A/77/5 (Vol. I), chap. II, para. 491	The Board recommended that the Administration undertake an assessment to determine what is a reasonable level of "off-track"	Where the Peacebuilding Fund did not undertake an assessment to determine the ideal weight of on-track versus off-track projects, it has chosen to retain its focus on ensuring that projects have the	Given that as at 31 December 2022, the percentage of off-track projects was 31.75, the Board considers this		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			versus "on-track" projects in order to strengthen project management.	necessary support to become on-track over time. The percentage of projects that remain off-track at the end of year remains below the 30 per cent target and the Fund is able to ensure that projects are brought back on track as clarified through the report of the Secretary-General.	recommendation to be under implementation.				
237	2021	A/77/5 (Vol. I), chap. II, para. 492	The Board recommended that the Administration intensify efforts to ensure that projects are allocated and approved in accordance with the priority windows, specifically the cross-border window.	The mid-term review as well as the review of the programme by the United Kingdom of Great Britain and Northern Ireland acknowledge that the targets for cross-border or regional projects are ambitious and need revision. The transaction costs of designing these projects are high and are based on demand. Therefore, the Peacebuilding Fund and the United Kingdom recognize the need to revisit the targets.	Given that the relevant targets are being revised, the Board considers this recommendation to be under implementation.		X		
238	2021	A/77/5 (Vol. I), chap. II, para. 499	The Board recommended 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.	Management requests that this recommendation be closed, based on the agreement reached with the Board, as funding in 2022 was higher than in 2021. Funding in 2022 reached $1.34 billion for country-based pooled funds, higher than the $1.13 billion received during 2021. The Central Emergency Response Fund received $611.9 million, which was lower, in absolute terms, than the 2021 income of $638.3 million, which was due to the exchange rate. The strengthening of the United States dollar in 2022 led to a lower income of some $58 million, compared with the income in 2021 against the same national currencies.	Given that the priority list for country-based pooled funds has been updated on an annual basis and the funding level in 2022 was higher than that of 2021, the Board considers this recommendation implemented.	X			
239	2021	A/77/5 (Vol. I), chap. II, para. 504	The Board recommended that the Administration set more reasonable key performance indicator targets, giving due	Management indicates that the process of developing key performance indicators for the 2023–2026 strategic plan is under way. The	Given that the process of developing key performance indicators for the 2023–2026 strategic plan is under		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			consideration to the humanitarian requirements and the practice of fulfilling responsibilities, and take measures to improve its humanitarian financing performance.	key performance indicators also include updated indicators on financing in line with the outputs and outcomes for the six strategic transformations. One of the transformations is related to humanitarian financing. The indicators regarding humanitarian financing will have reasonable targets for 2026 and include interim targets for 2023 to 2025. The final targets will be determined after consideration of the baseline for 2022. The indicators should be finalized by the end of March 2023, while targets should be completed by mid-April to early May 2023.	way, the Board considers this recommendation to be under implementation.				
240	2021	A/77/5 (Vol. I), chap. II, para. 510	The Board recommended 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.	The Administration has implemented this recommendation and requests that it be closed. The rationale for the final decision of the Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator regarding the allocation for underfunded emergencies has been well documented for the past three underfunded emergency rounds and the documentation is available on the Central Emergency Response Fund website.	Given that documents were available on the Central Emergency Response Fund website in 2022 that described the rationale for the final decision of the Under-Secretary-General for Humanitarian Affairs and Emergency Relief Coordinator in detail, the Board considers this recommendation implemented.	X			
241	2021	A/77/5 (Vol. I), chap. II, para. 518	The Board recommended that the Administration revise the operational handbook to have it include applicable compliance measures, including remedial action on critical risk findings.	Management requests that this recommendation be closed. With the issuance of the new global guidelines for country-based pooled funds in December 2022, a comprehensive framework with measures that country-based pooled funds can adopt to deal with non-compliance scenarios, including critical risk findings, was made available in section 5.3.	Given that the global guidelines have already been issued, and include the revised compliance measures, the Board considers this recommendation implemented.	X			

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
242	2021	A/77/5 (Vol. I), chap. II, para. 519	The Board recommended 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.	Management requests that this recommendation be closed. With the issuance of the new global guidelines for country-based pooled funds in December 2022, provisions have been made in section 5.4 to take systematic remedial action and improve the overall performance of country-based pooled funds.	Given that no instances of timely remedial action taken on critical risk findings were noted in the present audit, the Board considers this recommendation to be under implementation.		X		
243	2021	A/77/5 (Vol. I), chap. II, para. 525	The Board recommended 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.	Management requests that this recommendation be closed. With the issuance of the new global guidelines for country-based pooled funds in December 2022, provisions have been made to better deal with recurring critical risk findings for individual partners and to analyse key audit findings at the fund level to identify concrete actions (see chapters 5 and 6 of the guidelines).	Given that the new global guidelines for country-based pooled funds were issued in December 2022, and that provisions were made to better deal with recurring critical risk findings for individual partners and to analyse key audit findings at the fund level to identify concrete actions, the Board considers this recommendation implemented.	X			
244	2021	A/77/5 (Vol. I), chap. II, para. 531	The Board recommended 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.	Management requests that this recommendation be closed. With the issuance in December 2022 of the new global guidelines for country-based pooled funds, updated time frames for conducting project audits and enhanced templates and guidance for financial spot checks were provided in section 5.4.6, paragraph 282. The new guidelines were to be reconfigured into country-level operational manuals throughout the first two quarters of 2023.	Given that, on a sample basis, the Board noted that 17 of the 21 audits required for projects granted in 2022 were overdue as of April 2023 and that country-level operational manuals have not yet been finalized, the Board considers this recommendation to be under implementation.		X		
245	2021	A/77/5 (Vol. I), chap. II, para. 536	The Board recommended that the Administration update relevant reporting guidance on the Central Emergency Response Fund	The Administration has implemented this recommendation and requests that it be closed. The Office for the Coordination of Humanitarian Affairs	As guidance on updated reporting and monitoring was issued in August 2022 that defined the roles and	X			

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			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.	has updated the relevant reporting guidance on the Central Emergency Response Fund by defining clear and specific roles for the Office when reviewing narrative reports, as well as the follow-up actions that should be taken regarding significant variance in underperformance. The revised guidance is available on the Central Emergency Response Fund website. All final reports are also available on the Central Emergency Response Fund website, including explanations in cases of underachievement.	responsibilities of the Office for the Coordination of Humanitarian Affairs with regard to the final reports on the Central Emergency Response Fund, the Board consider this recommendation implemented.				
246	2021	A/77/5 (Vol. I), chap. II, para. 542	The Board recommended 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.	Management requests that this recommendation be closed, as the utilization of cash has been very high. The available amount carried over from 2022 to 2023 for new allocations was less than $260 million, inclusive of the late donor contributions of over $80 million, without which the amount available for allocations would have amounted to $170 million. By mid-February 2023, the Central Emergency Response Fund had allocated more than $300 million.	Although the cash balance of the Central Emergency Response Fund as at 31 December 2022 was $335.97 million (lower than that of $427.64 million as at 31 December 2021), the cash balance as at 4 March 2023 increased to $422.34 million. Given that the levels of cash and the allocation amounts of the Central Emergency Response Fund need to be analysed over time, the Board will follow up on the situation in the next audit. At this stage, the Board consider this recommendation to be under implementation.		X		
247	2021	A/77/5 (Vol. I), chap. II, para. 552	The Board recommended that the Administration draw experiences and lessons from the Department for General Assembly and Conference Management and the Department of Safety and Security	The Office of Information and Communications Technology will issue guidance to entities to establish local/entity governance mechanisms.	Given that the guidance has not been issued, the Board considers this recommendation to be under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			collaboration and work out guidance on the establishment of ICT governance bodies at the entity level.						
248	2021	A/77/5 (Vol. I), chap. II, para. 557	The Board recommended that the Administration review and update normative guidance in a timely manner and release new policies and guidelines, where needed.	The Office of Information and Communications Technology, through the established Information and Communications Technology Policy Committee, reviews policies, procedures and guidelines on an ongoing basis. The Office will establish a quarterly report to reflect the status of policies, guidelines and procedures and identify those that require updates by the responsible offices.	Given that the quarterly report to reflect the status of policies, guidelines, procedures and identify those that require updates by the responsible offices has not yet been established, the Board considers this recommendation to be under implementation.		X		
249	2021	A/77/5 (Vol. I), chap. II, para. 560	The Board recommended that the Administration ensure that an independent monitoring and accountability mechanism is in place to enforce ICT governance, policies and standards.	The plan for the establishment of an accountability framework has been finalized. The Office of Information and Communications Technology will work in consultation with Secretariat entities to develop the framework.	Given that the accountability framework has been under consultation and has not yet been finalized, the Board considers this recommendation to be under implementation.		X		
250	2021	A/77/5 (Vol. I), chap. II, para. 567	The Board recommended 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.	Information security is a priority of the Secretariat and is reflected as one of two ICT enterprise risks. The Office of Information and Communications Technology will align meetings of the Information Security Board with the Information and Communications Technology Steering Committee and will introduce regular briefings on information security into meetings of the Steering Committee.	Given that regular briefings on information security to the ICT Steering Committee by the Office of Information and Communications Technology and the Information Security Board are still in the planning stage, the Board considers this recommendation to be under implementation.		X		
251	2021	A/77/5 (Vol. I), chap. II, para. 568	The Board recommended that the Administration ensure that all the stakeholders across the Secretariat commit themselves to the	The Office of Information and Communications Technology will liaise with the Department of Management Strategy, Policy and	Given that the implementation of the seven-point information security action plan is still		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			implementation of the seven-point information security action plan in an expeditious manner.	Compliance and the Department of Operational Support to explore the best mechanism to implement this recommendation.	ongoing, the Board considers this recommendation to be under implementation.				
252	2021	A/77/5 (Vol. I), chap. II, para. 569	The Board recommended 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.	The Office of Information and Communications Technology will liaise with the Department of Management Strategy, Policy and Compliance and the Department of Operational Support to explore the best mechanism to implement this recommendation.	Given the recent audit findings on insufficient visibility with regard to cybersecurity, the Board considers this recommendation to be under implementation.		X		
253	2021	A/77/5 (Vol. I), chap. II, para. 576	The Board recommended 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.	The disaster recovery plan and the disaster recovery technical procedure are being updated and are estimated to be complete by the end of the second quarter of 2023.	Given that no further comments and supporting documents have been provided, the Board considers this recommendation to be under implementation.		X		
254	2021	A/77/5 (Vol. I), chap. II, para. 581	The Board recommended 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.	The log book that records access to the data centre is reviewed periodically, and an entry is manually logged each time a new person is escorted to the data centre by authorized staff of the Office of Information and Communications Technology. The risk of unauthorized access to the data centre is very low owing to existing preventative and detective procedural and technical controls, which include the following: (a) entry to the data centre includes a process in which the identity of a staff member is verified by the Office of Information and Communications Technology before entry is granted; (b) staff members working in and visitors to the data centre require an escort; (c) the	Given that action has been taken, the recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				biometric access system requires fingerprint enrolment through the Department of Safety and Security, as validated by the Office of Information and Communications Technology; and (d) United Nations staff, contractors or any visitor must be given authorized access to the United Nations campus by the Department of Safety and Security. There have been no past incidents of unauthorized entry to the data centre, and in combination with the above controls, the likelihood of unauthorized entry is very low. Therefore, the Administration considers this recommendation implemented and requests its closure by the Board.					
255	2021	A/77/5 (Vol. I), chap. II, para. 582	The Board recommended 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.	The access list is based on legitimate business needs and is reviewed periodically by the Chief of Operations. The Administration considers this recommendation implemented and requests its closure by the Board.	Given that action has been taken, the recommendation is considered implemented.	X			
256	2021	A/77/5 (Vol. I), chap. II, para. 587	The Board recommended that the Administration expedite the development of a comprehensive policy concerning data protection and privacy for the United Nations Secretariat.	In collaboration with the Office of Legal Affairs, the Office of Human Resources is in the process of developing and issuing a Secretary-General's bulletin on a privacy and data protection policy for the Secretariat. The draft is currently under legal review and its issuance is expected in the first half of 2023.	Given that no further comments and supporting documents have been provided, the Board considers this recommendation to be under implementation.		X		
257	2021	A/77/5 (Vol. I), chap. II, para. 588	The Board recommended 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.	The Office of Information and Communications Technology will align with the outcome of the Secretary-General's bulletin on a privacy and data protection policy, led by the Office of Legal Affairs, once completed.	Given that no further comments and supporting documents have been provided, the Board considers this recommendation to be under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
258	2021	A/77/5 (Vol. I), chap. II, para. 593	The Board recommended that the 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.	The Office of Information and Communications Technology will engage with other relevant United Nations Secretariat entities regarding the designation of a property record custodian accountable for ICT asset management, as well as develop a concept note, as recommended by the Board.	Given that the designation of a property record custodian is in process, the Board considers the recommendation to be under implementation.		X		
259	2021	A/77/5 (Vol. I), chap. II, para. 599	The Board recommended that the Administration ensure that ICT assets are properly recorded in Umoja for greater visibility and reliability to ensure improved monitoring and controls.	The Office of Information and Communications Technology will engage with relevant United Nations Secretariat entities to implement this recommendation.	Given that this work is being prepared, the Board considers the recommendation to be under implementation.		X		
260	2021	A/77/5 (Vol. I), chap. II, para. 600	The Board recommended 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.	The Office of Information and Communications Technology will engage with relevant United Nations Secretariat entities to implement this recommendation.	Given that this work is being prepared, the Board considers the recommendation to be under implementation.		X		
261	2021	A/77/5 (Vol. I), chap. II, para. 608	The Board recommended 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.	The Office of Information and Communications Technology will conduct a review of its current contractual workforce to optimize workforce planning while balancing operational demands and mitigating the associated risks of engaging contractors to facilitate service delivery.	Given the recent audit findings about insufficient visibility related to personnel provided by third-party vendors, the Board considers this recommendation to be under implementation.		X		

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262	2021	A/77/5 (Vol. I), chap. II, para. 609	The Board recommended that the Administration ensure that the Office of Information and Communications Technology perform an overall evaluation for the current business model with UNOPS and evaluate 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.	The Office of Information and Communications Technology will conduct an evaluation of the current contractual services model to optimize the engagement of UNOPS for activities related to ICT projects and ensure clarity of the budget and payments modality.	Give that the evaluation of the current contractual services model to optimize the engagement of UNOPS for activities related to ICT projects has not yet been carried out, the Board considers this recommendation to be under implementation.		X		
	Total				**262**	**111**	**140**	**0**	**11**
	Percentage				**100**	**42**	**54**	**0**	**4**

Annex II

Status of implementation of recommendations up to the financial year ended 31 December 2021 on the Umoja system

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
1	2017	A/73/169, para. 38	The Board recommended that: (a) the Administration should develop an Umoja benefit realization plan, with an emphasis on improvements resulting from Umoja-based business processes and monitoring of the processes to leverage further benefit realization; (b) the Administration should maintain adequate documentation supporting the computation of quantitative figures for benefit realization; and (c) the Administration should identify a coordinating division/unit as a primary process owner of benefit realization responsible for (i) monitoring the process of benefit realization, (ii) engaging stakeholders of the various units and divisions, and (iii) continuous monitoring.	The benefits previously realized through the implementation of the Foundation and Umoja Extension 1 solutions are now fully integrated within the Umoja system, as highlighted in the progress report on the functioning and development of the Umoja system (A/77/495, para. 60). The Advisory Committee on Administrative and Budgetary Questions had also previously noted this in paragraph 56 of its report (A/76/7/Add.20) on the final progress report of the Secretary-General on the enterprise resource planning project (A/76/386). The Advisory Committee had requested information on estimated cost savings from the deployment of the supply chain management module and was informed that the benefits realized through the implementation of the Foundation solution were now fully absorbed within the Umoja system. The Advisory Committee was also informed that future benefits would arise from the implementation of the Umoja Extension 2 solutions as well as from continuous improvements. These benefits would be reported through the business owners' budget proposals and monitored by the Business Transformation and Accountability Division and the Office of Programme Planning, Finance and Budget. As a result, the Administration requests the closure of this recommendation.	Given that the current budgetary proposals have not yet reflected the realization of benefits, the recommendation is considered to be under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
2	2017	A/73/169, para. 57	The Board recommended that the Administration complete the clean-up exercise in time for the annual time certification exercise.	The Administration has 30 pending records to review that require clean-up, and specific steps to expedite this clean-up are being evaluated, as is follow-up with entities to ensure complete resolution prior to the next issuance of annual time statements in July 2023.	Given that the clean-up has not been completed and reviewed, the recommendation is considered to be under implementation.		X		
3	2017	A/73/169, para. 109	The Board recommended that: (a) Umoja process owners should deprovision already assigned conflicting roles; (b) the segregation of duties rules should be automated by the Umoja process owners in the user access provisioning application; and (c) a standard procedure be laid down for the periodic review of any documented conflicts overridden by appropriate business heads. The ability to override segregation of duties should be documented and controlled by means of periodic reviews.	The Administration confirms that the standard procedure for the periodic review of any documented conflicts overridden by appropriate business heads is now complete. The ability to override segregation of duties has been in place since 2019 and is documented and controlled by means of a quarterly segregation of duties review process, wherein the security liaison officers review and document all conflicts related to segregation of duties in their respective entities. As a result, the Administration requests the closure of this recommendation.	Given that a standard procedure has been put in place and is operational, the recommendation is considered implemented.	X			
4	2018	A/74/153, para. 82	The Board recommended that the Administration automate the execution of the main payment proposal in Umoja and minimize the exceptions for which the execution of an ad hoc payment proposal may be required.	The Administration has automated the execution of the main payment proposal in Umoja in 2019 for accounts payable to minimize the number of ad hoc payments. The Administration believes the current process provides the correct balance between the need for controls over payments and the need for flexibility to accommodate operational requirements. As a result, the Administration requests the closure of this recommendation.	Given that the user verification test has not yet been conducted, the recommendation is considered to be under implementation.		X		
5	2018	A/74/153, para. 83	The Board recommended that the Administration review the master data for banking details to identify and correct cases, where necessary, of multiple vendors associated with the same bank account.	The Administration strengthened the process to update bank details in 2018 and further strengthened the process in 2020, at which time a "know-your-client" approach was implemented whereby banking details are not maintained by the United Nations without the review and approval by a	Given that action is under way, the recommendation is considered to be under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				pre-identified focal point of the vendor. The Administration is reviewing cases of vendors that share the same banking details. Each case is investigated to determine whether the sharing of banking details is legitimate. If it is not legitimate, the vendor is blocked in Umoja, preventing further transactions. Results of the analysis and actions taken are documented. The review process is time-consuming and labour-intensive and consequently progress is slow owing to competing priorities and the limited resources available.					
6	2019	A/75/159, para. 31	The Board reiterated the recommendation that the Administration prepare project plans clearly defining individual tasks, their interdependencies, critical path and detailed task-wise time schedule and monitor them for assistance in the completion of projects in accordance with the schedule.	The Administration notes that this audit recommendation is from 2019, prior to the Umoja project closure, and references specific Umoja project work products. The Umoja project management office enriched the 2019 and 2020 project plans. The level of detail maintained in the project plans was determined by the Administration to be sufficient to efficiently plan and monitor the implementation of the subprojects, which were successfully concluded with the closure of the project at the end of 2020. The deployment of Umoja was completed and the project was closed at the end of 2020 as communicated in the final progress report of the Secretary-General on the enterprise resource planning project (A/76/386) and as endorsed by the Steering Committee in its final meeting as well as by the Management Committee. There is an overlapping audit recommendation (A/77/135, para. 43) that is current and will address the use of the Enterprise Resource Planning Solution Division's project management tool. The pilot for Monday.com was successfully concluded and will continue to be rolled out to the remainder of the Enterprise Resource Planning Solution Division workplan items in	Given that the project phase came to an end and a similar recommendation appeared in paragraph 43 of A/77/135, the recommendation is considered as having been overtaken by events.				X

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				2023. As a result, the Administration requests that this audit recommendation be closed as it has been overtaken by events.					
7	2019	A/75/159, para. 77	The Board recommended that the Administration continuously review the risks to achieving the full deployment of Umoja by 31 December 2020 and implement timely and appropriate mitigation strategies.	The deployment of Umoja was completed at the end of 2020, as communicated in A/76/386 and as endorsed by the Steering Committee in its final meeting as well as by the Management Committee. The four remaining key risks being tracked by the Steering Committee were resolved and endorsed for closure by the Steering Committee in its final meeting. Of the seven unresolved risks identified by the Board in Rapport as at 5 May 2022, three have been closed and the four remaining risks continue to be actively monitored by the Administration and will be migrated to the Umoja enterprise risk management module in accordance with the deployment schedule of the governance, risk and compliance module. As a result, the Administration requests the closure of this recommendation.	Given that the key risks related to the deployment were mitigated, the recommendation is considered implemented.	X			
8	2019	A/75/159, para. 79	The Board recommended that the Administration update the risk register at the time of identification of all the anticipated risks, plan appropriate mitigation strategies and monitor the mitigation measures, keeping the risk register as the central document for the management of risks.	The deployment of Umoja was completed at the end of 2020, as communicated in A/76/386 and as endorsed by the Steering Committee in its final meeting as well as by the Management Committee. The four remaining key risks being tracked by the Steering Committee were resolved and endorsed for closure by the Steering Committee in its final meeting. Of the seven unresolved risks identified by the Board in Rapport as at 5 May 2022, three have been closed and the four remaining risks continue to be actively monitored by the Administration and will be migrated to the Umoja enterprise risk management module in accordance with the deployment schedule of the governance, risk and compliance module. As a result, the Administration requests the closure of this recommendation.	Given that the risks register was being centrally recorded, updated and monitored through Rapport, the recommendation is considered implemented.	X			

No.	*Audit report year*	*Report reference*	*Recommendation of the Board*	*Administration's response*	*Board's assessment*	*Status after verification: Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
9	2019	A/75/159, para. 93	The Board recommended that the Administration take steps to incorporate validation controls for all important fields in employee master data, where technically feasible.	The Administration, guided by SAP best practices and by technical considerations, confirms that all possible validations have been put in place. Regarding beneficiary data specifically, the Administration confirms that validation is in place in the Umoja employee self-service beneficiary form to ensure the total share percentage equals 100. Beneficiary names, dates of birth, addresses and relationships fields are now mandatory. In addition, a recent enhancement to the beneficiary form conducted as part of a modernization project enhanced the relationship field, which now includes a selectable menu of options to prevent inaccurate entries.	Given that the relevant feasible validation controls were put in place, the recommendation is considered implemented.	X			
10	2019	A/75/159, para. 120	The Board recommended that the Administration put in place a strong internal control mechanism to ensure the deprovisioning of user roles in Umoja at the time of separation of staff and appropriate updating of the user roles in Umoja when they leave their functions.	The Administration has successfully tested the automated deprovisioning process in pre-production environments. Full deployment is expected in the third quarter of 2023, pending final review by the user access functional subgroup.	Given that action is under way, the recommendation is considered to be under implementation.		X		
11	2019	A/75/159, para. 144	The Board recommended that the Administration take action to develop and use tools to assess whether the learner can use Umoja functionalities effectively after the training programme.	The Administration had been developing and piloting a learning impact evaluation framework, along with an accompanying set of tools and guidance, for broader application across all major Secretariat training and learning initiatives. This exercise is expected to be completed in December 2023.	Given that action is under way, the recommendation is considered to be under implementation.		X		
12	2020	A/76/131, para. 28	The Board recommended that the Administration report Umoja project updates to the Management Committee in a timely manner, in particular concerning issues related to the final status of Umoja Extension 2, additional integration and enhancement and continuous improvements.	The Administration provided updates on Umoja to the Management Committee in May and December 2022, meeting the Board's requirement to report biannually. In response to the concern of the Advisory Committee on Administrative and Budgetary Questions about the governance model of Umoja, the Management Committee requested additional information	Given that the reporting mechanism was put in place and the Administration reported to the Management Committee biannually in 2022, the recommendation is	X			

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				in May 2022 to inform a decision on the frequency of updates from the Enterprise Resource Planning Solution Division. At a meeting in June 2022, the Management Committee confirmed the need for biannual updates from the Division. As a result, the Administration requests the closure of this recommendation.	considered implemented.				
13	2020	A/76/131, para. 77	The Board recommended that the Administration assess the feasibility of further integrations among Umoja Extension 2 solutions and monitor the implementation status of those integrations as they are identified, assessed and prioritized.	The integrations noted in the 2021 report of the Secretary-General on the enterprise resource planning project (A/76/386) have been implemented as part of business-driven continuous improvements through the Umoja governance structure and are referenced in the 2022 report of the Secretary-General on progress on the functioning and development of the Umoja system (A/77/495). Any additional integration and other enhancement opportunities will be pursued as part of business-driven continuous improvements through the Umoja governance structure. As a result, the Administration requests the closure of this recommendation.	Given that action has been taken, the recommendation is considered implemented.	X			
14	2020	A/76/131, para. 90	The Board recommended that the Administration make sure that the documentation required for each step of software development is prepared in a timely manner, and that it create a project management handbook for the continuous improvement initiatives for the Umoja system.	The Administration has developed a project management handbook for continuous improvements. The handbook includes the framework and all relevant steps for the undertaking of continuous improvements to the Umoja solution. As a result, the Administration requests the closure of this recommendation.	Given that the project management handbook for continuous improvements was put in place and the SAP Solution Manager tool was utilized to track each step of continuous improvements, this recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
15	2020	A/76/131, para. 105	The Board recommended that the Administration conduct the disaster recovery test on a periodic basis and incorporate lessons learned and corrective actions in disaster recovery plan updates.	The Administration conducted a table-top disaster recovery exercise for Umoja applications on 14 November 2022. A detailed walk-through session was coordinated to engage all teams involved in the disaster recovery plan. Key goals of the session included a detailed review of the plan, a review of lessons learned from the prior exercise and confirmation that the lessons learned had been incorporated into the current plan. In addition, a successful global site disaster recovery exercise was conducted on 11 February 2023, when the secondary data centre at the United Nations Global Service Centre at Brindisi, Italy, was powered down and all Umoja services were shut down for a few hours to validate that the critical applications of the United Nations could continue to operate consistently in the event of full data centre outage. As part of the disaster recovery solution, Umoja data is replicated from the primary data centre at the United Nations Information and Communications Technology Facility, Valencia, to the Umoja standby databases hosted at the Global Service Centre at Brindisi. Therefore, the unavailability of the Global Service Centre at Brindisi was an excellent test of the newly deployed Umoja database replication solution, as a large number of changes to the database had accumulated in the primary data centre during the outage of the secondary centre. The replication to the secondary data centre, once it was powered back on, ran smoothly and was completed in just a few hours. Lessons learned and corrective actions were documented and were included as updates to the disaster recovery plan, which were confirmed by the Umoja disaster recovery exercise on 14 November 2022. As a result, the Administration requests the closure of this recommendation.	Given that disaster recovery exercises had been conducted in 2022 and 2023 with the lessons learned and corrective actions incorporated in the disaster recovery plan updates, the recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
16	2020	A/76/131, para. 117	The Board reiterated its previous recommendation that the Administration analyse the negative balances identified by the Board for each type of leave quota and rectify the Umoja human capital management module through change request(s), as applicable.	An enhancement that adds validations to prevent staff from submitting multiple annual leave and/or home leave requests for the same period and the deduction of home leave points beyond the allowable maximum of 12 points was implemented in production on 14 April 2023. As a result, the Administration requests the closure of this recommendation.	Given that the enhancement was implemented into Umoja production, the recommendation is considered implemented.	X			
17	2020	A/76/131, para. 124	The Board recommended that the Administration perform the oversight function for role provisioning, including monitoring the segregation of duties and reporting exceptions.	The Administration identified an organizational unit to perform the oversight function in the form of a new functional subgroup for user access that had been agreed by the other functional subgroups and approved by the Umoja Change Board on 12 April 2022. The user access functional subgroup has effectively operated and held meetings on 28 July, 3 November and 7 December 2022, and on 1 February and 22 March 2023. The Administration attached the meeting minutes from all meetings, along with the presentations shared and the terms of reference for the user access functional subgroup. As a result, the Administration requests the closure of this recommendation.	Given that the user access functional subgroup had operated normally to perform the oversight function, the recommendation is considered implemented.	X			
18	2020	A/76/131, para. 136	The Board recommended that the Administration ensure that all the necessary documents for new content in the United Nations business intelligence certified layer are produced as part of the business intelligence process and that it retroactively fill the technical document gaps for reference in future updates.	The Administration has completed 213 certified data models and the associated documentation for them, through Umoja Analytics. As a result, the Administration requests the closure of this recommendation.	Given that the necessary documents for the data models in Umoja Analytics were produced, the recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
19	2020	A/76/131, para. 145	The Board recommended that the Administration prepare a detailed plan to achieve a prescribed first level resolution rate calculated on the basis of service requests (not just incidents) and a prescribed overall resolution rate for all service requests received to assess the performance of production support and allocate resources to the different tiers.	The Administration intends to continue to monitor, review and refine first-tier resolution rate targets with the aim of including them in an updated set of standard operating procedures on production support by the end of 2023.	Given that action is under way, the recommendation is considered to be under implementation.		X		
20	2020	A/76/131, para. 154	The Board reiterated the recommendation that the Administration put in place a clear governance structure for the continuous improvement monitoring programme, with clearly defined responsibilities, and that it continue working on identifying critical business processes and including them in the programme.	The Administration has extensively documented and shared with the Board the process by which continuous improvements are managed for the Umoja system. This process is through the Umoja Change Board and the functional subgroups that review and recommend changes to the system. The continuous improvement monitoring programme was a subproject that ran for three years with the assistance of the Financial Information Operations Service. The change governance process now includes mandatory reporting by each functional subgroup through the Benefits Working Group on any qualitative or quantitative benefits of a proposed change.	Given that the continuous improvement monitoring programme did not work, the recommendation is considered to be under implementation.		X		
21	2020	A/76/131, para. 162	The Board recommended that the Administration conduct a survey for user adoption of the iLearn Umoja forum and evaluate the utilization of this training resource.	The Administration is in the process of finalizing the analysis of a cross-cutting Umoja learning needs assessment, the results of which will guide Umoja learning priorities and approaches from mid-2023 onward. The assessment will include results on the utility of the forum modality within iLearn Umoja. This exercise is expected to be complete by July 2023.	Given that action is under way, the recommendation is considered to be under implementation.		X		
22	2020	A/76/131, para. 182	The Board recommended that the Administration reflect the updated quantitative benefits in the next progress report.	The benefits previously realized through the implementation of the Foundation and Umoja Extension 1 solutions are now fully integrated within the Umoja system, as highlighted in the progress report on the	Given that the current budgetary proposals have not yet reflected the realization of the quantitative benefits		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				functioning and development of the Umoja system (A/77/495, para. 60). The Advisory Committee on Administrative and Budgetary Questions had also previously noted this in paragraph 56 of its report (A/76/7/Add.20) on the final progress report of the Secretary-General on the enterprise resource planning project (A/76/386). The Advisory Committee had requested information on estimated cost savings from the deployment of the supply chain management module and was informed that the benefits realized through the implementation of the Foundation solution were now fully absorbed within the Umoja system. The Advisory Committee was also informed that future benefits would arise from the implementation of the Umoja Extension 2 solutions as well as from continuous improvements. These benefits would be reported through the business owners' budget proposals and monitored by the Business Transformation and Accountability Division and the Office of Programme Planning, Finance and Budget. As a result, the Administration requests the closure of this recommendation.	of Umoja, the recommendation is considered to be under implementation.				
23	2020	A/76/131, para. 212	The Board recommended that the Administration set up specific indicators to monitor the progress of implementation of the mainstreaming plan.	The mainstreaming plan is complete and was fully implemented by 31 December 2021. The plan was approved by the Director of the Umoja project, and by the Umoja Steering Committee in its last meeting of 4 May 2022, which noted that the project was closed and mainstreaming had been implemented. Umoja's governance continues its effective monitoring of the outcomes and impacts as a result of mainstreaming through indicators and statistics such as the bimonthly meetings of the Umoja Change Board meetings, biweekly meetings of the Office of Information and Communications Technology, monthly Umoja training coordination meetings, monthly production	Given that action has been taken, the recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				support meetings of the Office of Information and Communications Technology, bimonthly meetings of the user access functional subgroup and biannual presentations at meetings of the Management Committee.					
24	2021	A/77/135, para. 25	The Board recommended that the Administration conduct a post-implementation review after the closure of the project phase.	The Administration has completed a report on the post-implementation review of the Umoja project. As a result, the Administration requests the closure of this recommendation.	Given that the post-implementation review report was prepared, the recommendation is considered implemented.	X			
25	2021	A/77/135, para. 43	The Board recommended that the Administration establish a common standard for project planning and monitoring across different tools, such as clear documentation of scheduled dates, actual completion dates and the identification of critical paths.	The Administration has successfully concluded the pilot for Monday.com. The Administration intends to continue its roll-out of this tool in 2023.	Given that action is under way, the recommendation is considered to be under implementation.		X		
26	2021	A/77/135, para. 63	The Board recommended that the Administration closely monitor the ongoing recruitment process to ensure that the vacant posts, especially the post for risk management, are filled in an expeditious manner.	The post of Principal Programme Management Officer (D-1), under the Solution Delivery Management Service, which manages security compliance and the harmonization of controls, was filled on 1 May 2022. The Enterprise Resource Planning Solution Division made every effort, including an emphasis on outreach activities, to ensure that the recruitment processes for the vacant posts were undertaken as rapidly as possible. As a result, the Administration requests the closure of this recommendation.	Given that the post for risk management was filled, the recommendation is considered implemented.	X			
27	2021	A/77/135, para. 70	The Board recommended that the Administration update and formalize terms of reference to clearly define the shared roles and responsibilities between responsible parties based on the mainstreaming plan.	The Administration shared the terms of reference for the user access functional subgroup in its response to the recommendation in paragraph 124 of A/76/131, along with all meeting minutes and presentations. The Administration also shared the terms of reference for the United Nations	Given that relevant terms of reference have been put in place, the recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
				business intelligence project. As a result, the Administration requests the closure of this recommendation.					
28	2021	A/77/135, para. 78	The Board recommended that the Administration investigate the existing 903 customized transaction codes and determine whether the customized transaction codes can be properly used or should be removed if not useful.	The Administration initiated an investigation into the 903 transaction codes. The investigation was completed and the results were shared with the Board on 8 May 2023. As a result, the Administration requests the closure of this recommendation.	Given that the existing 903 customized transaction codes were investigated and justifications were provided for the decision to keep or remove them, the recommendation is considered implemented.	X			
29	2021	A/77/135, para. 109	The Board recommended that the Administration continue to conduct user satisfaction surveys for each Umoja Extension 2 solution to identify areas for improvement and further optimization in order to drive user adoption.	The Administration is formulating a plan, which will be shared with the functional subgroups, to conduct user satisfaction surveys for each Umoja Extension 2 solution.	Given that action is under way, the recommendation is considered to be under implementation.		X		
30	2021	A/77/135, para. 126	The Board recommended that the Administration maintain the schedule of change management in the SAP Solution Manager tool in a timely manner to reflect updates to change request status and to better monitor the implementation of the change requests.	The Administration has documented procedures for the management of key date information in the SAP Solution Manager tool and has promulgated this guidance to all teams. Teams are utilizing these procedures to provide timely status updates of active continuous improvement activities. As a result, the Administration requests the closure of this recommendation.	Given that the procedure has been put in place and made operational, the recommendation is considered implemented.	X			
31	2021	A/77/135, para. 132	The Board recommended that the Administration establish a data verification mechanism for the interface between Umoja and Inspira, on a quarterly basis, for the data fields identified.	The Inspira team conducts monthly verifications of human resource master data between Umoja and Inspira. The most recent exercise was completed in March 2023. The Inspira team provided screenshots of the data comparison exercise that was performed in April 2023. As a result, the Administration requests the closure of this recommendation.	Given that many data discrepancies still exist, the recommendation is considered to be under implementation.		X		

No.	*Audit report year*	*Report reference*	*Recommendation of the Board*	*Administration's response*	*Board's assessment*	*Status after verification*			
						Implemented	*Under implementation*	*Not implemented*	*Overtaken by events*
32	2021	A/77/135, para. 138	The Board recommended that the Administration review and rectify, as required, the inaccurate grant values and/or total billing amounts in grant master data that have been identified, and update job aids with additional guidance to reinforce the process as required.	The Enterprise Resource Planning Solution Division provided the Office of Programme Planning, Finance and Budget with a list of the affected grants to be rectified. The Office of Programme Planning, Finance and Budget has updated the job aid with additional guidance and is in the process of updating the affected grants. The remaining updates to affected grants are expected to be complete by August 2023.	Given that action is under way, the recommendation is considered to be under implementation.		X		
33	2021	A/77/135, para. 147	The Board recommended that the Administration finalize the United Nations business intelligence standard operating procedure in a timely manner and consider the certification of data models that are used with a high frequency as a high priority.	The Administration confirms that 213 certified data models have been migrated to Umoja Analytics, including all data models that are used with a high frequency. As a result, the Administration requests the closure of this recommendation.	Given that the United Nations business intelligence standard operating procedure was not provided, the recommendation is considered to be under implementation.		X		
34	2021	A/77/135, para. 154	The Board recommended that the Administration evaluate the current Umoja production support model, clearly document an oversight and accountability mechanism to address the service requests as required by the service-level agreement, and update production support standard operating procedures accordingly.	The Enterprise Resource Planning Solution Division, in collaboration with the Office of Information and Communications Technology, will address the items indicated in the recommendation with the aim of including them in an updated set of standard operating procedures on production support, to be published by the end of 2023.	Given that action is under way, the recommendation is considered to be under implementation.		X		
35	2021	A/77/135, para. 165	The Board recommended that the Administration apply the approaches outlined in the Umoja learning strategy to design training courses, including using industry-standard design solutions based on different learning objectives, as well as deploying a single learner access point for all operational training with a detailed, time-bound implementation plan, based on the	The Administration has put in place several key solutions to improve the design and development of training courses in line with the principles and tenets set out in activities identified in the Umoja learning strategy. These planning and implementation tools and initiatives are already in place, and cover aspects of client engagement, the identification of learner needs and the fulfilment of gaps in skills, along with enhancements to internal organizational processes, identified under the Umoja	Given that action has been taken, the recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			overall assessment of Umoja training resources.	learning strategy. Since training needs, skill levels, and learner groups evolve and change in a large, complex, decentralized organization, the learning and training landscape is constantly dynamic and open-ended. The Administration remains committed to the identification of new, high-impact training and learning modalities, reflecting the culture and practice of continuous improvement in the evolution of the Organization's systems, policies, processes and procedures.					
36	2021	A/77/135, para. 187	The Board recommended that the Administration update a time-bound plan for the review of Umoja Extension 2 benefits, so that the review of the benefits can be undertaken as soon as the stabilization and user adoption of the Umoja Extension 2 solutions are completed, and put in place a monthly process to ensure that the benefits from all change requests approved by the Umoja Change Board are tracked and monitored.	The Administration has completed the review of the Umoja Extension 2 benefits modules as described in the benefits realization plan. The updated review has been carried out and the results of the review have been included in the Business Transformation and Accountability Division document repository. Also included in the repository are all the meeting notes of the Benefits Working Group as well as the documentation on the benefits tracker and an extract of the benefits review from the SAP Solution Manager tool as of the time of writing. A process was presented at the meeting of the Benefits Working Group on 14 September 2022 and subsequently enhanced so that the Benefits Working Group focal point was integrated formally into the Umoja Change Board through participation in its meetings, during which the Board reviews the change requests presented for its approval. The Benefits Working Group focal point follows up with a review of the SAP Solution Manager tool and with the functional subgroups to ensure the benefits are properly recorded. In addition, the Benefits Working Group focal point meets regularly on a monthly and also ad hoc basis with the Umoja Change Board	Given that action has been taken, the recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				secretariat (the Enterprise Resource Planning Solution Division) to ensure common understanding of the change request landscape as it relates to benefits recording and data in the SAP Solution Manager tool.					
37	2021	A/77/135, para. 206	The Board recommended that the Administration update the estimation of total cost of ownership by considering the cost impact of technology upgrades, once the technology path has been approved.	The total cost of ownership has been updated to take into consideration the cost impact of the technology upgrade (SAP Enhancement Package 8), which is being done within existing resources. As a result, the Administration requests the closure of this recommendation.	Given that details for the calculation of the total cost of ownership, including the estimated cost of the technology upgrades were not provided, the recommendation is considered to be under implementation.		X		
	Total				**37**	**19**	**17**	**0**	**1**
	Percentage				**100**	**51**	**46**	**0**	**3**

Annex III

Status of implementation of recommendations up to the financial year ended 31 December 2021 on the strategic heritage plan

No.	*Audit report year*	*Report reference*	*Recommendation of the Board*	*Administration's response*	*Board's assessment*	*Status after verification: Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
1	2017	A/73/157, para. 316	The Board recommended that management update and calculate the applicable and potential rental income of premises based on current contracts, data and realistic assumptions, taking into account the number of relocating staff, appropriate rental cost (using the arm's length principle) and an updated funding key for the Office of the United Nations High Commissioner for Human Rights.	The target date for completion is mid-2026. It cannot be fully implemented until the end of the strategic heritage plan.	The recommendation is considered to be under implementation.		X		
2	2017	A/73/157, para. 318	The Board recommended that management charge the cost for maintenance and for safety and security for the new building proportionally to all potential users in accordance with their individual needs.	The target date for completion is mid-2026. It cannot be fully implemented until the end of the strategic heritage plan.	The recommendation is considered to be under implementation.		X		
3	2019	A/75/135, para. 114	The Board recommended that the United Nations Office at Geneva define and document a forward-oriented transversal strategy on how the building information modelling method would support the Office throughout the entire lifetime of the buildings of the Palais des Nations.	Progress continues to be achieved and implementation in April 2024 is still expected.	The recommendation is considered to be under implementation.		X		
4	2019	A/75/135, para. 225	The Board recommended that the strategic heritage plan team design all artificial lighting installations to cover lighting requirements while minimizing obtrusive light and energy use in order to set a good example for the defence of the night sky.	The outdoor artificial lighting is managed by the building management system operated by the Facilities Management Section of the Central Support Services throughout the entire United Nations Office at Geneva campus. The external lighting as designed is mandatory for health and safety in order to secure the footpath to the main entrance of the building. The	The recommendation is considered implemented.	X			

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				area where the new permanent building H is located is currently in a dark zone and is potentially dangerous at night. The strategic heritage plan team intends to minimize obtrusive light and energy use by using light-emitting diode technology in order to respond to health and safety constraints. The outdoor lighting is currently switched on when the light level falls below 200 lux between 4 p.m. and 9 a.m. between buildings and in the car park areas. The actual usage of the lights thus depends on the season. The lighting can be controlled by zone and the trigger point and timing settings can be adjusted directly from the building management system. Therefore, the lighting can be controlled by the Section to minimize light pollution and allow for natural light from the night sky.					
5	2022	A/77/94, para. 102	The Board recommended that the strategic heritage plan team continue to seek opportunities that would exert a positive impact on the strategic heritage plan project objectives and to have fallback plans in readiness if risks materialize that challenge the completion of the project within the budget.	The strategic heritage plan's risk management firm prepared an action list for the project that identifies the risks with control measures, fallback plans and actions to take. This list is continuously updated and is reviewed with the risk owners on a regular basis. The strategic heritage plan is continuously seeking opportunities to have a positive impact on the project through the reduction of costs. For example, the strategic heritage plan has identified a number of value engineering measures that have had an impact on the project.	The recommendation is considered implemented.	X			
6	2022	A/77/94, para. 110	The Board recommended that the strategic heritage plan team allocate all costs for the abatement of asbestos to assets under construction and liaise with the United Nations Office at	With regard to the treatment of costs for the removal of asbestos, the strategic heritage plan team confirms that these costs are being captured under assets under construction. These costs will be	The recommendation is considered implemented.	X			

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			Geneva on the accounting treatment for transferring these costs to the final asset.	transferred to the final asset after completion of the works of the respective buildings. Therefore, this recommendation can be considered implemented as of the 2021 year-end closure.					
7	2022	A/77/94, para. 123	The Board recommended that the strategic heritage plan team ensure that the works, tests and defects noted on the punch list are addressed as expeditiously as possible.	The strategic heritage plan team confirms that works are ongoing to ensure that the punch list works are concluded as expeditiously as possible. As of December 2022, more than 80 per cent of the items on the punch list had been cleared. The strategic heritage plan team is fully involved in supervising the works and their completion, alongside colleagues in the United Nations Office at Geneva Facilities Management Section, with the aim of bringing the pending matters to a satisfactory conclusion. To this end, the strategic heritage plan team conducts weekly follow-ups to validate the items resolved and holds regular meetings with the contractor to identify any punch list items that are blocked. Management wishes to recall that, in addition to existing contractual safeguards to mitigate the identified risk, a part of the application for payment has been put on hold. The release of the related amounts is linked to the finalization by the contractor of items on the punch list. Furthermore, as maintaining resources from the contractor on site has a direct cost for the contractor, it is in the contractor's interest to complete the tasks expeditiously.	The recommendation is considered to be under implementation.		X		
8	2022	A/77/94, para. 125	The Board recommended that the strategic heritage plan team closely supervise the operation and maintenance carried out by the contractor with respect to the systems not yet finally accepted, as indicated	The United Nations Office at Geneva is supervising the works and their completion. The contractor is responsible for the operation and maintenance of the systems that have not yet been handed over. Once the systems are handed over, their operation	The recommendation is considered to be under implementation. At this stage, the level of implementation is quite low. In addition,		X		

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			on the punch list, until those systems are fully approved by the strategic heritage plan team and are then able to be operated and maintained by the United Nations Office at Geneva.	and maintenance are transferred to the Facilities Management Section, except for certain instances, such as trees, bushes and plants, where there is a contractual requirement for maintenance by the contractor during a certain period of time after the handover. The topic of the operation and maintenance of systems not yet handed over was discussed by strategic heritage plan team some time ago. The team reached the conclusion that although it would be useful to obtain maintenance records, that would be difficult to enforce as long as the contractor provides the required warranties at the handover.	without the records of maintenance, there is the risk that the Facilities Management Section would not be able to activate the guarantee given by the contractor, as the Section would not know which works have actually been carried out.				
9	2022	A/77/94, para. 134	The Board recommended that the strategic heritage plan team take the necessary steps to reach an agreement with the contractor for building H so that the solar panels can produce electricity as soon as possible.	The connection of the solar panels to the distribution network requires the installation of a specific network meter, which was not foreseen in the technical design. A variation has been opened with the contractor to install this equipment. Discussions on a commercial agreement are under way between the strategic heritage plan team and the contractor and should be concluded by the end of the year.	The recommendation is considered to be under implementation.		X		
10	2022	A/77/94, para. 150	The Board recommended that the strategic heritage plan team analyse the reasons for and the circumstances associated with how these mistakes could have occurred.	Following the issuance of the Board's audit observations, the strategic heritage plan team immediately met with the designer to discuss and analyse the reasons why these accessibility-related mistakes occurred in building H. Upon analysis and discussion with the contractor, the team's assessment of what occurred with the accessibility-related issues is that there were some instances where the competing code requirements for fire and life safety and for accessibility were not adequately resolved, which resulted in the	The recommendation is considered as having been overtaken by events.				X

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				accessibility features not being fully incorporated into the works. Furthermore, the strategic heritage plan team noted a lack of resources with regard to providing detailed oversight and review of technical designs. To this end, the architect position (P-4) that was added to the team will also provide additional oversight regarding future technical designs.					
11	2022	A/77/94, para. 151	The Board recommended that the strategic heritage plan team install a clear set of instructions and enhance the monitoring of its inclusion strategy.	The strategic heritage plan project itself does not have an inclusion strategy. The United Nations Office at Geneva is leading the United Nations Disability Inclusion Strategy and the strategic heritage plan team is a contributor to the Strategy. The strategic heritage plan team is also ensuring compliance with the host country accessibility regulations throughout the renovation and construction works. The strategic heritage plan's design firm prepared an accessibility master plan in 2018 that described the scope needed to incorporate accessibility features in the Palais des Nations. The strategic heritage plan team monitors the plan through the review of technical designs, site visits and supervision, and each section of work is reviewed by the United Nations Office at Geneva disability and inclusion team as it is completed.	The recommendation is considered implemented.	X			
12	2022	A/77/94, para. 152	The Board recommended that the strategic heritage plan team examine the contractor's invoices to determine whether the contractor was overpaid.	The strategic heritage plan team reviewed this issue and has reached the conclusions set out below. The design team proposed the installation of unequal double-leaf doors during the design phase. During the construction phase, it came to the attention of the contractor that the smaller leaf was too small to install a	The recommendation is considered implemented.	X			

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				door closer, which is necessary, as these doors are fire rated. In addition, as a result of the double leaf, the door escape clearance width was less than 1.2 m, which is below the requirements for fire and life safety. Therefore, the team decided to install single-leaf doors that would solve these issues technically and considered it to be cost neutral. Following the auditors' report, the cost consultant assessed in July 2022 that theoretically, there could have been a reduction in the cost. The cost difference was approximately SwF 9,000 total; however, this is theoretical. As the cost consultant stated, there were no comparable rates in the bill of quantities and much discussion would have been required to reach a lower amount as the contractor would have objected and found quotes to lower (or even cancel) the cost difference. In the interest of the project and of prioritizing the many construction issues in parallel, the team did not pursue this way forward in the construction phase, considering the cost-neutral option to be an acceptable agreement. Finally, the team worked with the design consultant and prepared a solution that solved the accessibility problem of the doors by installing magnetic openers that would keep the doors open and connected to the fire system of the building, and close the doors when the fire alarm was triggered. This constituted a solution with regard to the accessibility problem when exiting from the accessible toilets.					

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13	2022	A/77/94, para. 161	The Board recommended that the strategic heritage plan team improve access into the corridor close to an accessible bathroom and bring the manoeuvring space into full compliance with the accessibility framework.	The strategic heritage plan team has received a technical design from its contracted designer in agreement with the Swiss consultancy agency. The team is now in the process of finding a contractor to do the work in consultation with colleagues from the Facilities Management Section at the United Nations Office at Geneva. The strategic heritage plan team is treating the correction of these errors as a matter of priority. To this end, the team immediately took up the issues with the contracted design firm, which provided amended designs, and corrective action is ongoing. The designer has a prepared a comprehensive accessibility action plan to correct the accessibility design errors. The strategic heritage plan team has estimated the cost of the necessary modifications to solve the accessibility issues. The team has now started a consultation with the Facilities Management Section to evaluate the best procurement procedure, using the contracts the Section has in place in order to most effectively manage time and costs. The strategic heritage plan team is applying lessons learned to avoid such errors in the future. As explained above, the team has been augmented by an architect (P-4) as well as additional quality control personnel who will provide additional oversight on future technical designs and closely manage the design firm contract. In addition, the disability inclusion working group has been actively engaged and will conduct an accessibility review/audit of the historic building sections as the contractor finishes them to bring attention to any accessibility issues that need to be corrected before the building is handed over.	The recommendation is considered implemented.	X			

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14	2022	A/77/94, para. 162	The Board recommended that the strategic heritage plan team review why changes in this area have been inadequately implemented so as to enable understanding and application of lessons learned.	The strategic heritage plan team has received a technical design from its contracted designer in agreement with the Swiss consultancy agency. The team is now in the process of finding a contractor to do the work in consultation with colleagues from the Facilities Management Section at the United Nations Office at Geneva. The strategic heritage plan team is treating the correction of these errors as a matter of priority. To this end, the team immediately took up the issues with the contracted design firm, which provided amended designs, and corrective action is ongoing. The designer has a prepared a comprehensive accessibility action plan to correct the accessibility design errors. The strategic heritage plan team has estimated the cost of necessary modifications to solve the accessibility issues. The team has now started a consultation with the Facilities Management Section to evaluate the best procurement procedure, using the contracts the Section has in place in order to most effectively manage time and costs. The strategic heritage plan team is applying lessons learned to avoid such errors in the future. As explained above, the team has been augmented by an architect (P-4) as well as additional quality control personnel who will provide additional oversight on future technical designs and closely manage the design firm contract. In addition, the disability inclusion working group has been actively engaged and will conduct an accessibility review/audit of the historic building sections as the contractor finishes them to bring attention to any accessibility issues that need to be corrected before the building is handed over.	The recommendation is considered as having been overtaken by events.				X

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15	2022	A/77/94, para. 180	The Board recommended that the strategic heritage plan team, in liaison with the Swiss consultancy agency, realize a disability-friendly construction under all staircase surfaces.	The strategic heritage plan team has received a technical design from its contracted designer in agreement with the Swiss consultancy agency. The team is now in the process of finding a contractor to do the work in consultation with colleagues from the Facilities Management Section at the United Nations Office at Geneva. The strategic heritage plan team is treating the correction of these errors as a matter of priority. To this end, the team immediately took up the issues with the contracted design firm, which provided amended designs, and corrective action is ongoing. The designer has a prepared a comprehensive accessibility action plan to correct the accessibility design errors. The strategic heritage plan team has estimated the cost of necessary modifications to solve the accessibility issues. The team has now started a consultation with the Facilities Management Section to evaluate the best procurement procedure, using the contracts the Section has in place in order to most effectively manage time and costs. The strategic heritage plan team is applying lessons learned to avoid such errors in the future. As explained above, the team has been augmented by an architect (P-4) as well as additional quality control personnel who will provide additional oversight on future technical designs and closely manage the design firm contract. In addition, the disability inclusion working group has been actively engaged and will conduct an accessibility review/audit of the historic building sections as the contractor finishes them to bring attention to any accessibility issues that need to be corrected before the building is handed over.	The recommendation is considered implemented.	X			

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16	2022	A/77/94, para. 186	The Board recommended that the strategic heritage plan team eliminate the described physical and technical barriers faced by persons with disabilities as soon as possible.	The strategic heritage plan team has received a technical design from its contracted designer in agreement with the Swiss consultancy agency. The team is now in the process of finding a contractor to do the work in consultation with colleagues from the Facilities Management Section at the United Nations Office at Geneva. The strategic heritage plan team is treating the correction of these errors as a matter of priority. To this end, the team immediately took up the issues with the contracted design firm, which provided amended designs, and corrective action is ongoing. The designer has a prepared a comprehensive accessibility action plan to correct the accessibility design errors. The strategic heritage plan team has estimated the cost of necessary modifications to solve the accessibility issues. The team has now started a consultation with the Facilities Management Section to evaluate the best procurement procedure, using the contracts the Section has in place in order to most effectively manage time and costs. The strategic heritage plan team is applying lessons learned to avoid such errors in the future. As explained above, the team has been augmented by an architect (P-4) as well as additional quality control personnel who will provide additional oversight on future technical designs and closely manage the design firm contract. In addition, the disability inclusion working group has been actively engaged and will conduct an accessibility review/audit of the historic building sections as the	The recommendation is considered implemented.	X			

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				contractor finishes them to bring attention to any accessibility issues that need to be corrected before the building is handed over.					
17	2022	A/77/94, para. 196	The Board recommended that the United Nations Office at Geneva consider whether the upcoming building E works contract should stipulate a right of the employer to instruct and confirm variations that are not subject to a prior agreement with the contractor on the cost and time impacts in order to improve the timely delivery of the works.	The United Nations Office at Geneva agrees with the Board that the variation process should be conducted as quickly as possible to ensure timely progress of the works. To this end, based on the lessons learned from the construction management for building H, the United Nations Office at Geneva worked in consultation with the Office of Legal Affairs and an expert consultant from the International Federation of Consulting Engineers to develop an expedited variation process. The process allows for some flexibility in those instances where the United Nations Office at Geneva determines that the risks associated with the late execution of a particular variation may outweigh the risks associated with some uncertainty regarding the exact impacts on cost and time at the time of the execution of that variation. As a result, both the contract for the renovation works with respect to the historic buildings and the form of construction contract to be used for building E include a provision for an expedited variation process (in addition to the normal variation process). Throughout the expedited variation process, the United Nations may require the construction contractor to proceed with variations, up to a specified aggregate dollar amount, without the parties having agreed in advance on all of the terms including on scope, price and time. The historic buildings renovation contract contains a contract provision for expedited variations that is subject to an	The recommendation is considered implemented.	X			

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				aggregate cap of $1 million. To address the Board's observation and improve the change order process, the strategic heritage plan project team worked in consultation with the Purchase and Transportation Section and the Office of Legal Affairs to remove the cap in the contracts for the historic buildings and the contract for building E. A process has been included in the programme manual for the strategic heritage plan by which the cap is "reset" after review by a committee. This change will allow the United Nations more flexibility with regard to instructing the contractor to commence execution of variation works valued at less than SwF 250,000 in a timely manner. This change will expedite the variation process, as a contract amendment will no longer be needed once the threshold of $1 million is reached. Rather, there is an internal monitoring mechanism to ensure adequate internal controls while allowing for the faster implementation of changes. With regard to the regular variation process, the strategic heritage plan team proposed language to amend the relevant clauses in the contracts for both building E and the historic buildings. The changes to the regular variation process in the contract was, in the end, not recommended by the Office of Legal Affairs, as it asserted that the revised provision would greatly increase the potential that the contractor would bring claims against the Organization. The Organization maintains that both it and the contractor should reach full agreement on the scope, time and cost impact of a variation prior to proceeding with the variation. The Organization states that this approach to managing contractual					

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				variations is consistent with other capital projects at the United Nations, such as the capital master plan and the construction projects under way in Bangkok and Addis Ababa.					
18	2022	A/77/94, para. 206	The Board recommended that the United Nations Office at Geneva examine whether and to what extent delay damages may be asserted due to the delays in the substantial completion of sections 3.A and 3.B of building H where they are attributable to the contractor.	Management accepted this recommendation. The strategic heritage plan team, in collaboration with the Office of Legal Affairs, the Purchase and Transportation Section and expert consultants, analysed the contract for building H and calculated an amount in delay damages for the completion of sections 3.A and 3.B that may be attributable to the contractor. This analysis was done in response to the financial statement at substantial completion of Implenia Switzerland dated 1 November 2021. The United Nations assessed the financial statement and responded on 1 July 2022, requesting that the contractor substantiate the statements made regarding additional costs and time extensions. The contractor has not yet responded to the Organization's request for substantiation; however, the strategic heritage plan team has held multiple meetings with the Office of Legal Affairs and the Purchase and Transportation Section to finalize a memorandum that outlines the delay damages.	The recommendation is considered implemented.	x			
19	2022	A/77/94, para. 219	The Board recommended that the responsible service unit of the United Nations Office at Geneva work closely with the strategic heritage plan team and continue to work to assess whether the implementation of the strategic heritage plan will effectively meet Member States' expectations for a	Further to the handover of the new building H, the Facilities Management Section of the United Nations Office at Geneva is undertaking a comprehensive study of the handover documentation and operations and maintenance manual. Physical surveys of the building components have also taken place.	The recommendation is considered to be under implementation.		X		

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			reduction in maintenance costs borne by the regular budget for United Nations Secretariat operations at Geneva.	Accordingly, it is expected that the operating cost trends of building H will be available during the third quarter of 2023. The maintenance costs related to the other buildings will be assessed as the strategic heritage plan works are completed and buildings are handed over. The type of maintenance to be performed will be established on the basis of a cost-benefit analysis.					
20	2022	A/77/94, para. 220	The Board recommended that the United Nations Office at Geneva report to the General Assembly on maintenance and operating cost trends for the Palais des Nations.	The strategic heritage plan team reported on maintenance and operating costs in its annual progress report to the General Assembly at its seventy-seventh session.	The recommendation is considered implemented.	X			
21	2022	A/77/94, para. 232	The Board recommended that the United Nations Office at Geneva decide on whether to perform reactive or preventive maintenance, or a combination of both types of maintenance, for equipment and technical infrastructure based on a criticality and cost-benefit analysis.	Further to the handover of the new building H, the Facilities Management Section of the United Nations Office at Geneva is undertaking a comprehensive study of the handover documentation and operations and maintenance manual. Physical surveys of the building components have also taken place. Accordingly, it is expected that the operating cost trends of building H will be available during the third quarter of 2023. The maintenance costs related to the other buildings will be assessed as the strategic heritage plan works are completed and buildings are handed over. The type of maintenance to be performed will be established on the basis of a cost-benefit analysis.	The recommendation is considered to be under implementation.		X		
22	2022	A/77/94, para. 244	The Board recommended that the tests for data import from the Construction Operations Building Information Exchange (COBie) to Computer-Aided Facility Management (CAFM) systems be started at short notice.	The strategic heritage plan has put in place a biweekly meeting between the strategic heritage plan team and the Facilities Management Section for the review of the building information modelling handover documentation, including COBie files. The strategic heritage plan team met with the	The recommendation is considered implemented	X			

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				Facilities Management Section and Implenia to address the contents of COBie files, and a new revision of the files was submitted by Implenia on 25 August 2022 that addressed comments from the team. A second iteration of the review of the contents of COBie files is currently taking place, and the team expects a final delivery from Implenia. The strategic heritage plan team is aware that the Facilities Management Section is testing the files to be integrated with CAFM software with the help of a specialized company, and that they have also hired a specific person to help with regard to the interoperability of COBie files and the Section's facility management maintenance programme.					
23	2022	A/77/94, para. 257	The Board recommended that the strategic heritage plan team improve its oversight of the work of the design services firm and its quality control procedures to ensure that future technical designs are clearer and more accurate.	Management accepted the recommendation. To this end, the strategic heritage plan team has hired additional architectural resources to provide oversight to the design services firm. The strategic heritage plan added an additional temporary position of architect (P-4), as requested in the eighth annual progress report on the strategic heritage plan of the Secretary-General (A/76/350) and subsequently approved by the General Assembly in its resolutions 76/246 A and 77/263 A for the duration of 2022–2023. The strategic heritage plan team has also hired an additional architect through the team's contracted project management firms to provide support. It should be noted, however, that the majority of the design firm's technical design work is now finished with the completion of building H and of the technical design portion of the renovation. The contract for building E is	The recommendation is considered implemented.	X			

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				a design-build contract and therefore the technical design will be completed by the construction contractor, based on the design intent (detail design only) developed by the design firm on behalf of the United Nations. The design firm's role will be limited to verifying the design intent of the final design, while the construction contractor will have liability for the overall design. The decision to proceed in this manner was made in order to mitigate the risks associated with a design produced by the United Nations. The strategic heritage plan team holds a meeting every Monday with project leads, contract management leads and members of management from the design firm. In this meeting, the team discusses the ongoing design work and the upcoming deliverables for design services and provides technical and contractual guidance to the firm. In addition, based on lessons learned, the strategic heritage plan team has recently added key performance indicators to the firm's contract for building E to better measure performance and hold the contractor accountable for delayed and/or poor-quality deliverables. The strategic heritage plan team and the firm are also now holding quarterly contract management reviews. Regarding the Board's observation on the number of variations/change orders in paragraph 252 of its fourth report on the strategic heritage plan (A/77/94), management would like to note that this volume of requests is consistent with expectations for a renovation project of this size and complexity.					

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24	2022	A/77/94, para. 259	The Board recommended that the strategic heritage plan team assess if there is a potential for recouping any additional costs that may have arisen as a result of inaccuracies or incompleteness in technical design.	Management agrees that it may be possible to recoup some costs related to errors and omissions, but the Organization would need to prove gross negligence on the part of the contractor. This is a decision that would need to be taken not just by the strategic heritage plan team but by the most senior members of the Organization. The decision would need to be taken on the advice of the Office of Legal Affairs in full consideration of all of the risks associated with legal action. Management would further like to note that architects and engineers have professional liability insurance for errors and omissions to cover any claims arising from the quality of their work product. As professional designers, they are responsible for performing the services with the degree of skill, care and diligence ordinarily exercised by other recognized professionals for similar projects, but they are not responsible for providing a perfect result. There are industry benchmarks for such claims, which would have to be levied for gross negligence, malpractice, and errors and omissions, which depend upon the complexity of the project in question. A total change order value of (currently) less than 1 per cent of the contract works' value, as is the case for the renovation works of the large and complex historic buildings (and not all of which is directly related to errors and omissions) is significantly below such benchmark levels. It is thus very difficult to recover additional costs related to design errors. Furthermore, any discussion of cost recovery or damages	Not implemented. The Board, while underlining the uncertainties of possible litigation, acknowledges it might be helpful to assess the potential for recouping additional costs due to designers with regard to final negotiations with contractors. This assessment, which has not yet been conducted, should be undertaken before the end of the works.			X	

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				would trigger an adversarial relationship, liability insurance and potential costly and time-consuming litigation or arbitration to come to an agreement. It is in the interest of the Organization and the strategic heritage plan team to work in a collaborative manner with contractors to finish the project in a timely and cost-efficient manner and to not get entangled in legal disputes. However, management would like to stress that, when there are inaccuracies or omissions, such as those associated with accessibility features in building H, the firm has provided corrected drawings at its own expense.					
25	2022	A/77/94, para. 270	The Board recommended that the United Nations Office at Geneva monitor whether the internal human resources and communication processes for the further procurement and the pre-construction, early works and renovation contract processes for the office tower dismantling and the renovation works on building E are sufficient and timely enough to avert further delays.	Management accepts the recommendation and stresses that it is fully aware that the remainder of the building E procurement and works is on the critical path of the strategic heritage plan project. This risk was also highlighted in the 2022 report of the Secretary General on the strategic heritage plan (A/77/492) as one of the top five risks to the project. To this end, the strategic heritage plan and the Purchase and Transportation Section jointly developed a standard operating procedure entitled "Operating arrangements to agree to a guaranteed maximum price". The procedure sets out the roles and responsibilities of the Purchase and Transportation Section and the strategic heritage plan team in the design verification and price evaluation of the guaranteed maximum price of the renovation contract for building E. The procedure is annexed to the strategic heritage plan programme manual, which sets out the governance framework	The recommendation is considered implemented.	X			

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				applicable to the management of the strategic heritage plan project. One of the main objectives of the standard operating procedure is to clearly set out the roles and communications processes in advance of the pre-construction services tendering process to avoid ambiguities, improve the flow of communications and mitigate potential delays in reviewing contractor tender packages. The United Nations Office at Geneva will closely monitor the timeline of the procurement of the works packages during the pre-construction services phase to identify bottlenecks and intervene with solutions as necessary, with the procurement components of the building E pre-construction services procurement phase prioritized by the United Nations Office at Geneva. There are two strategic heritage plan-funded Procurement Officers (P-4) and a Division of Administration-funded Administrative Assistant (G-5) assigned to assist the Chief of the Purchase and Transportation Section to provide comprehensive procurement-related services to the strategic heritage plan project, including for the procurement components of the building E pre-construction services procurement phase.					
26	2022	A/77/94, para. 282	The Board recommended that the United Nations Office at Geneva preserve the heritage, prevent irreversible deterioration or damage, and restore and maintain the capital value of the Palais des Nations and its contents as far as possible within the budgetary constraints both during and	Regarding the works in conference room XIX (which was managed by the Facilities Management Service and is not part of the strategic heritage plan), the United Nations Office at Geneva confirms that 250 double chairs and 85 desks were disposed of by the contractor who built room XIX. Fourteen double	The recommendation is considered implemented	X			

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			after the ongoing process of renovation of the Palais des Nations.	chairs were reused in the Qatar room in the public gallery on the fourth floor. In addition, 16 double chairs were kept for use in the strategic heritage plan. The strategic heritage plan team plans to install the 16 double chairs in the public areas of building E. The chairs are currently stored in a warehouse in temporary storage until such time as they can be installed. During the renovation, the strategic heritage plan team is restoring and reusing heritage furniture as much as possible within the limits of the budget. Further to this, room XVII is being renovated in building E as the "Heritage Testimony Room". All of the original furniture is being kept in the room to be reused. Some of the tables will be adapted for persons with disabilities. The strategic heritage plan team and the renovation contractor will conduct an evaluation to determine which furniture should be renovated, and this will be carried out as part of the works for building E. In addition, all of the heritage furniture in the heritage offices in building S1 and in the conference rooms are being reused. For example, the strategic heritage plan includes the renovation of the benches in the Salles des Pas Perdus area. These benches will be restored and replaced for use after the renovation. After the renovation of the Palais des Nations, the Facilities Management Section will be responsible for heritage items and the maintenance of the capital value of the Palais. Furniture is currently being stored in temporary storage by the Facilities Management Section while the					

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				strategic heritage plan works are ongoing. The Facilities Management Section is restoring and reusing heritage furniture within the constraints of the budget. Regarding the restoration and maintenance of the capital value of the Palais des Nations, the United Nations Office at Geneva has drafted a comprehensive capital investment plan. The plan has not been approved by United Nations Headquarters but will be used by the United Nations Office at Geneva as a basis for future planning and discussions.					
27	2022	A/77/94, para. 283	The Board recommended that the United Nations Office at Geneva continue to store heritage furniture to the extent feasible, considering economical, budgetary and operational constraints in appropriate areas to prevent the furniture with a high heritage value from losing value as a result of unsuitable or inappropriate storage.	During renovation works conducted under the strategic heritage plan, heritage furniture inventoried earlier by strategic heritage plan experts is being stored in a dedicated temporary heritage furniture storage area built for that purpose. This temporary storage area is well ventilated and climate controlled. Heritage items are stored in a constant climate of between 18ºC and 20ºC, and humidity is maintained at between 50 and 60 per cent. There is also heritage furniture currently in use in areas not yet impacted by the strategic heritage plan. Within the limits of the budget allocated for heritage furniture adaptation/renovation and in line with its planned reuse, the strategic heritage plan team plans to renovate part of the heritage furniture of the Palais des Nations. Some of this furniture, such as the chairs designed by the internationally recognized French architect and designer Charlotte Perriand, have been installed in offices and meeting areas in building H, thus preserving their heritage. In	The recommendation is considered implemented.	X			

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
				addition, when each section of works is completed within the historical Palais des Nations, heritage furniture will be reinstalled in identified areas while unused pieces will be handed back to the United Nations Office at Geneva for storage and future reuse. The storage of heritage furniture by the Facilities Management Section before, during and after the completion of the strategic heritage plan is in adequate areas that are well insulated and ventilated.					
28	2022	A/77/94, para. 296	The Board recommended that the United Nations Office at Geneva ensure the further revision and incorporation of all relevant details into the works of art database, wherever possible.	In 2022, the United Nations Library and Archives at Geneva conducted a verification campaign of the entire art collection during which, whenever possible, all relevant details were added to the database.	The recommendation is considered to be under implementation.		X		
29	2022	A/77/94, para. 316	The Board recommended that the United Nations Office at Geneva integrate more thoroughly the principles of whole life cycle costing of the materials and products used in its future projects and set more ambitious targets for sustainability for its future capital projects.	Upon the approval of new capital projects at the United Nations Office at Geneva, the relevant United Nations procurement category managers' toolkits for life cycle costing, including guidance on sustainability, will be utilized where available to define the methodologies to be used for soliciting materials and products.	The recommendation is considered implemented.	X			
	Total				**29**	**17**	**9**	**1**	**2**
	Percentage				**100**	**59**	**31**	**3**	**7**

Annex IV

Status of implementation of recommendations up to the financial year ended 31 December 2020 on information and communications technology affairs

						Status after verification			
No.	*Audit report year*	*Report reference*	*Recommendation of the Board*	*Administration's response*	*Board's assessment*	*Implemented*	*Under implementation*	*Not implemented*	*Overtaken by events*
1	2012	A/67/651, para. 31	The Board recommended that, in order to enable greater consistency and transparency with regard to information and communications technology funding and budgets and allow better management of costs and effective prioritization, the Controller require that proposed information and communications technology 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.	The Office of Information and Communications Technology is engaged with the Office of Programme Planning, Finance and Budget to generate the necessary reports on the information and communications technology (ICT) budgets of entities.	Given that necessary reports have not been issued, 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 governance framework established in June 2019 is implemented and functioning. The new Secretary-General's bulletin on ICT governance is being promulgated following the issuance process led by the Department of Management Strategy, Policy and Compliance. The closure of this recommendation is requested.	Given that consultation is in process, the Board considers this recommendation to be under implementation.		X		
3	2015	A/70/581, summary, recommendation (d)	The Board recommended that the Administration establish a robust compliance framework with the necessary authorities to ensure	The implementation of this recommendation remains in progress, as monitoring and compliance capacities and capabilities need to be	Given that a similar recommendation appeared in paragraph 20 of its third annual progress				X

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
			adherence to Secretariat-wide ICT policies, including those on information security.	consolidated within the Office of Information and Communications Technology through the harmonization or realignment of resources. The Office would like to discuss the recommendation with the Board to suggest that it be merged with the recommendation in paragraph 20 of the third annual progress report of the Board (A/74/177).	report (A/74/177), the Board considers this recommendation as having been overtaken by events.				
4	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.	This recommendation on formulating and promulgating policies in a time-bound manner is currently fulfilled by established governance mechanisms such as the ICT Policy Committee. The Administration considers this recommendation to be implemented and requests its closure by the Board.	Given the recent audit findings regarding the deficiencies in the performance of ICT governance bodies, including the ITC Policy Committee, the Board considers this recommendation to be under implementation.		X		
5	2017	A/72/151, para. 106	The Board recommended that a clear road map be developed to realize cost optimization benefits through global sourcing.	Cost optimization benefits can be estimated by the individual users of the contracts. All ICT requirements are globally sourced through vendors registered with the United Nations Global Marketplace. Solicitations performed by the Procurement Division will ensure that the Organization receives the best value for money. The Office of Information and Communications Technology would like to discuss the recommendation with the Board.	Given that no supporting documents have been provided, the Board considers this recommendation to be under implementation.		X		
6	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 seventh and final category strategy, on communications infrastructure and radio systems, was approved on 20 December 2022. The Office of Information and Communications Technology requests that this recommendation be closed.	Given that review is still in process, the Board considers this recommendation to be under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
7	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 implementation of this recommendation remains in progress, as monitoring and compliance capacities and capabilities need to be consolidated within the Office of Information and Communications Technology through the harmonization or realignment of resources.	Given that the recommendation remains in progress owing to limited resources, the Board considers this recommendation to be under implementation.		X		
8	2019	A/74/177, para. 85	The Board recommended that the Office of Information and Communications Technology, in coordination with other stakeholders, review the existing governance and compliance processes regarding websites, identify the gaps and ensure compliance with the existing guidelines and standards.	The administrative instruction on United Nations website publishing (ST/AI/2022/2) provides a legal and operational framework governing the establishment and publication of content on United Nations websites. It includes details on compliance with regard to the areas of security, United Nations branding, technology, multilingualism and accessibility for persons with disabilities. Authoring entities (public website owners) are responsible for ensuring that their websites comply with the instruction.	Given that the guidance regarding public website compliance requirements has been published, the Board considers this recommendation implemented.	X			
9	2020	A/75/156, para. 34	The Board recommended that the Office map the functions, roles and responsibilities of the divisions, sections and services within the Office, based on the report of the Secretary-General (A/72/492/Add.2), in order to avoid overlapping and duplication of functions.	The Office of Information and Communications Technology has completed the first phase of work on mapping 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 overlap and the duplication of functions. This has resulted in a clear and aligned organizational chart and streamlined workplans.	Given that the final review is in process, the Board considers this recommendation to be under implementation.		X		
10	2020	A/75/156, para. 50	The Board recommended that the Office develop an accountability framework for ICT and that it monitor its implementation in line with its role as a second line of defence for ICT functions.	The accountability framework is under development.	Given that the accountability framework is under development, the Board considers this recommendation to be under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification			
						Implemented	Under implementation	Not implemented	Overtaken by events
11	2020	A/75/156, para. 153	The Board recommended that the Office prepare a compliance road map for all the United Nations websites, in consultation with other stakeholders, to mitigate security risks within a defined time frame.	The administrative instruction on United Nations website publishing (ST/AI/2022/2) provides a legal and operational framework governing the establishment and publication of content on United Nations websites. It includes details on compliance with regard to the areas of security, United Nations branding, technology, multilingualism and accessibility for persons with disabilities. Authoring entities (public website owners) are responsible for ensuring that their websites comply with the instruction.	Given that the guidance regarding public website compliance requirements has been published, the Board considers this recommendation implemented.	X			
12	2020	A/75/156, para. 181	The Board recommended that the Office prepare a consolidation road map for all pending activities to achieve a fully unified Enterprise Service Desk.	The road map being developed envisions a global service desk function managed through a service-level agreement with the United Nations Global Service Centre. The United Nations Information and Communications Technology Facility, Valencia, the United Nations Logistic Base at Brindisi, Italy, and Bangkok will host the consolidated and optimized global service desk function, with a local service desk remaining at United Nations Headquarters in a similar configuration to other United Nations offices. The road map entails the consolidation and optimization of the Umoja Support Centre with other existing global/enterprise service desk components, which has already begun.	Given that a consolidated road map for all pending activities is being developed, the Board considers this recommendation to be under implementation.		X		
13	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.	These policies are currently following the established issuance process. United Nations Secretariat-wide consultations were conducted in February 2023 and a subsequent meeting with the Staff-Management Committee was organized to address the concerns of the staff unions. Since the development of these policies has been completed, the closure of the recommendation is requested.	Given that final consultations are in process, the Board considers this recommendation to be under implementation.		X		

No.	Audit report year	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
14	2020	A/75/156, para. 210	The Board recommended that the Office of Information and Communications Technology complete the creation of a central repository of data sources or organization-wide data catalogue in consultation with the Executive Office of the Secretary-General.	The implementation of the enterprise data catalogue is ongoing. The technical evaluation was completed by the Office of Information and Communications Technology in August 2022, and work is under way in collaboration with the Procurement Division to complete the procurement process.	The Board considers this recommendation to be under implementation, given the ongoing process.		X		
15	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.	A comprehensive timeline has been developed with the Office of Supply Chain Management. Following a competitive solicitation exercise, contract award was estimated for February 2023.	Given that the contract award is in process, the Board considers this recommendation to be under implementation.		X		
16	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.	This is pending the outcome of a request-for-proposal exercise and the award of a contract was estimated for February 2023, when the Office of Information and Communications Technology would prepare the detailed transition plan.	Given that the outcome of a request-for-proposal exercise and the award of a contract is pending, and that a detailed transition plan is about to be prepared, the Board considers this recommendation to be under implementation.		X		
	Total				**16**	**2**	**13**	**0**	**1**
	Percentage				**100**	**13**	**81**	**0**	**6**

Annex V

Status of implementation of recommendations up to the financial year ended 31 December 2017 on the capital master plan

No.	Audit report year/ biennium	Report reference	Recommendation of the Board	Administration's response	Board's assessment	Status after verification: Implemented	Under implementation	Not implemented	Overtaken by events
1	2013–2014	A/70/5 (Vol. V), summary, para. 17 (d)	The Board recommended that the Administration report the full amount of any savings arising from contract closure and introduce appropriate governance mechanisms to determine the use that can be made of such savings, including specific consideration of returning savings to Member States.	One of the arbitration cases, as detailed in the eighteenth annual progress report on the implementation of the capital master plan (A/75/302), is still ongoing. The Administration will continue to report on the status of the case annually until it is finalized.	Given that one of the arbitration cases is 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 Administration considers that the recommendation has been implemented and requests its closure by the Board. The three-year accessibility programme included United Nations Headquarters campus-wide accessibility upgrades to address potential obstructions, entryways, corridors and related facility accommodation functionality. As of the end of 2022, completed improvements included gradient adjustments and paving for accessible routes, the installation of power-assisted doors at the main chambers and conference rooms in General Assembly and conference buildings, and a wheelchair-accessible exit at 42nd Street, which brought the complex to compliance with the 2010 ADA Standards for Accessible Design.	Given that the three-year accessibility programme has been finalized, the Board considers this recommendation implemented.	X			
	Total				**2**	**1**	**1**	**0**	**0**
	Percentage				**100**	**50**	**50**	**0**	**0**

Chapter III
Certification of the financial statements

Letter dated 27 March 2023 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 2022 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 (which issued its closing financial statements on 30 June 2022) 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 2022

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 2022.

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 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. Liquidity

Liquidity in the regular budget

8. The Organization continued to closely monitor the liquidity situation in the regular budget operations and reported regularly to the key stakeholders on the

collection trend in 2022, but unlike in previous years, special measures to align expenditures to cash flow forecasts were not applied. Nonetheless, intra-year collections continue to fluctuate significantly each year, causing uncertainty for safe spending. In 2022, larger collections were received in December than in November, which was a reversal from the pattern of collections in 2021, where larger collections were received in November rather than in December. Late collection increases uncertainty and the potential for delayed year-end spending. Cash receipts trailed estimates significantly for most of the year but finally the total collections exceeded the estimates for the year towards the year end. Such a delayed pattern in collections during 2022 warranted the need for the regular budget to borrow from the Working Capital Fund in the amount of $149.9 million in September 2022, with subsequent repayment in December.

9. In response to the liquidity challenges faced by the Organization over the past several years, the General Assembly decided to use $100 million of unspent funds from the 2021 regular budget, which would otherwise have been credited to Member States, to increase, on an exceptional basis and without setting a precedent, the Working Capital Fund from $150 million to $250 million, effective from 2023 (see Assembly resolution 76/272).

10. Liquidity ratios at the fund group level are presented in table IV.1. At the consolidated level, the ratio of cash assets to current liabilities was 3.3 (2021: 3.2) and the ratio of current assets to current liabilities was also 3.3 (2021: 3.8). Those relatively strong liquidity ratios at the consolidated level were possible owing 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 remained low, albeit a slight improvement from the 2021 ratio. This is primarily due to large collections received in December and therefore not representative of the overall liquidity position. The ratio of cash assets to current liabilities was 1.0 (2021: 0.9) and the ratio of current assets to current liabilities remained at 1.0 (2021: 1.0).

Table IV.1
Liquidity ratio by fund group
(Millions of United States dollars)

	31 December 2022					*31 December 2021*	
	Cash assets[a]	*Total current assets*	*Current liabilities*	*Cash assets to current liabilities*	*Current ratio*		
Fund group	*A*	*B*	*C*	*A/C*	*B/C*	*Cash assets to current liabilities*	*Current ratio*
Regular budget and related funds	714.4	723.4	749.4	1.0	1.0	0.9	1.0
Trust funds	2 748.7	3 345.0	346.0	7.9	9.7	9.0	13.0
Capital assets and construction-in-progress	173.7	128.4	30.5	5.7	4.2	3.8	3.4
Common support services	620.8	546.0	51.2	12.1	10.7	12.1	12.2
Long-term employee benefits	362.6	261.3	155.5	2.3	1.7	1.8	1.6
Insurance/workers' compensation	910.2	628.1	182.5	5.0	3.4	4.9	3.9
Other	318.4	231.8	274.0	1.2	0.8	1.2	1.0
Consolidated total[b]	**5 848.8**	**5 863.9**	**1 789.0**	**3.3**	**3.3**	**3.2**	**3.8**

[a] Cash assets consist of cash, cash equivalents and investments including those held in cash pools, which comprise cash, cash equivalents and short-term and long-term investments.
[b] Consolidated figures include eliminations that are not shown.

D. Overview of assets and liabilities

Assets

11. Total assets decreased by $61.1 million (0.5 per cent decrease) during 2022, from $11,723.9 million to $11,662.8 million. The slight decrease was due mainly to the net effect of decreases in voluntary contributions receivable of $123.7 million and other assets of $217.7 million, offset by an increase in cash and investments of $251.2 million. The changes in categories of assets are shown in table IV.2.

Table IV.2
Changes in assets
(Millions of United States dollars)

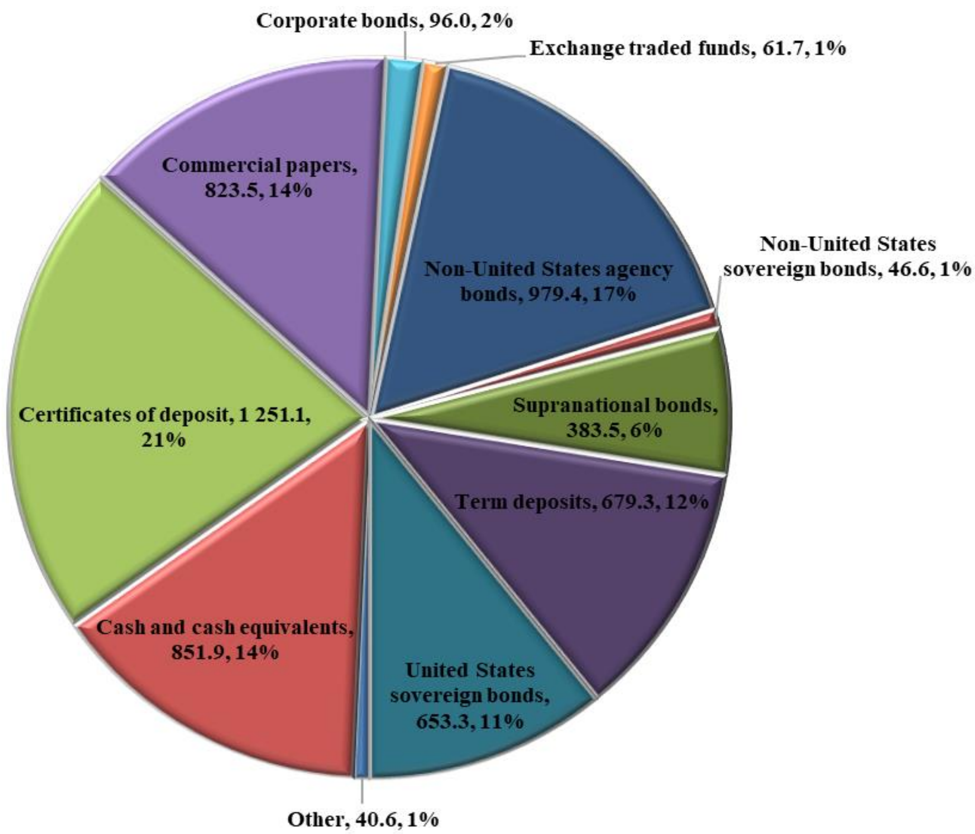
	2022	*2021*	*Change*	*Percentage change*
Cash and investments	5 848.8	5 597.6	251.2	4.5
Assessed contributions receivable	124.0	118.2	5.8	4.9
Voluntary contributions receivable	1 943.9	2 067.6	(123.7)	(6.0)
Property, plant and equipment	3 004.8	2 980.8	24.0	0.8
Inventories	33.2	31.3	1.9	6.1
Intangible assets	144.7	147.3	(2.6)	(1.8)
Other assets[a]	563.4	781.1	(217.7)	(27.9)
Total assets	**11 662.8**	**11 723.9**	**(61.1)**	**(0.5)**

[a] Other assets of $382.1 million, other receivables of $173.8 million and share of joint ventures of $7.5 million (2021: other assets of $619.8 million, other receivables of $156.4 million and share of joint ventures of $4.9 million).

Cash and investments

12. As at 31 December 2022, the Organization held cash and investments of $5,848.8 million (2021: $5,597.6 million). Cash and investments were the biggest asset group, representing 50.1 per cent of total assets. Cash and investments consist mainly of investments in certificates of deposit, commercial papers, term deposits, and bonds issued by Governments, government agencies and supranational entities (see figure IV.I).

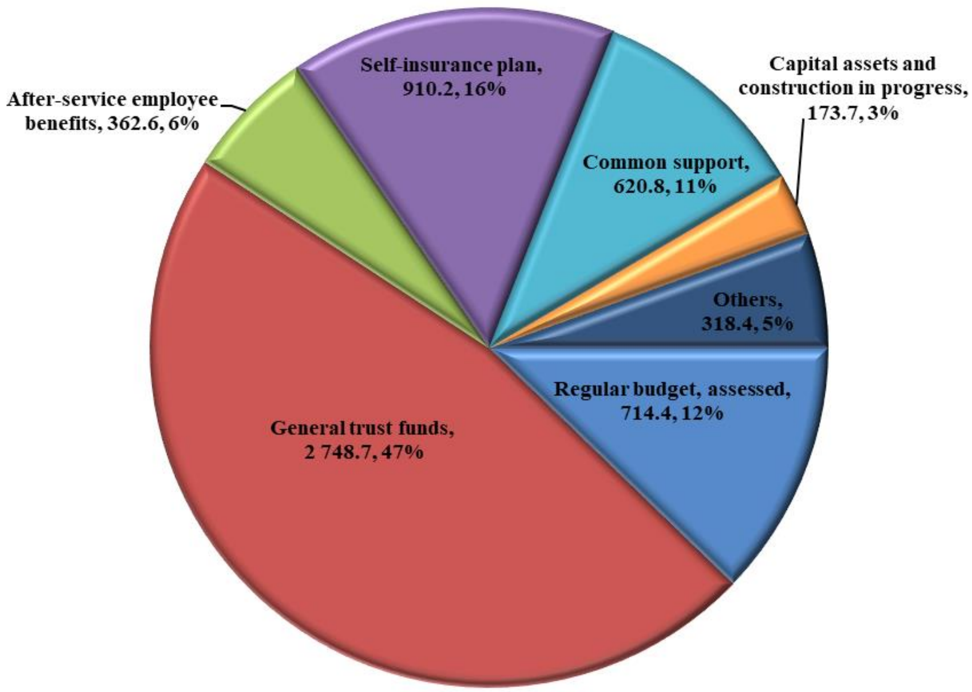
Figure IV.I
Cash and investments, by instrument type
(Millions of United States dollars)



13. In 2022, the net investment loss from cash pools and United Nations Staff Mutual Insurance Society against Sickness and Accidents investments was $1.4 million (2021: $21.4 million; investment revenue). The realized rate of return in the main pool was 1.57 per cent (2021: 0.41 per cent). The increase in the realized rate of return between 2021 and 2022 was due to new and maturing funds being invested or reinvested in 2022 in the higher interest rate environment as the Federal Reserve raised the target policy interest rate range several times during the year in response to high inflation. The unrealized loss for 2022 was due to the historically sharp rise in interest rates during the period and the corresponding reduced mark-to-market value of the investment positions at the financial year end. The reduced mark-to-market value caused a net investment loss across the cash pools. Unrealized gains/losses are not realized, there have been no credit impairment issues, and the portfolio invests in highly rated (high credit ratings) fixed income and money market instruments, as well as the equity position for United Nations Staff Mutual Insurance Society against Sickness and Accidents cash and investments.

14. The trust funds group accounted for 47.0 per cent of the cash pools, while 15.6 per cent was held by insurance/workers' compensation funds, depicted as self-insurance plans (see figure IV.II below).

Figure IV.II
Cash and investments by fund group
(Millions of United States dollars)



15. Outstanding assessed contributions receivable as at 31 December 2022 were $124.0 million ($353.7 million, less allowance for doubtful receivables of $229.7 million). Assessed contributions receivable increased from the prior year by $5.8 million (4.9 per cent increase) (see table IV.3).

Table IV.3
Assessed contributions: receivables from non-exchange transactions
(Millions of United States dollars)

	2022	*2021*	*Change*	*Percentage change*
Assessed contributions receivable	353.7	458.3	(104.6)	(22.8)
Allowance for doubtful receivable	(229.7)	(340.1)	110.4	(32.5)
Total assessed contributions receivable	**124.0**	**118.2**	**5.8**	**4.9**

Voluntary contributions receivable

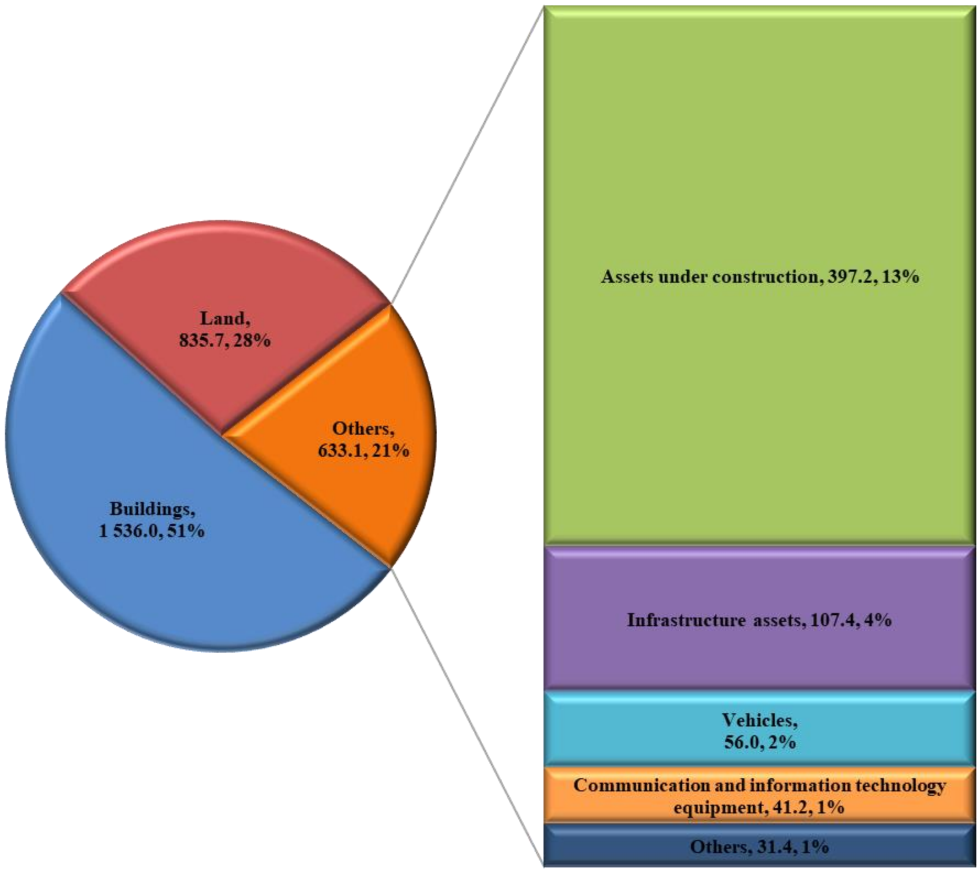
16. Voluntary contributions receivable as at 31 December 2022 amounted to $1,943.9 million (2021: $2,067.6 million), a decrease of 6.0 per cent compared with the prior year. The decrease is due primarily to the decrease in multi-year pledges for the Central Emergency Response Fund.

17. Voluntary contributions receivables were related mainly to human rights and humanitarian affairs projects ($1,260.6 million, or 64.8 per cent), which comprised mainly the receivables of the Central Emergency Response Fund ($733.9 million) and the Office for the Coordination of Humanitarian Affairs ($296.0 million).

Property, plant and equipment

18. The carrying value of property, plant and equipment was $3,004.8 million at the end of 2022 (2021: $2,980.8 million), with the largest asset category (buildings) representing 51 per cent of total assets and the second largest asset category (land) representing 28 per cent of total assets. The composition of property, plant and equipment is shown in figure IV.III.

Figure IV.III
Property, plant and equipment
(Millions of United States dollars and percentage)



19. 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 (UNAMA), valued at $1,033.0 million, $197.4 million and $80.8 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 23.2 per cent, which amounted to $50.1 million.

20. 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.

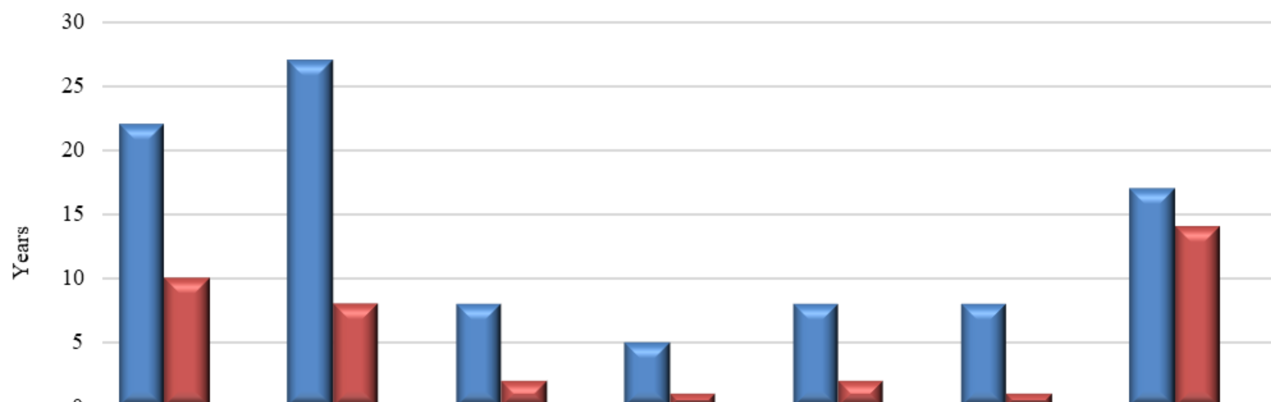
21. A summary of major additions during the year and balances as at 31 December 2022 for assets under construction is presented in table IV.4.

Table IV.4
Assets under construction: major additions
(Millions of United States dollars)

Project	*Additions in 2022*	*Construction-in-progress at 31 December 2022*
United Nations Office at Geneva – strategic heritage plan	104.8	318.1
United Nations Office at Nairobi – buildings A–J and other works	7.2	11.9
Economic and Social Commission for Asia and the Pacific – seismic mitigation	6.3	13.5
United Nations Office at Geneva – other works	3.5	5.4
Department of Operational Support – DC1 building vacate projects	2.7	2.7
Special political missions – buildings and infrastructure	2.4	3.5
Economic Commission for Africa (ECA) – Africa Hall	1.8	15.3
Economic and Social Commission for Western Asia (ESCWA) – building repairs	1.6	1.7
Department of Safety and Security – shooting range	1.2	1.2

22. The average remaining years of useful life as at the end of 2022 and the original average useful life of various categories of property, plant and equipment are shown in figure IV.IV. The average remaining useful life of communications and information technology equipment, machinery and equipment, vehicles and furniture are less than two years and the fully depreciated assets in those categories were 66, 50, 40 and 17 per cent, respectively.

Figure IV.IV
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	17
Remaining	10	8	2	1	2	1	14
Percentage	45	30	25	20	25	13	82

Liabilities

23. Total liabilities decreased by $1,255.4 million (15.3 per cent) during 2022, from $8,209.0 million to $6,953.6 million. The most notable change was a decrease in employee benefits liabilities by $1,320.5 million (see para. 24 below). Employee benefits liabilities accounted for 72.2 per cent of total liabilities. Table IV.5 shows the changes in liabilities.

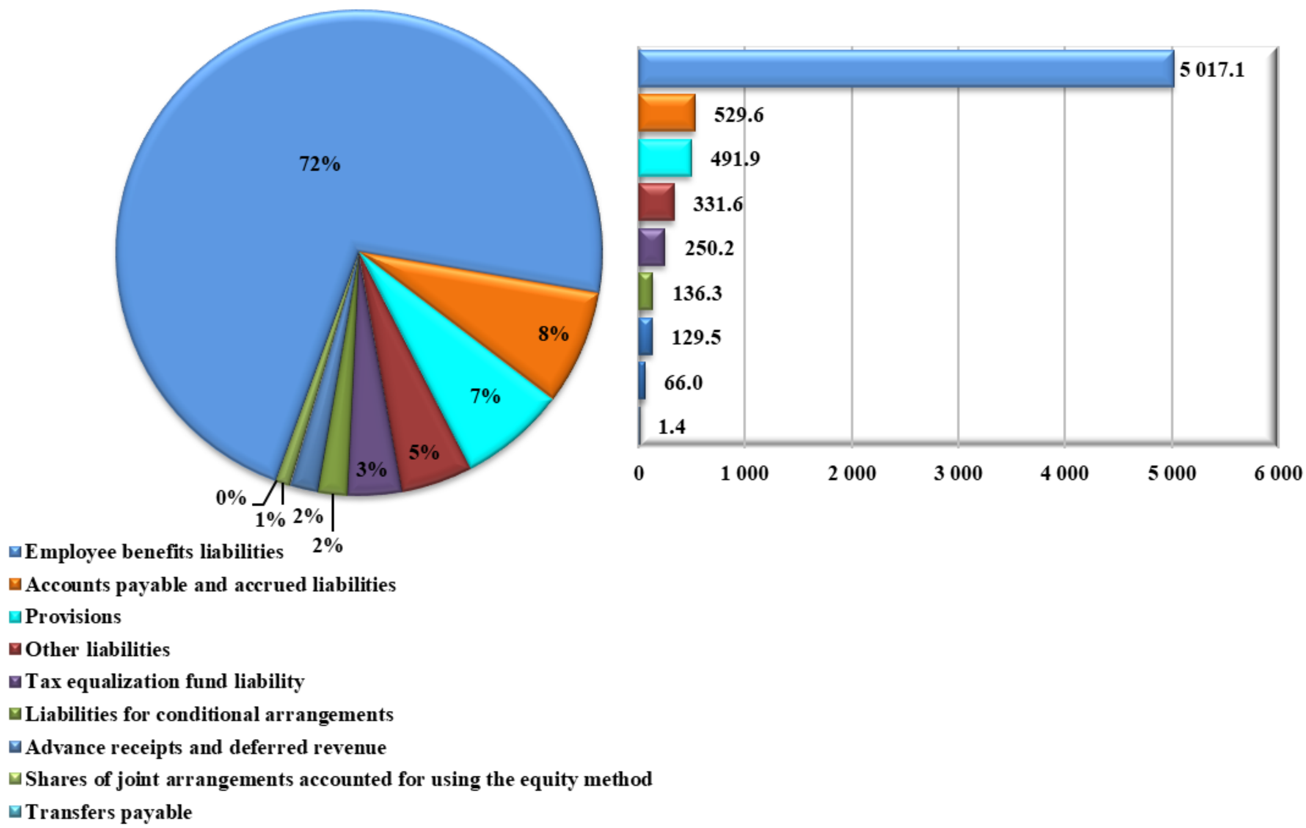
Table IV.5
Changes in liabilities
(Millions of United States dollars)

	2022	*2021*	*Change*	*Percentage change*
Employee benefits liabilities	5 017.1	6 337.6	(1 320.5)	(20.8)
Accounts payable and accrued liabilities	529.6	491.0	38.6	7.9
Provisions	491.9	464.4	27.5	5.9
Tax equalization fund liability	250.2	215.9	34.3	15.9
Transfers payable	1.4	0.6	0.8	133 3
Advance receipts and deferred revenue	129.5	146.6	(17.1)	(11.7)
Other liabilities[a]	533.9	552.9	(19.0)	(3.4)
Total liabilities	**6 953.6**	**8 209.0**	**(1 255.4)**	**(15.3)**

[a] Share of joint venture of $66.0 million, liabilities for conditional arrangements of $136.3 million and other liabilities of $331.6 million (2021: share of joint venture of $111.8 million, liabilities for conditional arrangements of $157.3 million and other liabilities of $283.8 million).

24. Figure IV.V presents the composition of the liabilities as at 31 December 2022.

Figure IV.V
Liabilities as at 31 December 2022
(Millions of United States dollars and percentage)

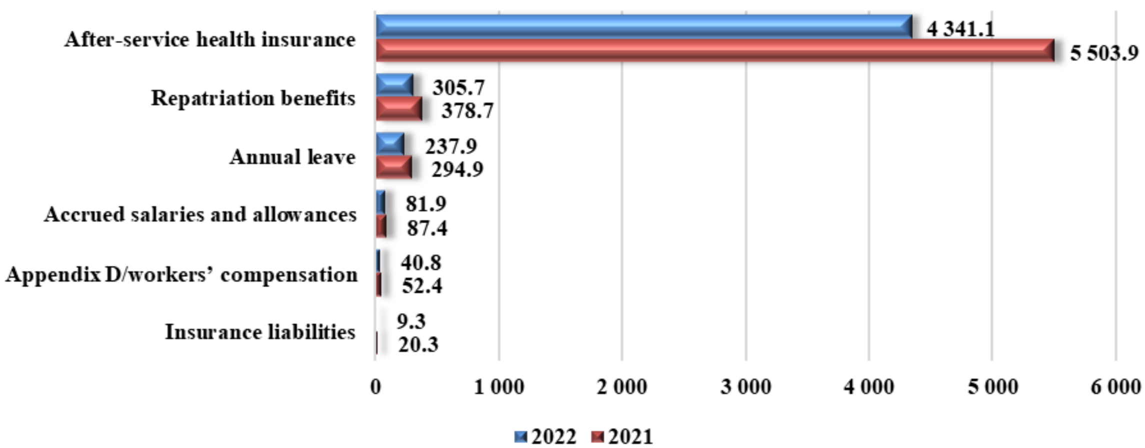


Employee benefits liabilities

25. Total employee benefits liabilities decreased by $1,320.5 million in 2022, including a decrease in actuarily valued defined-benefit liabilities of $1,292.8 million. The changes in employee benefits liabilities by type are shown in figure IV.VI. The decrease in after-service health insurance liability is a result of an increase in discount rates used for actuarial valuation (2022: 4.37 per cent; 2021: 2.35 per cent), slightly offset by changes in health-care cost trend rates. The reduction in annual leave and repatriation grant liabilities is fully attributable to the increase in discount rates used for the rolled-forward valuation. The changes in employee benefits liabilities by type are shown in figure IV.VI.

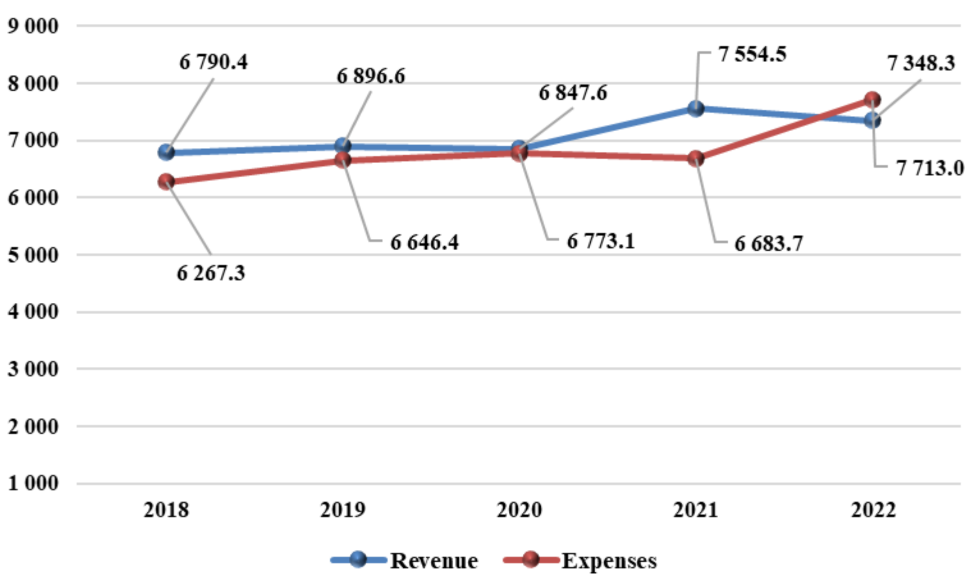
26. Defined-benefits liabilities of the regular budget ($3,805.2 million in total) remain unfunded, and the pay-as-you-go approach continues at the present time, posing a long-term risk. The costs of the after-service health insurance benefits, as shared by the Organization and the staff, have increased considerably since the inception of the programme in 1967, fuelled by an expanding population of retired participants, changes in demographics, improved mortality and the increased cost of medical services worldwide. For extrabudgetary funds, after-service health insurance liabilities are funded at 6 per cent of employee salaries. The funding provided up to 31 December 2022 was $189.8 million (2021: $138 million), which represented 20.7 per cent (2021: 12.2 per cent) of the respective liabilities.

Figure IV.VI
Employee benefits liabilities
(Millions of United States dollars)



E. Overview of financial performance

Figure IV.VII
Total revenue and expenses, 2018–2022
(Millions of United States dollars)



Revenue

27. Total revenue for 2022 was $7,348.3 million (2021: $7,554.5 million), a decrease of $206.2 million, or 2.7 per cent, compared with the prior year. Assessed contributions increased by $197.0 million, contributions for self-insurance funds by $28.3 million and other revenue by $8.2 million. Those increases were offset by a decrease in voluntary contributions of $410.5 million, investment revenue of $20.8 million and other transfers and allocations of $8.4 million (see table IV.6). The decrease in voluntary contributions revenues was primarily due to the Central Emergency Response Fund recognizing revenues relating to 2022 upfront in 2021 in

accordance with the International Public Sector Accounting Standards (IPSAS) revenue recognition principle of recognizing unconditional revenues relating to multi-year agreements upfront. This earlier recognition of revenue in 2021 resulted in lower revenues recorded in 2022, which contributed to the net deficit result for the Organization for the year.

Table IV.6
Changes in revenue by nature

(Millions of United States dollars and percentage)

	2022	*2021*	*Change*	*Percentage change*
Assessed contributions	3 131.2	2 934.2	197.0	6.7
Voluntary contributions	3 385.6	3 796.1	(410.5)	(10.8)
Contribution to self-insurance	477.2	448.9	28.3	6.3
Other revenue	224.2	216.0	8.2	3.8
Other transfers and allocations	127.6	136.0	(8.4)	(6.2)
Investment revenue	2.5	23.3	(20.8)	(89.3)
Total revenues	**7 348.3**	**7 554.5**	**(206.2)**	**(2.7)**

28. Figures IV.VIII and IV.IX provide an analysis of revenue by nature and by segment.

Figure IV.VIII
Revenue by nature

(Millions of United States dollars and percentage)

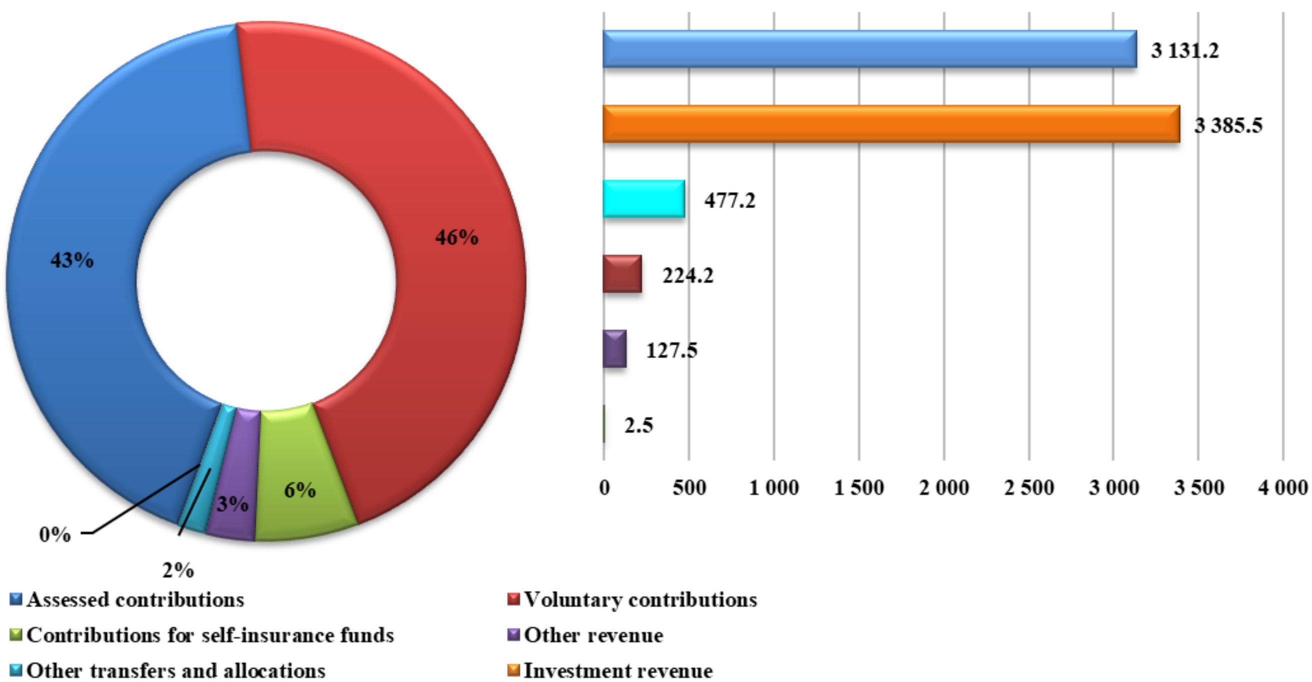
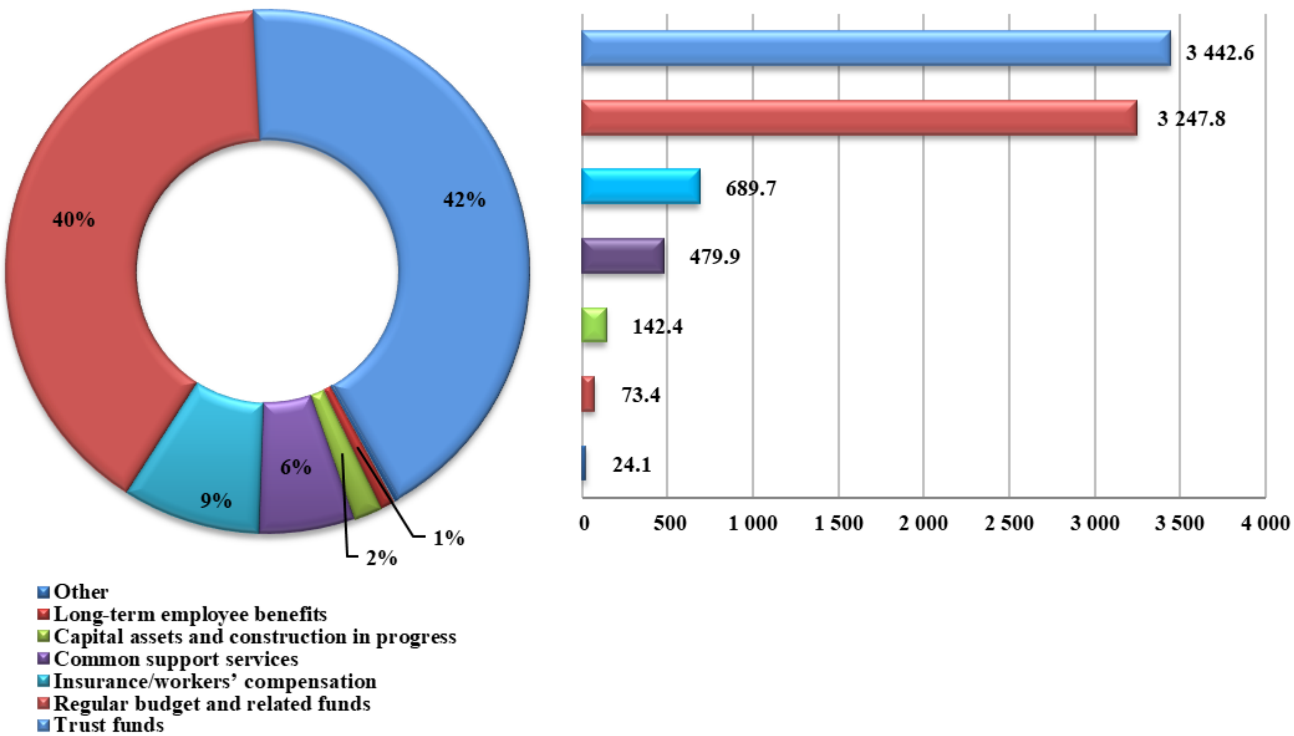


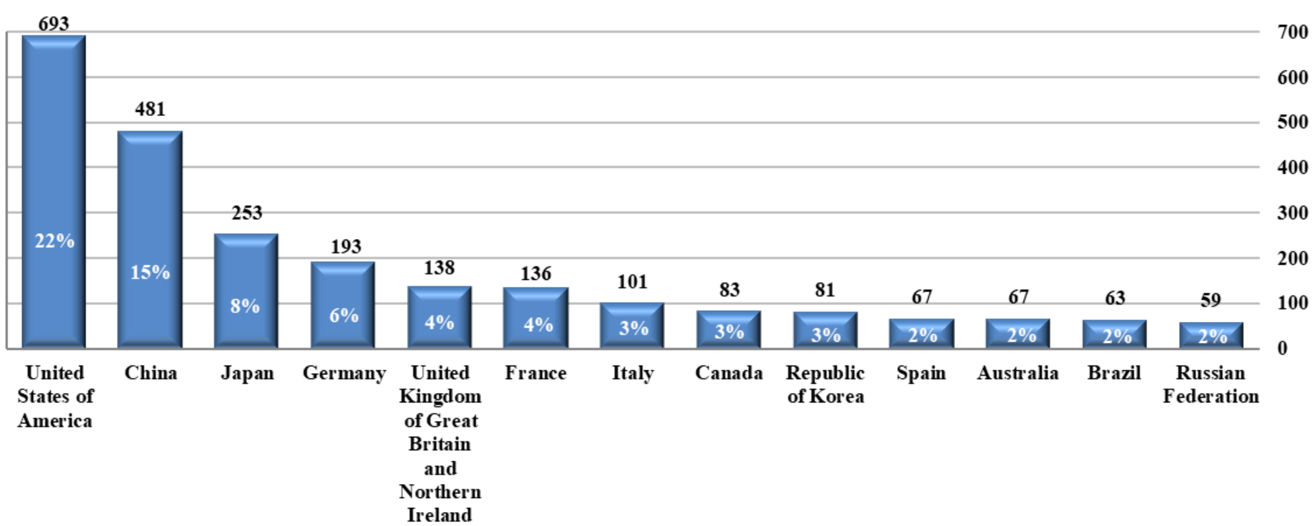
Figure IV.IX
Revenue by segment[a]
(Millions of United States dollars and percentage)



[a] The figures above do not include inter-segment elimination revenue of $751.6 million.

29. Assessed contributions revenue of $3,131.2 million in 2022 was $197.0 million (6.7 per cent) higher than $2,934.2 million in 2021 and comprised 42.6 per cent of total revenue. Assessed contributions are based on a scale of assessments approved by the General Assembly; figure IV.X indicates the Member States with the largest assessments for 2022.

Figure IV.X
Top contributors of assessed contributions
(Millions of United States dollars and percentage)



30. Voluntary contributions revenue amounted to $3,385.5 million, comprising 46.1 per cent of total revenue. Voluntary contributions revenue for 2022 was $410.6 million (10.8 per cent) less than the $3,796.1 million of 2021, owing mainly to decreases in contributions for the common humanitarian multi-partner trust funds ($85.6 million), the Central Emergency Response Fund ($616.0 million) and the peacebuilding multi-partner trust fund ($89.5 million). The decrease was offset by increases in contributions for the trust fund for the strengthening of the Office of the Emergency Relief Coordinator ($134.3 million), the trust fund for the support to the activities of the Centre for Human Rights ($79.9 million) and the trust fund for counter-terrorism ($43.7 million). Figure IV.XI shows the top 10 voluntary contributors in 2022, together with their contributions in 2021. Table IV.7 highlights voluntary contributions by programme segment. In both 2022 and 2021, voluntary contributions were directed in large part to the human rights and humanitarian affairs segment.

Figure IV.XI
Major voluntary contributions
(Millions of United States dollars)

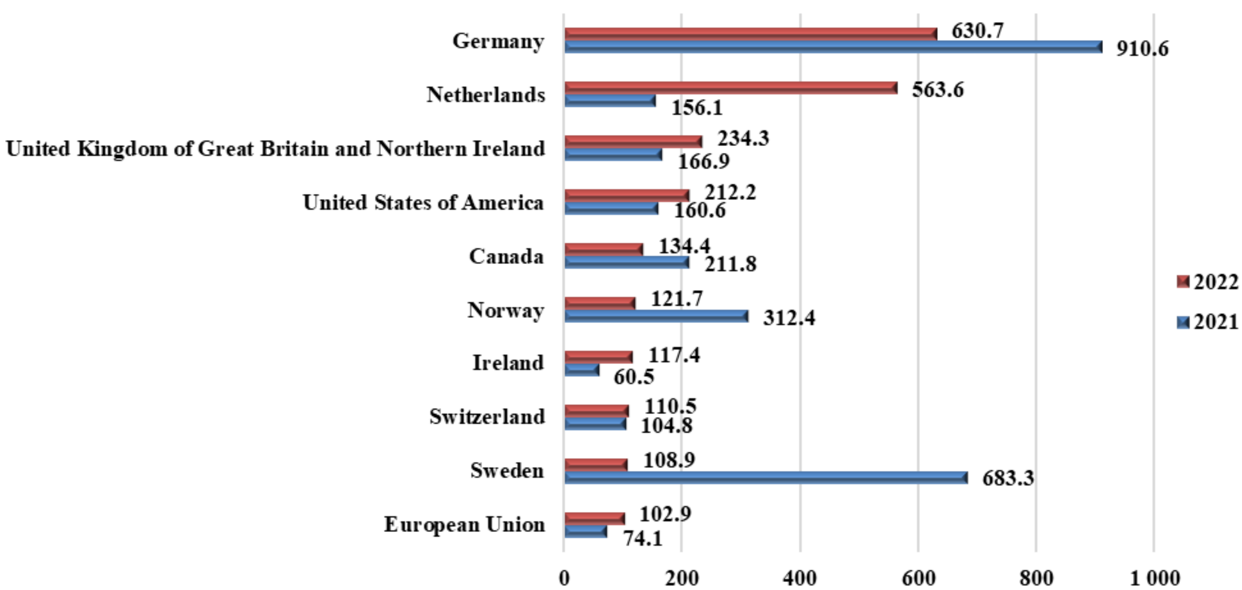


Table IV.7
Voluntary contributions by programme segment
(Millions of United States dollars and percentage)

	2022	*2021*	*Change*	*Percentage change*
Human rights and humanitarian affairs	2 455.1	2 966.1	(511.0)	(17.2)
Political and peacekeeping affairs	362.5	399.3	(36.8)	(9.2)
Cooperation and development	223.1	218.7	4.4	2.0
Common support services	196.7	153.9	42.8	27.8
Crime prevention	59.0	15.0	44.0	293.3
Other	89.1	43.1	46.0	106.7
Total revenue	**3 385.5**	**3 796.1**	**(410.6)**	**(10.8)**

Expenses

31. Total expenses for 2022 were $7,713.0 million (2021: $6,683.7 million). The increase of $1,029.3 million, or 15.4 per cent, was attributable mainly to an increase in grants and other transfers of $632.6 million and other expenses by of $210.4 million. There was also an increase in employee salaries, allowances and benefits of $166.0 million, mainly attributable to the regular budget as the recruitment freeze was lifted in the second quarter of 2022 and recruitment recommenced, which gradually increased expenses for the remainder of the year. Non-employee compensation and allowances increased by $15.4 million while self-insurance claims and expenses increased by $12.0 million. Table IV.8 shows changes in expenses.

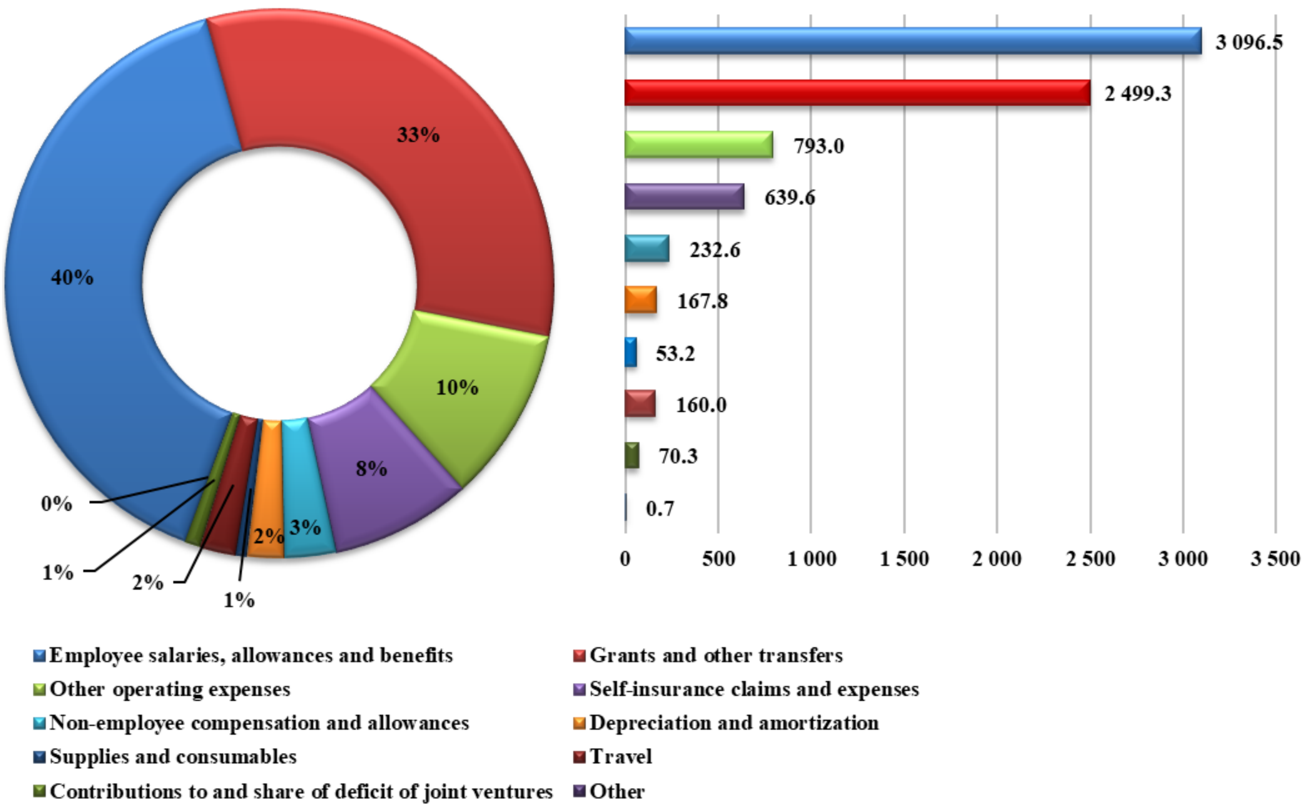
Table IV.8
Changes in expenses by nature
(Millions of United States dollars)

	2022	*2021*	*Change*	*Percentage change*
Employee salaries, allowances and benefits	3 096.5	2 930.5	166.0	5.7
Grants and other transfers	2 499.3	1 866.7	632.6	33.9
Self-insurance claims and expenses	639.6	627.6	12.0	1.9
Non-employee compensation and allowances	232.6	217.2	15.4	7.1
Depreciation and amortization	167.8	174.9	(7.1)	(4.1)
Other expenses[a]	1 077.2	866.8	210.4	24.3
Total expenses	**7 713.0**	**6 683.7**	**1 029.3**	**15.4**

[a] Operating expenses of $793.0 million, contributions to and share of deficit of joint ventures of $70.3 million and other expenses of $213.9 million (2021: 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).

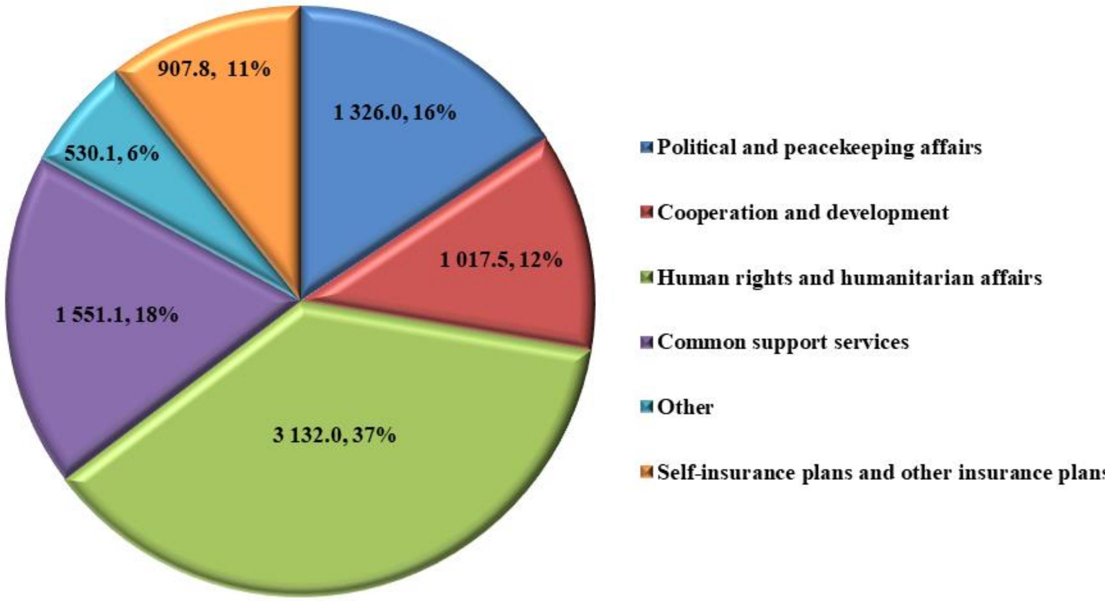
32. Figure IV.XII highlights expenses by nature. The largest classes were employee salaries, allowances and benefits, in the amount of $3,096.5 million (40.1 per cent), and grants and transfers to end beneficiaries and implementing partners, in the amount of $2,499.3 million (32.4 per cent). Other operating expenses, in the amount of $793.0 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. There was a significant increase in grants and other transfers of $632.6 million, due mainly to additional humanitarian assistance provided for Ukraine and Afghanistan projects during 2022.

Figure IV.XII
Expenses by nature
(Millions of United States dollars and percentage)



33. Figure IV.XIII highlights expenses by work pillar. Human rights and humanitarian affairs, common support services and political and peacekeeping affairs were the main pillars of expense.

Figure IV.XIII
Expenses by work pillar[a]
(Millions of United States dollars)



[a] Eliminations are not included.

F. Net assets

34. Net assets of $4,709.2 million as at 31 December 2022 consisted of an accumulated surplus of $4,621.9 million and reserves of $87.3 million held by, inter alia, the United Nations Staff Mutual Insurance Society against Sickness and Accidents. The net assets also include $2,371.7 million representing property in the form of land and buildings (50 per cent) which is not easily convertible for liquidity purposes and coverage of liabilities. In most cases, the buildings have also been constructed on donated land and have value only while the Organization occupies the premises, such as the Secretariat building.

35. The increase in net assets in 2022 was $1,194.2 million and was primarily attributable to actuarial gains on employee benefits liabilities ($1,515.3 million) offset by the deficit for the year ($364.8 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 2020	**249.1**	**4 076.5**	**(6 215.0)**	**745.8**	**3 317.4**	**2 173.8**
Changes in net assets						
Actuarial gains/(losses) on employee benefits liabilities	(0.3)	–	493.1	(9.6)	–	483.2
Share of changes recognized by joint ventures directly in net assets	(12.8)	–	–	–	–	(12.8)
Surplus/(deficit) for the year	15.8	989.0	(165.5)	25.1	6.4	870.8
Total changes in net assets	**2.7**	**989.0**	**327.6**	**15.5**	**6.4**	**1 341.2**
Net assets as at 31 December 2021	**251.8**	**5 065.5**	**(5 887.4)**	**761.3**	**3 323.8**	**3 515.0**
Changes in net assets						
Actuarial gains/(losses) on employee benefits liabilities	6.4	–	1 501.6	7.2	–	1 515.2
Share of changes recognized by joint ventures directly in net assets	43.9	–	–	–	(0.2)	43.7
Surplus/(deficit) for the year	63.3	(322.3)	(139.5)	(5.2)	39.0	(364.7)
Total changes in net assets	**113.6**	**(322.3)**	**1 362.1**	**2.0**	**38.8**	**1 194.2**
Net assets as at 31 December 2022	**365.4**	**4 743.2**	**(4 525.3)**	**763.3**	**3 362.6**	**4 709.2**

G. Budgetary performance of the regular budget

36. 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 beginning with the programme budget for 2020. In the same resolution, the Assembly requested the Secretary-General to conduct a review of changes to the budgetary cycle.

37. As indicated in the report of the Secretary-General on the review of changes to the budgetary cycle (A/77/485) submitted pursuant to the request of the General Assembly, the change from a biennial to an annual budget period and the budget reform helped to bring about and demonstrate a more nimble, agile and responsive Organization that revitalizes and asks itself every year what difference it makes for those whom it serves and that transparently accounts for concrete and tangible results. The report of the Secretary-General highlighted four main achievements: increased engagement by programme managers and continuous learning and improvement for more effective mandate implementation; more agile programme planning: including faster adjustment to new mandates, changed demands and conditions and past performance; a presentation format of the annual programme budget that balances the need for more transparency and accountability demanded by Member States with a preparation process that is efficient and that allows alignment with the operational realities of departments; increased comprehensiveness for one holistic review by Member States: programme plans, performance and resource requirements integrated in one report and considered in one main Assembly session.

38. By its resolution 77/267, the General Assembly decided to lift the trial period effective from 2023 and requested the Secretary-General to continue with the submission of the programme budget according to an annual cycle.

39. In 2022, the final amount of the regular budget was $3,276.4 million, which was 1.6 per cent more than the 2021 budget of $3,224.7 million. The budget utilized during 2022 was $3,236.3 million, which was 98.8 per cent of the final budget. The underutilization of the budget is mainly attributable to the fact that the Organization's operations could not fully return to the pre-pandemic pattern.

Chapter V

Financial statements for the year ended 31 December 2022

Operations of the United Nations as reported in volume I

I. Statement of financial position as at 31 December 2022

(Thousands of United States dollars)

	Reference	*31 December 2022*	*31 December 2021*
Assets			
Current assets			
Cash and cash equivalents	Note 6	851 871	646 533
Investments	Note 7	3 286 510	4 030 283
Assessed contributions receivable	Note 8	123 995	118 208
Voluntary contributions receivable	Note 9	1 012 283	1 018 291
Other receivables	Note 10	173 869	156 372
Inventories	Note 11	33 217	31 326
Other assets	Note 12	382 174	619 723
Total current assets		**5 863 919**	**6 620 736**
Non-current assets			
Investments	Note 7	1 710 377	920 786
Voluntary contributions receivable	Note 9	931 596	1 049 326
Property, plant and equipment	Note 14	3 004 775	2 980 811
Intangible assets	Note 15	144 678	147 335
Share of joint arrangements accounted for using the equity method	Note 24	7 496	4 912
Total non-current assets		**5 798 922**	**5 103 170**
Total assets		**11 662 841**	**11 723 906**
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	Note 16	529 610	490 982
Advance receipts and deferred revenue	Note 17	129 542	146 592
Employee benefits liabilities	Note 18	246 313	269 721
Provisions	Note 19	490 803	463 802
Tax equalization liability	Note 20	250 190	215 858
Liabilities for conditional arrangements	Note 21	114 854	120 032
Other liabilities	Note 22	27 732	30 192
Total current liabilities		**1 789 044**	**1 737 179**

Operations of the United Nations as reported in volume I

I. Statement of financial position as at 31 December 2022 (continued)

(Thousands of United States dollars)

	Reference	*31 December 2022*	*31 December 2021*
Non-current liabilities			
Transfers payable		1 448	637
Employee benefits liabilities	Note 18	4 770 789	6 067 846
Provisions	Note 19	1 115	622
Liabilities for conditional arrangements	Note 21	21 411	37 220
Other liabilities	Note 22	303 823	253 627
Share of joint arrangements accounted for using the equity method	Note 24	66 013	111 806
Total non-current liabilities		**5 164 599**	**6 471 758**
Total liabilities		**6 953 643**	**8 208 937**
Net of total assets and total liabilities		**4 709 198**	**3 514 969**
Net assets			
Accumulated surplus	Note 25	4 621 898	3 427 669
Reserves	Note 25	87 300	87 300
Total net assets		**4 709 198**	**3 514 969**

The accompanying notes to the financial statements are an integral part of these financial statements.

II. Statement of financial performance for the year ended 31 December 2022

(Thousands of United States dollars)

	Reference	*2022*	*2021*
Revenue			
Assessed contributions	Note 26	3 131 227	2 934 195
Voluntary contributions	Note 26	3 385 540	3 796 101
Contributions for self-insurance funds	Note 28	477 205	448 885
Other revenue	Note 27	224 220	215 976
Other transfers and allocations	Note 26	127 546	135 986
Investment revenue	Note 30	2 531	23 330
Total revenue		**7 348 269**	**7 554 473**
Expenses			
Employee salaries, allowances and benefits	Note 29	3 096 451	2 930 515
Non-employee compensation and allowances		232 634	217 169
Grants and other transfers	Note 29	2 499 271	1 866 654
Supplies and consumables		53 196	43 909
Depreciation and amortization	Notes 14, 15	167 757	174 919
Impairment	Notes 14, 15	(105)	357
Travel		160 059	62 467
Other operating expenses	Note 29	792 979	689 132
Self-insurance claims and expenses	Note 28	639 617	627 631
Finance costs	Note 22	–	1 066
Contributions to and share of deficit of joint arrangements accounted for using the equity method	Note 24	70 289	69 667
Other expenses	Note 29	824	227
Total expenses		**7 712 972**	**6 683 713**
(Deficit)/surplus for the year		**(364 703)**	**870 760**

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 2022

(Thousands of United States dollars)

	Reference	*Accumulated surplus*	*Reserves*	*Total net assets*
Net assets as at 1 January 2021		**2 091 474**	**82 360**	**2 173 834**
Changes in net assets				
Actuarial gains on employee benefits liabilities	Note 25	483 246	–	483 246
Share of changes recognized by joint arrangements directly in net assets	Note 24	(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 25**	**3 427 669**	**87 300**	**3 514 969**
Changes in net assets				
Actuarial gains on employee benefits liabilities	Note 25	1 515 245	–	1 515 245
Share of changes recognized by joint arrangements directly in net assets	Note 24	43 687	–	43 687
Deficit for the year		(364 703)	–	(364 703)
Total changes in net assets		**1 194 229**	**–**	**1 194 229**
Net assets as at 31 December 2022	**Note 25**	**4 621 898**	**87 300**	**4 709 198**

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 2022

(Thousands of United States dollars)

	Reference	*2022*	*2021*
Cash flows from operating activities			
(Deficit)/surplus for the year		**(364 703)**	**870 760**
Non-cash movements			
Depreciation and amortization	Notes 14, 15	167 757	174 919
Impairment of property, plant and equipment and intangibles	Note 14	(105)	357
Transfers, donations of assets and other additions	Notes 14, 15	(7 119)	(11 962)
Net loss on disposal of property, plant and equipment and inventory		13 976	2 927
Actuarial gain/(loss) on employee benefits liabilities		1 515 245	483 246
Share of changes in net assets recognized by joint arrangements	Note 24	43 687	(12 871)
Changes in assets			
(Increase)/decrease in assessed contributions receivable	Note 8	(5 787)	329 975
(Increase)/decrease in voluntary contributions receivable	Note 9	123 738	(534 426)
(Increase)/decrease in other receivables	Note 10	(17 497)	2 635
(Increase)/decrease in inventories	Note 11	(1 891)	(2 241)
(Increase)/decrease in other assets	Note 12	237 549	(248 190)
(Increase)/decrease in share of joint arrangements assets accounted for using the equity method	Note 24	(2 584)	(1 024)
Changes in liabilities			
Increase/(decrease) in accounts payable and accrued liabilities	Note 16	38 628	(30 224)
Increase/(decrease) in advance receipts and deferred revenue	Note 17	(17 050)	26 809
Increase/(decrease) in transfers payable		811	(209)
Increase/(decrease) in employee benefits liabilities	Note 18	(1 320 465)	(251 680)
Increase/(decrease) in provisions	Note 19	27 494	264 455
Increase/(decrease) in Tax Equalization Fund liability	Note 20	34 332	15 618
Increase/(decrease) in liabilities for conditional arrangements	Note 21	(20 987)	24 180
Increase/(decrease) in other liabilities	Note 22	(3 530)	(3 717)
Increase/(decrease) in share of joint arrangements liabilities accounted for using the equity method	Note 24	(45 793)	4 363
Investment revenue presented as investing activities	Note 30	(2 531)	(23 330)
Net cash flows from operating activities		**393 175**	**1 080 370**

Operations of the United Nations as reported in volume I

IV. Statement of cash flows for the year ended 31 December 2022 (continued)

(Thousands of United States dollars)

	Reference	*2022*	*2021*
Cash flows from investing activities			
Pro rata share of net decrease/(increase) in cash pool	Note 30	(45 818)	(853 868)
Investment revenue presented as investing activities	Note 30	2 531	23 330
Acquisitions of property, plant and equipment	Note 14	(169 812)	(181 266)
Proceeds from disposal of plant and equipment		251	793
Acquisitions of intangibles	Note 15	(26 255)	(27 162)
Net cash flows used in investing activities		**(239 103)**	**(1 038 173)**
Cash flows from financing activities			
Proceeds from borrowings	Note 22	51 266	59 919
Net cash flows from financing activities		**51 266**	**59 919**
Net increase/(decrease) in cash and cash equivalents		205 338	102 116
Cash and cash equivalents – beginning of year		646 533	544 417
Cash and cash equivalents – end of year	**Note 6**	**851 871**	**646 533**

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 2022

(Thousands of United States dollars)

	Publicly available budget[a]				
	Original	*Final*	*Actual amount (budget basis)*	*Difference – original and final budget (percentage)*	*Difference – final budget and actual (percentage)*
Income					
Assessed contributions (net of staff assessment)	2 933 788	2 979 872	2 872 670	1.6	(3.6)
Staff assessment	279 138	280 173	286 820	0.4	2.4
General income	19 581	19 581	39 947	–	104.0
Services to the public	(3 219)	(3 219)	(4 598)	–	(42.8)
Total income	**3 229 288**	**3 276 407**	**3 194 839**	**1.5**	**(2.5)**
Expenditure					
Regular budget by part					
Overall policymaking, direction and coordination	425 682	426 612	396 601	0.2	(7.0)
Political affairs	848 559	890 213	864 022	4.9	(2.9)
International justice and law	92 880	92 880	94 837	–	2.1
International cooperation for development	260 683	260 683	259 683	–	(0.4)
Regional cooperation for development	311 959	311 959	312 253	–	0.1
Human rights and humanitarian affairs	235 736	237 934	238 757	0.9	0.3
Global communications	100 015	100 073	98 176	0.1	(1.9)
Common support services	308 171	309 392	318 628	0.4	3.0
Internal oversight	21 187	21 187	20 877	–	(1.5)
Jointly financed administrative activities and special expenses	92 766	92 766	90 607	–	(2.3)
Capital expenditure	112 743	112 743	112 761	–	(0.0)
Security and safety	125 654	125 677	127 931	–	1.8
Development Account	16 199	16 199	16 199	–	–
Staff assessment	277 054	278 089	284 937	0.4	2.5
Total expenditure	**3 229 288**	**3 276 407**	**3 236 269**	**1.5**	**(1.2)**
Net total	–	–	**(41 430)**	–	–

[a] Refers to the United Nations regular budget for 2022. See note 5.

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 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 2023 in resolution 77/264, 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 2022 to the Board of Auditors by 31 March 2023. 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) 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. The IPSAS Board plans to issue a new standard on property, plant and equipment replacing IPSAS 17, adding public sector guidance on heritage and infrastructure assets and aligning with the new measurement principles. The standard is expected to be issued in the first half of 2023 together with the measurement related guidance;

(c) 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. The IPSAS Board expects to approve and issue the standard on measurement in the first half of 2023. The related section of the Conceptual Framework for General Purpose Financial Reporting by Public Sector Entities, chapter 7, on the measurement of assets and liabilities, will also be updated in line with the new standard;

(d) 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 when the transfer recipient satisfies an obligation by transferring goods or services to a third-party beneficiary. The draft standard is in the final review phase by the IPSAS Board and is expected to be issued in the first half of 2023. In order to prepare for the adoption of this new standard, data-collection efforts and the revision of the agreement template are under way;

(e) 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 finished discussing principle-related issues and plans to issue the standard in the first half of 2023;

(f) "Accounting and reporting by retirement benefit plans" is a new project of the IPSAS Board and an adaptation of International Accounting Standards 26. The objective of developing the exposure draft is to prescribe the accounting and reporting requirements for public sector retirement benefit plans, which primarily provide benefits to retired public sector employees. A retirement benefit plan that prepares and presents financial statements under the accrual basis of accounting shall apply this guidance;

(g) "Other lease-type arrangements" is another new project of the Board, with the aim of developing additional guidance for identifying and addressing lease-related accounting issues associated with lease-type arrangements. The exposure draft was published for comment in January 2023 and proposes amendments to IPSAS 43, Leases, on accounting for concessionary leases, as well as new guidance on right-of-use assets in-kind and consequential amendments to IPSAS 23, Revenue from non-exchange transactions.

Recent and future requirements of the International Public Sector Accounting Standards

20. The IPSAS Board issued the following standards:

(a) IPSAS 41: Financial instruments, issued in August 2018 and effective 1 January 2023;

(b) IPSAS 42: Social benefits, issued in January 2019 and effective 1 January 2023;

(c) IPSAS 43: Leases, issued in January 2022 and effective 1 January 2025;

(d) IPSAS 44: Non-current assets held for sale and discontinued operations, issued in May 2022 and effective 1 January 2025.

21. 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. Compliance with IPSAS 41: Financial instruments, is mandatory for the volume I financial year ending 31 December 2023. The Organization is in the process of assessing the new requirements for recording, valuation and reporting of the investment cash pools in line with IPSAS 41. The assessment results will be used to develop an accounting policy document and update the Corporate Guidance.
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. Currently, there are no such social benefits applicable to the Organization, and hence the standard will have no impact on the volume I financial reporting.
IPSAS 43	IPSAS 43: Leases, replaced IPSAS 13: Leases aligning guidance with International Financial Reporting Standard 16. The newly issued standard introduces new contract and leases definitions and prescribes a right-of-use recognition and measurement model for all leases apart from those meeting short-term and low-value exemption categories. IPSAS 43 also provides additional guidance on the application of the risks and rewards model for lessor accounting. Adoption of the standard is mandatory for the volume I financial year ending 31 December 2025. The impact of IPSAS 43 will be assessed over the 2023 and 2024 calendar years prior to the 1 January 2025 effective date. The broadened leases definition is estimated to result in the recognition of more binding arrangements as leases, with a corresponding increase in lease liabilities and right-of-use assets.
IPSAS 44	IPSAS 44: Non-current assets held for sale and discontinued operations, promulgates accounting for assets held for sale and the presentation and disclosure requirements of discontinued operations, in alignment with International Financial Reporting Standard 5. Adoption of the standard is mandatory for the Vol. I financial year ending 31 December 2025. The impact of IPSAS 44 will be assessed to prepare the Organization for its implementation prior to the 1 January 2025 effective date. Given the definitions and scope of non-current assets held for sale, the recognition and measurement impacts are preliminarily estimated as not significant for the Organization, as the presentation and disclosure changes will depend on the identification of discontinued operations, if any, in the future, starting on 1 January 2025.

Note 3
Significant accounting policies

Financial assets classification

22. 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

23. 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.

24. 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.

25. 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.

26. 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.

27. 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.

28. 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

29. 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.

30. 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

31. 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

32. 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 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

33. 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

34. 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

35. 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

36. 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.

37. 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.

38. 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.

39. 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

40. Heritage assets are not recognized in the financial statements, but significant heritage assets transactions are disclosed in the notes thereto.

Property, plant and equipment

41. 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.

42. 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 used by the Organization since IPSAS adoption are set out below.

Class	*Subclass*	*Estimated useful life*
Communications and information technology equipment	Information technology equipment	4 years
	Communications and audiovisual equipment	7 years
Vehicles	Light-wheeled vehicles	6 years
	Heavy-wheeled and engineering support vehicles	12 years
	Specialized vehicles, trailers and attachments	6 to 12 years
	Marine vessels	10 years
Machinery and equipment	Light engineering and construction equipment	5 years
	Medical equipment	5 years
	Security and safety equipment	5 years
	Mine detection and clearing equipment	5 years
	Accommodation and refrigeration equipment	6 years
	Water treatment and fuel distribution equipment	7 years
	Transportation equipment	7 years
	Heavy engineering and construction equipment	12 years
	Printing and publishing equipment	20 years
Furniture and fixtures	Library reference material	3 years
	Office equipment	4 years
	Fixtures and fittings	7 years
	Furniture	10 years
Buildings	Temporary and mobile buildings	7 years
	Fixed buildings, depending on the type	25, 40 or 50 years
	Major exterior, roofing, interior and services/utilities components, where component approach is utilized	20 to 50 years
	Finance lease or donated right-to-use buildings	Shorter of term of arrangement or life of building
Infrastructure assets	Telecommunications, energy, protection, transport, waste and water management, recreation, landscaping	Up to 50 years
Leasehold improvements	Fixtures, fittings and minor construction work	Shorter of lease term or 5 years

43. 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.

44. 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.

45. Following recommendations of the Board of Auditors to review the useful lives of all classes of assets, the Organization carried out a system-wide survey with the support of the Task Force on Accounting Standards and analysed its own historical data on asset utilization, resulting in the revision of useful lives. The updated useful lives will be applied to the Organization's property plant and equipment prospectively starting 1 January 2023.

46. 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.

47. 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.

48. 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

49. 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.

50. 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

51. 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

52. 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

53. 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

54. Advance receipts and deferred revenue consist of contributions or payments received in advance and other deferred revenue.

Liabilities for conditional arrangements

55. 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"

56. 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.

57. 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"

58. 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

59. 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.

60. 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.

61. 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.

62. 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

63. 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

64. 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

65. 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

66. 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.

67. 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.

68. **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.

69. **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.

70. **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

71. 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.

72. 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

73. 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

74. 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.

75. 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

76. 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.

77. 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

78. 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.

79. 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.

80. An indicative threshold of $10,000 applies in recognizing provisions and/or disclosing contingent liabilities in the notes to the financial statements.

Contingent assets

81. 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 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.

82. 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

83. 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

84. 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

85. 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.

86. 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.

87. 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.

88. 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

89. 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.

90. 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 4, Segment reporting. The funding for the programme support cost charge agreed upon with the donor is included as part of voluntary contributions.

Investment revenue

91. 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

92. 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.

93. 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.

94. 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.

95. Supplies and consumables relate to the cost of inventory used and expenses for supplies and consumables.

96. 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.

97. 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

98. 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

99. 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.

100. 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.

101. 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
Segment reporting

102. 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.

103. 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.

Segment	*Activities in segment*
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.

104. 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.

Segment	*Activities in segment*
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.
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 2022

(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	102 833	395 451	24 734	89 316	52 139	141 651	45 747	–	851 871
Investments	415 316	1 585 468	100 900	358 117	209 182	433 853	183 674	–	3 286 510
Assessed contributions receivable	123 985	–	10	–	–	–	–	–	123 995
Voluntary contributions receivable	7	1 011 047	–	46	–	4	1 179	–	1 012 283
Other receivables	6 507	48 010	281	78 428	–	40 478	265	(100)[a]	173 869
Inventories	26 808	69	5	6 335	–	–	–	–	33 217
Other assets	47 921	304 986	2 435	13 806	–	12 096	930	–	382 174
Total current assets	**723 377**	**3 345 031**	**128 365**	**546 048**	**261 321**	**628 082**	**231 795**	**(100)**	**5 863 919**
Non-current assets									
Investments	196 204	767 746	48 052	173 416	101 294	334 723	88 942	–	1 710 377
Voluntary contributions receivable	–	931 596	–	–	–	–	–	–	931 596
Property, plant and equipment	264 696	58 966	2 655 798	25 315	–	–	–	–	3 004 775
Intangible assets	12 268	9 082	117 437	4 460	–	1 291	140	–	144 678
Share of joint ventures accounted for using the equity method	6 044	–	1 452	–	–	–	–	–	7 496
Total non-current assets	**479 212**	**1 767 390**	**2 822 739**	**203 191**	**101 294**	**336 014**	**89 082**	**–**	**5 798 922**
Total assets	**1 202 589**	**5 112 421**	**2 951 104**	**749 239**	**362 615**	**964 096**	**320 877**	**(100)**	**11 662 841**
Liabilities									
Current liabilities									
Accounts payable and accrued liabilities	263 811	153 532	20 885	40 007	–	43 507	7 868	–	529 610
Advance receipts and deferred revenue	67 878	54 526	26	4 753	–	2	2 357	–	129 542
Employee benefits liabilities	55 731	18 925	286	4 626	155 508	10 566	671	–	246 313
Provisions[b]	361 933	164	54	–	–	128 460	192	–	490 803
Tax equalization liability	–	–	–	–	–	–	250 190	–	250 190

	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
Liabilities for conditional arrangements	–	114 854	–	–	–	–	–	–	114 854
Other liabilities	95	3 999	9 240	1 769	–	–	12 729	(100)[a]	27 732
Total current liabilities	**749 448**	**346 000**	**30 491**	**51 155**	**155 508**	**182 535**	**274 007**	**(100)**	**1 789 044**
Non-current liabilities									
Transfers payable	–	1 448	–	–	–	–	–	–	1 448
Employee benefits liabilities	20 240	–	–	–	4 732 352	18 197	–	–	4 770 789
Provisions	145	116	854	–	–	–	–	–	1 115
Liabilities for conditional arrangements	–	21 411	–	–	–	–	–	–	21 411
Other liabilities	1 384	321	302 115	3	–	–	–	–	303 823
Share of joint ventures accounted for using the equity method	66 013	–	–	–	–	–	–	–	66 013
Total non-current liabilities	**87 782**	**23 296**	**302 969**	**3**	**4 732 352**	**18 197**	**–**	**–**	**5 164 599**
Total liabilities	**837 230**	**369 296**	**333 460**	**51 158**	**4 887 860**	**200 732**	**274 007**	**(100)**	**6 953 643**
Net of total assets and total liabilities	**365 359**	**4 743 125**	**2 617 644**	**698 081**	**(4 525 245)**	**763 364**	**46 870**	**–**	**4 709 198**
Net assets									
Accumulated surplus/(deficit)	365 359	4 743 125	2 617 644	698 081	(4 525 245)	676 064	46 870	–	4 621 898
Reserves	–	–	–	–	–	87 300	–	–	87 300
Total net assets	**365 359**	**4 743 125**	**2 617 644**	**698 081**	**(4 525 245)**	**763 364**	**46 870**	**–**	**4 709 198**

[a] Cross-borrowings of $0.1 million between the common support services and trust funds segments.

[b] On an exceptional basis, an amount of $28.718 million was transferred from the regular budget and related funds segment to the common support services segment by the end of 2020 for business continuity purposes. In 2021, business continuity activities of $6.644 million were actualized and an adjustment of $0.396 million was posted, and, in 2022, further activities of $16.402 million were actualized. The remaining balance of $5.276 million is recorded as returnable to Member States under the regular budget and related funds segment.

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
Tax equalization liability	–	–	–	–	–	–	215 858	–	215 858

	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*
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 the common support services and trust funds segments.

[b] On an exceptional basis, a total amount of $28.718 million was transferred from the regular budget and related funds segment to the common 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 surplus of common support services includes $21.678 million transferred from the regular budget and related funds segment in 2020. At the end of 2022, any unspent funds will be returned.

Statement of financial performance by fund group for the period ended 31 December 2022

(Thousands of United States dollars)

	Regular budget and related funds	*Trust funds*	*Capital assets and construction in progress*	*Common support services*	*Long-term employee benefits*	*Insurance/ workers' compensation*	*Other*	*Eliminations*	*Total*
Revenue									
Assessed contributions	3 131 227	–	–	–	–	–	–	–	3 131 227
Voluntary contributions	75 526	3 273 928	30 285	3 059	–	–	2 742	–	3 385 540
Contributions for self-insurance funds	–	–	–	–	–	709 886	–	(232 681)[a]	477 205
Other revenue	39 237	3 152	20 815	421 910[d]	71 900	291	3 011	(336 096)[b]	224 220
Other transfers and allocations	–	150 986	90 099	50 881	–	200	18 199	(182 819)[c]	127 546
Investment revenue	1 799	14 549	1 179	4 047	1 474	(20 707)	190	–	2 531
Total revenue	**3 247 789**	**3 442 615**	**142 378**	**479 897**	**73 374**	**689 670**	**24 142**	**(751 596)**	**7 348 269**
Expenses									
Employee salaries, allowances and benefits	2 190 278	768 261	67	185 930	212 698	28 320	2 814	(291 917)	3 096 451
Non-employee compensation/allowances	107 508	105 296	10	11 457	–	–	9 113	(750)	232 634
Grants and other transfers	327 998	2 328 008	–	10 967	–	–	3 642	(171 344)	2 499 271
Supplies and consumables	36 902	14 582	49	4 616	–	5	8	(2 966)	53 196
Depreciation and amortization	31 817	8 435	123 544	3 828	–	133	–	–	167 757
Impairment	(13)	–	(104)	12	–	–	–	–	(105)
Travel	60 269	92 625	62	5 889	–	3	3 886	(2 675)	160 059
Other operating expenses	356 871	447 243	18 224	217 804	258	29 049	5 474	(281 944)	792 979
Self-insurance claims and expenses	2 204	25	–	46	–	637 342	–	–	639 617
Contributions to and share of deficit of joint ventures on an equity basis	70 273	–	16	–	–	–	–	–	70 289
Other expenses	362	445	–	17	–	–	–	–	824
Total expenses	**3 184 469**	**3 764 920**	**141 868**	**440 566**	**212 956**	**694 852**	**24 937**	**(751 596)**	**7 712 972**
Surplus/(deficit) for the year	**63 320**	**(322 305)**	**510**	**39 331**	**(139 582)**	**(5 182)**	**(795)**	**–**	**(364 703)**
Capital expenditure	**32 910**	**8 240**	**122 830**	**9 431**	**–**	**–**	**–**	**–**	**173 411**

(Footnotes on following page)

(Footnotes to table)

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[a] Contributions for health insurance of $232.681 million from the insurance/workers' compensation segment against employee salaries of $232.072 million and non-employee compensation of $0.609 million.

[b] Internal cost recovery of $238.257 million from the common support services segment; internal transfer of property, plant and equipment of $35.266 million ($20.330 million from the capital assets and construction-in-progress segment, $12.0423 million from the regular budget and related funds segment, $1.807 million from the trust funds segment and $1.087 million from the common support services segment); funding of long-term employee benefits (after-service health insurance and repatriation grant) of $60.946 million from the long-term employee benefits segment; and travel fee allocation of $1.627 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 $182.819 million ($94.301 million from the capital assets and construction-in-progress segment, $44.845 million from the trust funds segments, $27.274 million from the common support services segment, $16.199 million from the other segment and $0.200 from the insurance/workers' compensation segment).

[d] On an exceptional basis, the common support services segment received contributions from the regular budget and related funds segment in the amount of $14.204 million. This contribution pertains to the offset of actualized expenditure against the special commitments, which were created in 2020 as a result of liquidity constraints. In addition, the remaining balance of $5.276 million pertaining to business continuity activities was adjusted as returnable to Member States under the regular budget and related funds segment.

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)

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[a] Contributions for health insurance of $233.220 million from the 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 funds segment, $0.556 million from the trust funds segment and $0.025 million from the 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 pillar for the period ended 31 December 2022

(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	944 165	103 288	759 355	254 380	110 827	138 121	32 634	788 457	–	–	–	3 131 227
Voluntary contributions	362 535	12 469	223 080	2 455 101	5 414	–	59 025	196 689	71 227	–	–	3 385 540
Contributions for self-insurance funds	–	–	–	–	–	–	–	–	–	709 886	(232 681)[a]	477 205
Other revenue	15 440	1 470	21 981	75 863	3 766	127	–	369 419	58	72 192	(336 096)[b]	224 220
Other transfers and allocations	7 675	361	38 018	36 695	416	–	1 227	223 899	1 874	200	(182 819)[c]	127 546
Investment revenue	2 377	169	3 187	9 156	59	–	278	6 541	(4)	(19 232)	–	2 531
Total revenue	**1 332 192**	**117 757**	**1 045 621**	**2 831 195**	**120 482**	**138 248**	**93 164**	**1 585 005**	**73 155**	**763 046**	**(751 596)**	**7 348 269**
Expenses												
Employee salaries, allowances and benefits	676 013	75 899	677 473	583 580	101 146	105 484	27 464	889 259	11 031	241 019	(291 917)	3 096 451
Non-employee compensation/allowances	72 665	10 150	79 623	35 291	2 432	139	2 577	29 019	1 488	–	(750)	232 634
Grants and other transfers	206 762	14 320	100 680	2 128 386	541	4 141	40 592	139 076	36 117	–	(171 344)	2 499 271
Supplies and consumables	35 151	55	3 488	3 835	210	1 074	73	12 209	62	5	(2 966)	53 196
Depreciation and amortization	20 123	1 311	2 435	4 361	456	315	1 150	136 941	532	133	–	167 757
Impairment	(2)	–	–	–	–	–	–	(103)	–	–	–	(105)
Travel	28 005	3 570	35 980	56 555	1 243	2 377	4 141	28 647	2 213	3	(2 675)	160 059
Other operating expenses	286 984	14 789	87 353	319 988	15 303	3 118	10 906	295 670	11 504	29 308	(281 944)	792 979
Self-insurance claims and expenses	10	–	2 195	(1)	–	–	–	45	26	637 342	–	639 617
Contributions to and share of deficit of joint ventures on an equity basis	98	–	28 147	–	–	22 083	–	19 961	–	–	–	70 289

	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	234	24	115	39	14	2	–	390	6	–	–	824
Total expenses	**1 326 043**	**120 118**	**1 017 489**	**3 132 034**	**121 345**	**138 733**	**86 903**	**1 551 114**	**62 979**	**907 810**	**(751 596)**	**7 712 972**
Surplus/(deficit) for the year	**6 149**	**(2 361)**	**28 132**	**(300 839)**	**(863)**	**(485)**	**6 261**	**33 891**	**10 176**	**(144 764)**	**–**	**(364 703)**
Capital expenditure	**15 345**	**1 502**	**4 702**	**2 954**	**3 057**	**294**	**74**	**145 483**	**–**	**–**	**–**	**173 411**

[a] Contributions for health insurance of $232.681 million from the self-insurance plans and other insurance plans segment against employee salaries of $232.072 million and non-employee compensation of $0.609 million.

[b] Internal cost recovery of $238.257 million from the common support services segment; internal transfer of property, plant and equipment of $35.266 million ($30.155 million from the common support services segment, $3.188 million from the global communications segment, $1.270 million from the human rights and humanitarian affairs segment, $0.367 from the political and peacekeeping affairs segment, $0.190 million from the cooperation and development segment and $0.096 million from the security and safety segment); funding of long-term employee benefits (after-service health insurance and repatriation grant) of $60.946 million from the self-insurance plans and other insurance plans segment; and travel fee allocation of $1.627 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 $182.819 million ($138.102 million from the common support services segment, $22.853 million from the cooperation and development segment, $14.364 million from the human rights and humanitarian affairs segment, $3.951 million from the political and peacekeeping affairs segment, $0.610 million from the crime prevention segment, $0.200 million from the self-insurance plans and other insurance plans segment and $2.739 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).

Note 5
Comparison to budget

105. 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.

106. For IPSAS reporting purposes, approved budgets are the appropriations, commitment authorities and income estimates authorized by resolutions of the General Assembly.

107. The original budget for 2022 is the budget approved by the General Assembly for 2022 in resolution 76/247 A to C. The final budget reflects additional appropriations and commitment authority in accordance with resolutions 76/246 B, 76/271, 77/4 and decision 76/564. Actual income and expenditure amounts include commitments and actuals incurred in the period on the budget basis.

108. 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 104.0 per cent more than the final budget** The variance is attributable mainly to higher-than-budgeted income relating to refunds of previous years' expenditure and additional bank interest income resulting from the higher interest rate environment.
Services to the public	**Actual income 42.8 per cent less than the final budget** The variance is attributable mainly to a lower-than-budgeted net revenue from services to visitors due to COVID-19 restrictions, the gradual resumption of visitors' operations in various duty stations and the reduced guided tour operations in Geneva owing to the refurbishment work being undertaken at the Palais des Nations under the strategic heritage plan.
Expenditure:	
Overall policymaking, direction and coordination	**Actual expenditure 7.0 per cent less than the final budget** The variance is attributable mainly to the underexpenditures for the Department for General Assembly and Conference Management. Meeting schedules did not fully return to the pre-pandemic pattern, and only 91 per cent of programmed meetings were delivered. In addition, the related provisions under other staff costs and contractual services, which allow the Department to supplement the budget for core staff to meet requirements during the high workload sessions, were not fully utilized. Furthermore, as the Department transitioned to a post-COVID-19 environment, in the course of 2022, it remained challenging to recruit staff to vacant posts, resulting in lower post expenditures.

Reconciliation between actual amounts on a comparable basis and the statement of cash flows

109. 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)	**(3 236 269)**	**–**	**–**	**(3 236 269)**
Basis differences	825 150	(195 816)	–	629 334
Entity differences	(4 542 139)	–	51 266	(4 490 873)
Presentation differences	7 346 433	(43 287)	–	7 303 146
Actual amounts in statement of cash flows (statement IV)	**393 175**	**(239 103)**	**51 266**	**205 338**

110. 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.

111. 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.

112. 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.

113. 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 2022 annual budget.

Note 6
Cash and cash equivalents

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Main pool (notes 30 and 31)[a]	804 536	588 031
Euro pool (notes 30 and 31)	4 456	11 351
United Nations Staff Mutual Insurance Society against Sickness and Accidents investments (note 30)	32 043	38 251
Other cash and cash equivalents	10 836	8 900
Total	**851 871**	**646 533**

[a] Includes non-convertible Syrian pounds equivalent to -$0.079 million (2021: -$0.464 million).

114. Cash and cash equivalents include trust fund money totalling $395.5 million (2021: $296.9 million) held for the specific purposes of the respective trust funds. Similarly, $141.7 million (2021: $129.5 million) in insurance funds and $52.1 million in long-term employee benefits funds (2021: $32.1 million) are restricted to the specific purposes.

Note 7
Investments

31 December 2022

(Thousands of United States dollars)

	Trust fund investments	*Insurance/ workers' compensation funds*	*Long-term employee benefits*	*Other investments*	*Total 31 December 2022*
Current					
Main pool (notes 30 and 31)	1 585 468	386 968	209 182	1 046 204	3 227 822
Euro pool (note 30)	–	7 720	–	–	7 720
United Nations Staff Mutual Insurance Society against Sickness and Accidents investments (note 30)	–	39 165	–	–	39 165
Derivative instruments: currency forwards	–	–	–	11 803	11 803
Subtotal	**1 585 468**	**433 853**	**209 182**	**1 058 007**	**3 286 510**
Non-current					
Main pool (notes 30 and 31)	767 746	187 386	101 294	506 613	1 563 039
Euro pool (note 30)	–	448	–	–	448
United Nations Staff Mutual Insurance Society against Sickness and Accidents investments (note 30)	–	146 890	–	–	146 890
Subtotal	**767 746**	**334 724**	**101 294**	**506 613**	**1 710 377**
Total	**2 353 214**	**768 577**	**310 476**	**1 564 620**	**4 996 887**

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 30 and 31)	2 028 850	494 267	219 300	1 277 514	4 019 931
Euro pool (note 30)	–	5	–	–	5
United Nations Staff Mutual Insurance Society against Sickness and Accidents investments (note 30)	–	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**

	Trust fund investments	*Insurance/ workers' compensation funds*	*Long-term employee benefits*	*Other investments*	*Total 31 December 2021*
Non-current					
Main pool (notes 30 and 31)	379 251	92 393	40 993	238 805	751 442
Euro pool (note 30)	–	1 614	–	–	1 614
United Nations Staff Mutual Insurance Society against Sickness and Accidents investments (note 30)	–	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**

115. The principal of two trust funds (United Nations Library Endowment Fund and Sasakawa-UNDRO Disaster Prevention Award Endowment Fund), amounting to $3.2 million (2021: $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 8
Assessed contributions: receivables from non-exchange transactions

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Member States[a]	353 137	457 912
Non-member States	524	366
Allowance for doubtful assessed contributions receivable	(229 666)	(340 070)
Total assessed contributions receivable	**123 995**	**118 208**

[a] This amount includes outstanding regular budget assessments due from current Member States of $329.658 million as at 31 December 2022 and $434.426 million as at 31 December 2021.

Note 9
Voluntary contributions: receivables from non-exchange transactions

(Thousands of United States dollars)

	Current	*Non-current*	*Total 31 December 2022*
Voluntary contributions	1 014 085	931 596	1 945 681
Allowance for doubtful voluntary contributions receivable	(1 802)	–	(1 802)
Total voluntary contributions receivable	**1 012 283**	**931 596**	**1 943 879**

(Thousands of United States dollars)

	Current	*Non-current*	*Total 31 December 2021 (Restated)*
Voluntary contributions	1 034 631	1 049 326	2 083 957[a]
Allowance for doubtful voluntary contributions receivable	(16 340)	–	(16 340)
Total voluntary contributions receivable	**1 018 291**	**1 049 326**	**2 067 617**

[a] Restated to correct total amount as previously reported in A/77/5 (Vol. I).

116. The non-current voluntary contributions receivable of $931.6 million (2021: $1,049.3 million) represent the discounted value of future year receivables. The current voluntary contributions receivable include $112.3 million (2021: $136.9 million) and non-current voluntary contributions receivable include $81.7 million (2021: $79.3 million) from the consolidation of the United Nations Development Programme (UNDP) multi-partner trust funds.

Note 10
Other accounts receivable: receivables from exchange transactions and loans

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Loans receivable – loans provided by the Central Emergency Response Fund (note 32)	30 000	28 000
Receivables due from peacekeeping operations (note 32)	47 376	47 376
Receivables due from jointly financed administrative activities fund	37 000	37 000
Receivables from other United Nations entities	84 952	73 921
Other accounts receivable	30 617	22 580
Subtotal	**229 945**	**208 877**
Allowance for doubtful receivables due from peacekeeping operations (note 30)	(47 376)	(47 376)
Allowance for doubtful receivables due from other United Nations entities	(6 480)	(3 056)
Allowance for other doubtful receivables	(2 220)	(2 073)
Total other receivables	**173 869**	**156 372**

Loans provided by the Central Emergency Response Fund

117. During 2022, the Central Emergency Response Fund granted loans of $47.0 million to UNRWA and $10.0 million to the Food and Agriculture Organization of the United Nations (FAO). UNRWA repaid $17.0 million in 2022; the loan of $30.0 million was outstanding as at 31 December 2022. The loan to FAO was fully repaid in 2022.

Note 11
Inventories

118. Inventory balances held as at 31 December 2022 increased by 6 per cent compared with the balances held at the end of the previous year. The levels of purchases and consumption decreased by 9 per cent and 8 per cent, respectively, owing to the increases in vaccine stocks held by United Nations Headquarters, offset

by the closure of a compound in UNAMA and reductions in communications spare parts in the United Nations Assistance Mission for Iraq. In 2021, $0.1 million in write-offs relating to strategic reserves were reported as consumables and supplies.

(Thousands of United States dollars)

	Held for sale	*Raw materials*	*Strategic reserves*	*Consumables and supplies*	*Total*
Opening inventory as at 1 January 2021	**2 609**	**278**	**663**	**25 535**	**29 085**
Purchase	1 903	484	675	19 588	22 650
Consumption[a]	(2 023)	(641)	(486)	(15 465)	(18 615)
Impairment and write-offs[a]	–	–	(105)	(1 689)	(1 794)
Total inventory as at 31 December 2021	**2 489**	**121**	**747**	**27 969**	**31 326**
Purchase	2 535	500	544	17 018	20 597
Consumption	(2 108)	(465)	(53)	(14 408)	(17 034)
Impairment and write-offs	(92)	–	(131)	(1 449)	(1 672)
Total inventory as at 31 December 2022	**2 824**	**156**	**1 107**	**29 130**	**33 217**

[a] Adjusted to allocate write-offs to strategic reserves.

Note 12
Other assets

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Advances to United Nations Development Programme and other United Nations agencies[a]	37 517	36 601
Advances to vendors	3 649	2 554
Advances to staff	30 360	28 165
Advances to military and other personnel	3 758	7 743
Deferred charges	37 491	55 802
United Nations Development Programme multi-partner trust fund advances[b]	248 915	469 970
Other	20 484	18 888
Total other assets	**382 174**	**619 723**

[a] Includes amount advanced to the United Nations Development Programme for the resident coordinator system.
[b] See note 23 for the multi-partner trust funds administered by UNDP.

Note 13
Heritage assets

119. 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 2022, a new marble bench called the Malecón Seaside Bench was donated and installed at United Nations Headquarters. 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 14
Property, plant and equipment

120. The net book value of property, plant and equipment as at 31 December 2022 was $3,004.8 million (2021: $2,980.8 million). The total cost of acquisitions and transfers during 2022 was $177.8 million (2021: $197.7 million).

121. During the year, the Organization disposed of assets in the amount of $14.2 million at net book value (2021: $3.7 million). Equipment was written down by $1.4 million (2021: $3.7 million), owing mainly to obsolescence of $0.7 million (2021: $0.4 million), surplus of $0.3 million (2021: $0.7 million), normal wear and tear and other losses of $0.2 million (2021: $2.6 million) and faulty of $0.2 million (2021: $nil book value). Buildings and infrastructure were written down by $12.8 million (2021: $nil book value) owing mainly to items that were uneconomical to recover ($12.6 million) from the closure of a compound in UNAMA.

122. An impairment review was conducted and no other significant impairment was identified.

Assets under construction

123. During the year, additions of $137.2 million (2021: $112.3 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 ($104.8 million), replacement of office blocks A to J at the United Nations Office at Nairobi ($7.2 million), leasehold improvements in the ESCAP building in Bangkok ($6.3 million), additional capital projects, alterations and improvements at the United Nations Office at Geneva ($3.5 million), construction and relocation works at United Nations Headquarters ($2.7 million), construction of buildings and infrastructure assets in the special political missions ($2.4 million) and the renovation of Africa Hall at ECA ($1.8 million).

124. The strategic heritage plan of the United Nations Office at Geneva has a total projected cost of SwF 836.5 million (equivalent to $906.3 million). Construction work is expected to continue until 2025, and the project is co-financed by the United Nations and an interest-free refundable loan from the Government of Switzerland for the maximum amount of SwF 400 million (see note 22, para. 180). The Africa Hall project was established with a maximum cost of $56.9 million. The project is expected to be completed during 2023 owing to major delays in the construction process.

125. Assets under construction amounting to $5.9 million (2021: $167.4 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 ($2.9 million), completion of leasehold improvements to the ESCWA building in Beirut ($0.9 million) and completion of leasehold improvements to the ESCAP building in Bangkok ($0.8 million), completion of buildings and infrastructure in the special political missions ($0.4 million) and upgrade to the ventilation system in the ECLAC building in Santiago ($0.3 million).

126. Assets under construction at year end in the amount of $397.2 million (2021: $262.7 million) comprise primarily the refurbishment and renovation of the Palais des Nations ($317.0 million), the renovation of Africa Hall at ECA ($15.3 million), leasehold improvements for ESCAP ($13.5 million), the replacement of office blocks A to J at the United Nations Office at Nairobi ($11.9 million), additional capital projects, alterations and improvements at the United Nations Office at Geneva

($11.3 million), construction works at United Nations Headquarters ($8.5 million) and construction of buildings and infrastructure assets in special political missions ($3.5 million).

Finance lease assets

127. As at 31 December 2022, the cost of assets under finance leases amounted to $143.8 million ($55.6 million net book value), comprising donated right-to-use assets of $138.2 million at replacement cost ($51.1 million net book value) and a commercial lease for network equipment costing $5.6 million ($nil net book value). The donated-right-to-use represents mainly the cost of the Vienna International Centre ($135.8 million at cost, $50.1 million at book value).

128. 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 (IPSAS adoption), the cost and net book value of the Centre were valued at €489.2 million ($596.6 million) and €288.0 million ($351.2 million), respectively. An annual review of the buildings management services ratio indicated a change in the ratio from 22.97 per cent in 2021 to 23.20 per cent in 2022. 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.

129. In 2021, a share of leasehold improvements made to the Vienna International Centre buildings in the amount of $1.5 million (2021: $1.4 million) was capitalized.

130. 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: 2022

(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 2021	**835 698**	**4 028 052**	**328 709**	**178 702**	**179 632**	**57 395**	**14 761**	**262 738**	**13 714**	**5 899 401**
Additions	–	6 052	2 005	12 205	11 959	3 473	–	137 194	523	173 411
Disposals	–	(18 898)	(170)	(11 939)	(15 253)	(3 305)	(643)	–	(3 865)	(54 073)
Completed assets under construction	–	3 724	1 040	–	228	–	–	(5 929)	937	–
Transfers	–	309	–	(225)	718	230	200	3 179	–	4 411
Cost as at 31 December 2022	**835 698**	**4 019 239**	**331 584**	**178 743**	**177 284**	**57 793**	**14 318**	**397 182**	**11 309**	**6 023 150**
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**
Depreciation	–	98 564	10 427	10 983	12 076	3 135	1 370	–	2 104	138 659
Disposals	–	(5 935)	(170)	(11 712)	(14 528)	(3 207)	(429)	–	(3 865)	(39 846)
Transfers	–	43	–	187	564	130	153	–	–	1 077
Impairment losses	–	—	(104)	_	21	–	(3)	(7)	(12)	(105)
Accumulated depreciation as at 31 December 2022	**–**	**2 483 268**	**224 204**	**122 790**	**136 114**	**39 417**	**6 675**	–	**5 907**	**3 018 375**
Net carrying amount										
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
31 December 2022	**835 698**	**1 535 971**	**107 380**	**55 953**	**41 170**	**18 376**	**7 643**	**397 182**	**5 402**	**3 004 775**

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**

Note 15
Intangible assets

131. 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.

132. The net book value of intangible assets as at 31 December 2022 was $144.7 million (2021: $147.3 million). The total costs of acquisitions and amortization during 2022 were $26.4 million and $29.1 million, respectively.

133. The total carrying value of the Umoja project as at year end was $117.4 million (2021: $124.9 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.

134. During the year, additions of $26.4 million (2021: $27.2 million) were capitalized to assets under development, relating primarily to Umoja software of $17.7 million, and a total of $17.7 million assets under development were completed and became operational.

135. Assets under development at year end amounting to $15.2 million (2021: $6.7 million) relate primarily to the development of meeting and delegate management software ($8.2 million), major software licences ($2.5 million) and improvements to the grants management system ($2.2 million). No assets under development remain outstanding on the Umoja project as at 31 December 2022.

Intangible assets: 2022

(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 2021	**297 634**	**22 536**	**16 364**	**154**	**–**	**6 685**	**343 373**
Additions	–	186	–	–	17 738	8 517	26 441
Disposals	–	–	–	–	–	–	–
Completed assets under development	17 738	–	–	–	(17 738)	–	–
Transfers	–	–	–	–	–	–	–
Cost as at 31 December 2022	**315 372**	**22 722**	**16 364**	**154**	–	**15 202**	**369 814**
Accumulated amortization as at 31 December 2021	**172 732**	**15 884**	**7 273**	**149**	**–**	**–**	**196 038**
Amortization	25 203	2 234	1 656	5	–	–	29 098
Disposals	–	–	–	–	–	–	–
Transfers	–	–	–	–	–	–	–
Accumulated amortization as at 31 December 2022	**197 935**	**18 118**	**8 929**	**154**	–	–	**225 136**
Net carrying amount							
31 December 2021	124 902	6 652	9 091	5	–	6 685	147 335
31 December 2022	**117 437**	**4 604**	**7 435**	–	–	**15 202**	**144 678**

Intangible assets: 2021

(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 2020	**275 271**	**21 638**	**16 364**	**154**	**–**	**2 864**	**316 291**
Additions	–	–	–	–	22 363	4 799	27 162
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
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**

Note 16
Accounts payable and accrued liabilities

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Payable to vendors	87 572	60 093
Transfers payable	14 969	17 705
Payable to other United Nations entities	102 011	76 715
Accruals for goods and services	140 228	147 370
Accounts payable – other	31 839	37 139
Subtotal	**376 619**	**339 022**
Payable to Member States	2 991	1 960
Working Capital Fund payable to Member States[a]	150 000	150 000
Subtotal	**152 991**	**151 960**
Total accounts payable and accrued liabilities	**529 610**	**490 982**

[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. Effective 2023, the Assembly decided in its resolution 76/272 to use $100 million of unspent funds from the 2021 regular budget to increase, on an exceptional basis and without setting a precedent, the Working Capital Fund from $150 million to $250 million.

Note 17
Advance receipts and deferred revenue

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Deferred revenue	126 291	146 515
Advance receipts from Member States	3 251	77
Total advance receipts and deferred revenue	**129 542**	**146 592**

Note 18
Employee benefits liabilities

(Thousands of United States dollars)

	Current	*Non-current*	*Total 31 December 2022*
After-service health insurance	81 064	3 345 166	3 426 230
Annual leave	18 311	146 322	164 633
Repatriation benefits	24 296	190 007	214 303
Total attributable to regular budget	*123 671*	*3 681 495*	*3 805 166*
After-service health insurance	16 085	898 830	914 915
Annual leave	5 573	67 737	73 310
Repatriation benefits	7 103	84 282	91 385
Total attributable to extrabudgetary resources	*28 761*	*1 050 849*	*1 079 610*

	Current	*Non-current*	*Total 31 December 2022*
Defined end-of-service/post-employment benefits liabilities	**152 432**	**4 732 344**	**4 884 776**
Appendix D/workers' compensation	2 505	38 278	40 783
Pension contribution liabilities	358	–	358
Insurance liabilities	9 318	–	9 318
Accrued salaries and allowances	81 700	167	81 867
Total employee benefits liabilities	**246 313**	**4 770 789**	**5 017 102**

(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**
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**

136. 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 2022 represent results of the roll-forward exercise.

137. The after-service health insurance programme provides eligible staff members with continued health insurance coverage throughout their retirement under the same health insurance schemes available to active United Nations staff. Premium rates established for all such health plans are reviewed and, where necessary, revised annually to ensure that a sufficient level of operational reserves is available to maintain each plan.

138. The General Assembly establishes contribution ratios for the United Nations health insurance plans between the share of the Organization and that of the staff.

Currently, contribution ratios between the Organization and active and retired staff for the health insurance plans are: 2 to 1 for all United States-based plans, 1 to 1 for non-United States-based plans administered by Headquarters, and 3 to 1 for the Medical Insurance Plan.

139. The after-service health insurance programme is funded on a pay-as-you-go basis as medical benefits are accessed by retirees, with increasing cost attributable notably to, changing demographics, improved life expectancy and increased cost of health-care services. To address the growing costs of health insurance, the Organization has over the years adopted cost containment initiatives while ensuring that participants continue to have access to appropriate insurance coverage to meet their health-care needs. Health insurance costs are controlled by the manner in which the plans are structured and through ongoing reviews of plan provisions and benefits offered. To manage the inherent risks related to funding, the Organization periodically carries out a funding study of the after-service health insurance programme in order to analyse and explore options for the improvement of efficiency and the containment of costs and liabilities associated with the Organization's health insurance obligations.

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 2022 and 31 December 2021 are shown below. Discount rates and health-care cost trend rates were updated as at 31 December 2022. Demographic and salary increase assumptions were updated as at 31 December 2021 with all other assumptions being retained from the previous valuation. The estimated duration of the after-service health insurance liability is 19 years as at 31 December 2022.

Actuarial assumptions

(Percentage)

Assumptions	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Discount rates 31 December 2021	2.35	2.70	2.75
Discount rates 31 December 2022	4.37	5.10	5.12

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. Another assumption that had an impact on the actuarially valued employee benefits liabilities, in addition to the discount rates discussed above, included changes in the per capita claims cost by age. The table below shows the per capita claims cost assumption at 65 years of age.

Per capita claims cost (at 65 years of age)

(United States dollars)

Plan	*2022*	*2021*
United States plans		
Aetna/HIP/HMO – no Medicare	16 341	15 344
Aetna/HIP/HMO – Medicare	11 351	10 658
Blue Cross – no Medicare	12 990	12 197
Blue Cross – Medicare	11 107	10 429
Cigna Dental	1 087	1 020
Non-United States plans		
UNSMIS	7 155	6 863
Cigna WWP/FMIP/SMIP/GKK	3 808	3 620
MIP	2 140	2 034

Abbreviations: FMIP, full medical insurance plan; GKK, Wiener Gebietskrankenkasse; HIP, health insurance plan of New York; HMO, health maintenance organization; MIP, medical insurance plan; SMIP, supplemental medical insurance plan; UNSMIS, United Nations Staff Mutual Insurance Society against Sickness and Accidents; WWP, worldwide plan.

144. The per capita claim costs for the after-service health insurance plans are updated to reflect recent claims and enrolment experience.

Health-care cost trend assumptions

145. The health-care cost trend rate assumption reflects the current short-term expectations of the after-service health insurance plan cost changes in future years. 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 2022 valuation.

	2022			*2021*		
Cost trend assumptions	*Initial*	*Final*	*Grade down*	*Initial*	*Final*	*Grade down*
United States non-Medicare	6.50%	3.85%	9 years	5.17%	3.95%	10 years
United States Medicare	6.50%	3.85%	9 years	5.03%	3.95%	10 years
United States dental	6.50%	3.85%	9 years	4.53%	3.95%	10 years
Non-United States (Switzerland)	4.25%	2.55%	6 years	3.44%	2.25%	7 years
Non-United States (eurozone)	5.20%	4.15%	11 years	3.75%	3.75%	none

146. With regard to the valuation of repatriation benefits inflation in travel costs was assumed to be 2.50 based on an Aon Hewitt reference for 2021 on the basis of the projected consumer price index over the coming 20 years.

147. Annual leave balances were assumed to increase at the following annual rates during the staff member's projected years of service: 0–3 years, 9.1 days; 4−8 years, 1 day; and more than nine years, 0.1 days, up to the maximum of 60 days. The attribution method is used for annual leave actuarial valuation.

148. Pre-retirement mortality, as well as withdrawal and retirement assumptions, are consistent with those used by the United Nations Joint Staff Pension Fund in making its actuarial valuation. In line with the recommendations of the Task Force on Accounting Standards, the post-retirement mortality table applied for the December

2021 and December 2022 valuations is the weighted headcount mortality table provided by Buck, a firm which provides pensions and employee benefits consulting services.

Pre-retirement mortality and disability

	Rates of death		*Rates of disability*			
	All staff		*General staff*		*Professional staff*	
Age	*Male*	*Female*	*Male*	*Female*	*Male*	*Female*
20	0.00062	0.00034	0.00015	0.00030	0.00006	0.00022
25	0.00062	0.00034	0.00015	0.00030	0.00006	0.00022
30	0.00062	0.00041	0.00030	0.00030	0.00014	0.00022
35	0.00076	0.00050	0.00023	0.00050	0.00027	0.00022
40	0.00108	0.00059	0.00060	0.00060	0.00021	0.00033
45	0.00154	0.00074	0.00082	0.00080	0.00034	0.00044
50	0.00212	0.00087	0.00173	0.00130	0.00074	0.00066
55	0.00275	0.00103	0.00277	0.00250	0.00101	0.00132
60	0.00327	0.00122	0.00218	0.00380	0.00135	0.00209
61	0.00350	0.00143	0.00218	0.00420	0.00141	0.00231
62	0.00378	0.00166	0.00218	0.00460	0.00149	0.00253
63	0.00410	0.00194	0.00218	0.00500	0.00168	0.00275
64	0.00450	0.00226	0.00218	0.00550	0.00183	0.00297
65	0.00495	0.00263	0.00000	0.00000	0.00000	0.00000

Post-retirement mortality and disability

Age	*Rates of death*		*Rates of disability*	
	Male	*Female*	*Male*	*Female*
20	0.00062	0.00035	0.00062	0.00035
25	0.00062	0.00035	0.00062	0.00041
30	0.00062	0.00041	0.00077	0.00050
35	0.00077	0.00050	0.00108	0.00060
40	0.00108	0.00060	0.00156	0.00074
45	0.00156	0.00074	0.00238	0.00084
50	0.00292	0.00100	0.00342	0.00093
55	0.00517	0.00148	0.00409	0.00147
60	0.00582	0.00210	0.00557	0.00290
65	0.00738	0.00327	0.00913	0.00561
70	0.01113	0.00570	0.01799	0.01091
75	0.01987	0.01084	0.03519	0.02080
80	0.03601	0.02081	0.06310	0.03837
85	0.06215	0.03860	0.10357	0.06885
90	0.10068	0.06884	0.16014	0.12325
95	0.15558	0.12021	0.23720	0.22005
100	0.23033	0.20496	0.34806	0.34349
105	0.34299	0.33151	0.61226	0.57673

Age	*Rates of death*		*Rates of disability*	
	Male	*Female*	*Male*	*Female*
110	0.61226	0.57673	1.00000	1.00000
115	1.00000	1.00000	1.00000	1.00000

149. Movement in post-employment benefit liabilities accounted for as defined-benefit plans is shown below.

(Thousands of United States dollars)

	2022	*2021*
Net defined-benefits liability as at 1 January	**6 177 481**	**6 447 247**
Current service cost	226 958	227 702
Interest cost	145 885	135 639
Total costs recognized in the statement of financial performance	**372 843**	**363 341**
Benefits paid	(163 895)	(139 999)
Actuarial (gains)/losses recognized directly in the statement of changes in net assets[a]	(1 501 653)	(493 108)
Due to changes in financial assumptions	(1 501 653)	(370 640)
Due to changes in demographic assumptions	–	39 778
Due to experience adjustment	–	(162 246)
Net defined-benefits liability as at 31 December	**4 884 776**	**6 177 481**

[a] The net cumulative amount of actuarial gains recognized in the statement of changes in net assets is $415.450 million (net actuarial loss 2021: $1,086.203 million).

150. 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 of $1,386 million in 2022 reflects an increase in the discount rate, offset in part by an increase in the health-care trend rates as shown in the tables above. Financial gains arising from actuarial valuation of the repatriation grant ($0.06 million) and annual leave ($0.05 million) liabilities are attributed to an increase in the discount rate.

Actuarial valuation: discount rate sensitivity analysis

151. 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 2022	*After-service health insurance*	*Repatriation benefits*	*Annual leave*
Increase of discount rate by 0.5 per cent	(422 234)	(11 116)	(9 031)
As a percentage of year-end liability	(10)	(4)	(4)
Decrease of discount rate by 0.5 per cent	487 473	11 817	9 621
As a percentage of year-end liability	11	4	4

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

Actuarial valuation: medical costs sensitivity analysis

152. 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)

2022	*Increase*		*Decrease*	
Effect on the defined-benefit obligation	11.31%	490 905	(9.78%)	(424 370)
Effect on the aggregate of the current service cost and interest cost	1.11%	48 115	(0.94%)	(40 738)
Total effect		**539 020**		**(465 108)**

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)**

153. Claims cost sensitivity analysis, at 65 years of age, is presented below.

Scenario	*After-service health insurance defined-benefit liability as at 31 December 2022*	*Impact (thousands of United States dollars)*
Central	4 341 145	–
Increase by 1 per cent	4 383 999	42 854
Decrease by 1 per cent	4 298 291	(42 854)

154. Sensitivity analysis for changes in life expectancy is summarized below.

Scenario	*After-service health insurance defined-benefit liability as at 31 December 2022*	*Impact (thousands of United States dollars)*
Central	4 341 145	–
Increase by 1 year	4 548 185	207 040
Decrease by 1 year	4 139 602	(201 543)

Other defined-benefit plan information

155. The benefits paid are estimates of what would have been paid to separating staff and/or retirees during the year based on the pattern of rights acquisition under each scheme: after-service health insurance, repatriation and commutation of accrued annual leave.

Benefits paid, net of participant contributions

(Thousands of United States dollars)

Year ended	*After-service health insurance*	*Repatriation benefits*	*Annual leave*	*Total*
31 December 2022	91 180	41 182	31 532	163 894
31 December 2021	95 810	27 223	16 966	139 999

Historical information: total liability for after-service health insurance, repatriation benefits and annual leave as at 31 December

(Millions of United States dollars)

	2022	*2021*	*2020*	*2019*	*2018*
Present value of the defined-benefit obligations	4 885	6 177	6 447	5 917	4 705

Funding of defined benefit liabilities: extrabudgetary resources

156. 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.

157. 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.

158. The following tables summarize the funding position of actuarially valued liabilities pertaining to extrabudgetary resources as at 31 December 2022 and 31 December 2021.

2022

(Thousands of United States dollars)

Attributable to extrabudgetary resources	*Liability*	*Funded*	*Unfunded*	*Percentage of liability funded*
After-service health insurance	914 915	189 810	725 105	20.7
Repatriation benefits	91 385	171 013	–	187.1
Annual leave	73 310	–	73 310	–
Total	**1 079 610**	**360 823**	**798 415**	**33.4**

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**

159. 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

160. 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 2022, estimated at $40.8 million (2021: $52.4 million), are based on an actuarial valuation as at the same date. Actuarial gains of $6.4 million (2021: actuarial loss of $0.3 million) and $7.2 million (2021: actuarial loss of $9.6 million) are attributable to regular budget and extrabudgetary resources respectively.

161. The cost-of-living adjustment for 2022 as determined by Aon Hewitt is 2.4 per cent per cent (2021: 2.5 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 2022 obligation. Appendix D/workers' compensation uses mortality assumptions based on World Health Organization statistical tables.

Appendix D/workers' compensation costs actuarial valuation: sensitivity analysis

162. 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 2022	*31 December 2021*
Increase of cost-of-living adjustment by 1 per cent	4 013	8 679
As a percentage of year-end liability	9.84	16.57
Decrease of cost-of-living adjustment by 1 per cent	(5 619)	(6 583)
As a percentage of year-end liability	(13.78)	(12.57)

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 2022	*31 December 2021*
Increase of discount rate by 1 per cent	(5 335)	(6 783)
As a percentage of year-end liability	(13.08)	(12.95)
Decrease of discount rate by 1 per cent	3 680	8 699
As a percentage of year-end liability	9.02	16.61

Appendix D/workers' compensation costs actuarial valuation: funding

163. The liabilities pertaining to the regular budget ($21.5 million) have not been funded. The pertinent budget is provided based on claims experience in previous years.

164. The liabilities pertaining to extrabudgetary resources ($19.3 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 $93.5 million as at 31 December 2022.

Accrued salaries and allowances

165. Accrued salaries and allowances include $27.1 million (2021: $23.7 million) in accrued salaries and home leave benefits of $43.0 million (2021: $54.5 million).

United Nations Joint Staff Pension Fund

166. 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.

167. 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.

168. The most recent actuarial valuation for the Pension Fund was completed as at 31 December 2021, and a roll-forward of the participation data as at 31 December 2021 to 31 December 2022 will be used by the Pension Fund for its 2022 financial statements.

169. The actuarial valuation as at 31 December 2021 resulted in a funded ratio of actuarial assets to actuarial liabilities of 117.0 per cent (2019: 107.1 per cent). The funded ratio was 158.2 per cent (2019: 144.4 per cent) when the current system of pension adjustments was not taken into account.

170. After assessing the actuarial sufficiency of the Pension Fund, the consulting actuary concluded that there was no requirement, as at 31 December 2021, 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.

171. 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 (2019, 2020 and 2021) amounted to $8,505.27 million, of which 18.8 per cent was contributed by the Organization.

172. During 2022, the Organization's contributions, including the staff portion, paid to the Pension Fund amounted to $553.6 million (2021: $530.4 million). The Organization expects to contribute approximately the same amount in 2023.

173. 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.

174. 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 19
Provisions

2022

(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 2021	**340 488**	**1 165**	**948**	**121 823**	**464 424**
Additional provisions made	81 292	1 088	–	128 460	210 840
Amounts reversed	(60 259)	(1 126)	(99)	–	(61 484)
Amounts used	–	(39)	–	(121 823)	(121 862)
Provisions as at 31 December 2022	361 521	**1 088**	**849**	**128 460**	491 918
Current	361 521	522	300	128 460	490 803
Non-current	–	566	549	–	1 115
Total	**361 521**	**1 088**	**849**	**128 460**	**491 918**

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**

175. The provisions for credits to Member States comprise net adjustments to prior period expenditures of $136.3 million, net unencumbered balances of appropriations of $247.0 million, a net change of $25.3 million from staff assessment income, general income and income from services to the public and additional appropriations in the amount of $47.1 million relating to 2022. Provisions for $1.1 million (2021: $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 20
Tax Equalization Fund liability

176. 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.

177. 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 2022*	*31 December 2021*
Staff assessment receipts from:				
United Nations regular budget	63 100	223 720	286 820	271 240
Peacekeeping operations	46 767	126 771	173 538	177 583
International Residual Mechanism for Criminal Tribunals	1 893	5 843	7 736	8 679
Investment loss split	(240)	(768)	(1 008)	(861)
Total staff assessment revenue	**111 520**	**355 566**	**467 086**	**456 641**
Staff costs and other	89 540	–	89 540	79 786
Contractual services	287	–	287	309
Credits given to other Member States for:				
United Nations regular budget	–	217 796	217 796	221 130
Peacekeeping operations	–	126 863	126 863	137 931
International Residual Mechanism for Criminal Tribunals	–	5 419	5 419	5 267
Total expenses	**89 827**	**350 078**	**439 905**	**444 423**
Net excess of revenue over expense	**21 693**	**5 488**	**27 181**	**12 218**

[a] This summary information presented in a table format shows the revenues and expenses of the Tax Equalization Fund, which have been eliminated in the financial statements of volume I. An amount of $27.181 million, representing excess of revenues over expenses has been added to cumulative surplus balances during 2022 and transferred to the tax equalization liability financial statement line.

178. The cumulative surplus accumulated in the Tax Equalization Fund as at 31 December 2022 was $190.4 million (2021: $163.2 million), consisting of amounts payable to the United States of America at year end of $162.1 million (2021: $140.4 million) and to other Member States of $28.3 million (2021: $22.8 million). The overall amount payable of the Fund is $250.2 million (2021: $215.8 million),

which includes an estimated tax liability of $59.8 million relating to the 2022 and prior tax years (2021: $52.6 million), of which approximately $30.6 million was disbursed in January 2023 and approximately $29.2 million was expected to be settled in April 2023.

Note 21
Liabilities for conditional arrangements

(Thousands of United States dollars)

	31 December 2022	*31 December 2021*
Current		
Liabilities – cash received	50 952	57 134
Liabilities – cash not received	63 902	62 898
Subtotal	**114 854**	**120 032**
Non-current		
Liabilities – cash not received	21 411	37 220
Total conditional liabilities	**136 265**	**157 252**

179. Liabilities for conditional arrangements include cash received from donors, identified as conditional and not yet utilized, in the amount of $51.0 million (2021: $57.1 million). Liabilities classified as cash not received have a contra amount reported within voluntary contributions receivable (see note 9).

Note 22
Other liabilities

(Thousands of United States dollars)

	Current	*Non-current*	*Total 31 December 2022*
Liabilities under donated right-to-use arrangements	3 176	51 167	54 343
Straight-lining of operating lease	12 809	–	12 809
Borrowings	2 711	241 201	243 912
Other liabilities	9 036	11 455	20 491
Total other liabilities	**27 732**	**303 823**	**331 555**

(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**

Borrowings

180. 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 a 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 2022, the nominal loan amount withdrawn was $264.2 million (equivalent to SwF 241.1 million), and the nominal loan amount reimbursed was $5.4 million (equivalent to SwF 5.0 million). Its corresponding fair value at amortized cost is $243.9 million.

181. The loan is received at below the normal market rates, and therefore treated as a concessionary loan. Owing to a recent change to a positive interest rate of a 30-year Swiss federal bond as at 31 December 2022, the statement of financial performance includes notional finance income of $15.8 million (2021: $1.1 million finance cost from a negative interest rate).

Note 23
Controlled multi-partner trust funds

182. 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

183. 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.

184. 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.

185. 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. The Compact for Migration multi-partner trust fund closed effective June 2022 following the final distribution of fund balance.

186. 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.

187. 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.

188. 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 2022					
	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	477 239	173 236	(238)	62	306	650 605
Expenses	(708 261)	(195 578)	–	(4 853)	653	(908 039)
Net surplus/(deficit)	**(231 022)**	**(22 342)**	**(238)**	**(4 791)**	**959**	**(257 434)**
Net assets as at 31 December 2021	459 441	213 478	238	5 975	555	679 687
Net assets as at 31 December 2022	**228 419**	**191 136**	–	**1 184**	**1 514**	**422 253**

(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**

Note 24
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 2022

(Thousands of United States dollars)

		Statement of changes in net assets			
	Net assets/ (liability) as at 1 January 2022	*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 2022*
Interest in joint arrangements: non-current assets					
United Nations System Staff College	3 279	1 410	–	1 355	6 044
Vienna International Centre Major Repair and Replacement Fund	1 633	–	(165)	(16)	1 452
Total non-current assets	**4 912**	**1 410**	**(165)**	**1 339**	**7 496**
Interest in joint arrangements: non-current liabilities					
International Trade Centre	(21 869)	19 082	23	(1 252)	(4 016)
United Nations Office at Vienna	(55 239)	13 593	–	(2 607)	(44 253)
Other joint ventures	(34 698)	9 744	–	7 210	(17 744)
Total non-current liabilities	**(111 806)**	**42 419**	**23**	**3 351**	**(66 013)**
Net interest in joint arrangements	**(106 894)**	**43 829**	**(142)**	**4 690**	**(58 517)**
Net contribution to joint arrangements[a]				74 979	
Statement II: contributions to and share of deficit of joint arrangements accounted for using the equity method				**70 289**	

[a] Represents the 2022 regular budget contribution to the funds accounted for under the joint venture equity method, comprising $55.193 million to joint financing arrangements, $18.938 million to the International Trade Centre, $0.150 million to the United Nations System Staff College and $0.698 million to the Vienna International Centre Major Repair and Replacement Fund.

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 assets/ (liability) as at 1 January 2021	*Statement of changes in net assets* *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*
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, comprising $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: non-current assets

189. 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 2022 core contribution, the Organization's share is 29.61 per cent (2021: 29.61 per cent). A summary of the financial performance and net assets position of the College is shown below.

190. 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 2022 (2021: $0.7 million), which represents 11.60 per cent of the total revenue received by the Fund in 2022 (2021: 11.50 per cent). A summary of the financial performance and net assets position of the Fund are presented below.

191. 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 2022.

Joint arrangements accounted for using the equity method: non-current liabilities

192. ITC is a joint venture between the Organization and the World Trade Organization. Accordingly, the Organization's 50.0 per cent interest, based on its regular budget contribution of $18.9 million in 2022 (2021: $20.0 million), is accounted for using the equity method. A summary of the financial performance and net assets position of ITC is provided below.

193. 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.

194. 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 2022

(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	229 405	28 539	14 613	17 708	47 574	337 839
Non-current assets	101 666	10 682	–	992	12 898	126 238
Total assets	**331 071**	**39 221**	**14 613**	**18 700**	**60 472**	**464 077**
Current liabilities	(89 712)	(3 812)	(2 100)	(20 099)	(32 604)	(148 327)
Non-current liabilities	(249 391)	(14 998)	–	(69 816)	(114 001)	(448 206)
Total liabilities	**(339 103)**	**(18 810)**	**(2 100)**	**(89 915)**	**(146 605)**	**(596 533)**
Net of total assets and total liabilities	**(8 032)**	**20 411**	**12 513**	**(71 215)**	**(86 133)**	**(132 456)**
Net assets: accumulated surplus/(deficit)	**(8 032)**	**20 411**	**12 513**	**(71 215)**	**(86 133)**	**(132 456)**

Joint arrangements accounted for using the equity method: statement of financial performance as at 31 December 2022

(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	155 946	19 825	5 628	45 754	150 881	378 034
Expenses	(158 450)	(15 248)	(5 767)	(49 388)	(156 053)	(384 906)
Surplus/(deficit) for the year	**(2 504)**	**4 577**	**(139)**	**(3 634)**	**(5 172)**	**(6 872)**
Net assets/(liabilities) at beginning of year	**(43 740)**	**11 072**	**14 196**	**(89 455)**	**(128 259)**	**(236 186)**
Surplus/(deficit) for the year	(2 504)	4 577	(139)	(3 634)	(5 172)	(6 872)
Actuarial gains/(losses) on employee benefits liabilities	38 165	4 762	–	21 874	47 298	112 099
Other changes in net assets	47	–	(1 544)	–	–	(1 497)
Net assets/(liabilities) at year end	**(8 032)**	**20 411**	**12 513**	**(71 215)**	**(86 133)**	**(132 456)**
Organization's interest in the joint arrangements (percentage)	50.00	29.61	11.60	62.14	20.6	
Share of surplus/(deficit) for the year	(1 252)	1 355	(16)	(2 607)[a]	7 210[b]	4 690
Share of actuarial gains/(losses) recognized directly in net assets	19 082	1 410	–	13 593	9 744	43 829
Share of other changes in net assets	23	–	(165)	–	–	(142)
Share of net assets/(liabilities) at year end	**(4 016)**	**6 044**	**1 452**	**(44 253)**	**(17 744)**	**(58 517)**

[a] Adjusted to reflect a change in the interest of the Organization from 61.75 per cent in 2021 to 62.14 per cent in 2022.
[b] Adjusted to reflect a change in the interest of the Organization from 27.05 per cent in 2021 to 20.6 per cent in 2022.

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.

Note 25
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 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 (note 18)	(300)	–	493 108	(9 562)	–	483 246
Share of changes recognized by joint ventures directly in net assets (note 24)	(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**
Changes in net assets						
Actuarial gains/(losses) on employee benefits liabilities (note 18)	6 365	–	1 501 653	7 227	–	1 515 245
Share of changes recognized by joint ventures directly in net assets (note 24)	43 852	–	–	–	(165)	43 687
Surplus/(deficit) for the year	63 320	(322 305)	(139 582)	(5 182)	39 046	(364 703)
Total changes in net assets	**113 537**	**(322 305)**	**1 362 071**	**2 045**	**38 881**	**1 194 229**
Net assets as at 31 December 2022	**365 359**	**4 743 125**	**(4 525 245)**	**763 364**	**3 362 595**	**4 709 198**

Net assets as at 31 December 2022
(Thousands of United States dollars)

	Accumulated surplus/deficit	*Reserves*	*Total net assets*
General Fund and related funds	365 359	–	365 359
Trust funds	4 743 125	–	4 743 125
Long-term employee benefits funds	(4 525 245)	–	(4 525 245)
Insurance/workers' compensation funds	676 064	87 300	763 364
Other funds	3 362 595	–	3 362 595
Total net assets	**4 621 898**	**87 300**	**4 709 198**

Net assets as at 31 December 2021
(Thousands of United States dollars)

	Accumulated surplus/deficit (restated)	*Reserves*	*Total net assets*
General Fund and related funds	251 822[a]	–	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	**3 427 669**[a]	**87 300**	**3 514 969**

[a] Restated to correct amounts as previously reported in A/77/5 (Vol. I).

Accumulated surplus

195. 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

196. Reserves comprise a premium stabilization reserve amounting to $1.4 million (2021: $1.4 million) with regard to the United Nations Group Staff Life Insurance Reserve Fund, and $85.9 million (2021: $85.9 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

197. 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 $209.2 million (2021: $208.4 million), of which $48.7 million (2021: $48.7 million) relates to the Special Account principal from contributions and $160.5 million (2021: $159.7 million) to accumulated surplus. The Special Account is reported under the General Fund and related funds.

Note 26
Revenue from non-exchange transactions

Assessed contributions

198. Assessed contributions of $3,131.2 million (2021: $2,934.2 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)

	2022	*2021 (restated)*
Gross amount assessed to Member States[a]	3 151 896	3 176 059
Additional assessment[b]	(16 644)	–
Additional appropriation approved for the year[c]	47 120	16 644
Net (increase)/decrease in income other than staff assessment	(38 318)	24 164[e]
(Increase)/decrease in staff assessment income	(15 109)	12 285[e]
Adjustments against prior period expenditures[d]	(47 873)	(88 254)
Unencumbered balances of the reporting year	(40 138)	(206 833)[e]
Utilization of adjustments against prior period expenditures	32 231	–
Utilization of unencumbered balances of prior period appropriations	57 890	–
Non-member States' assessments	172	130
Amount reported in statement II: assessed contributions	**3 131 227**	**2 934 195**

[a] In accordance with General Assembly resolution 76/247 C and ST/ADM/SER.B/1038 for 2022 and Assembly resolution 75/254 C and ST/ADM/SER.B/1023 for 2021.

[b] 2022 adjustment pertains 2021 year.

[c] In accordance with General Assembly resolutions 76/247 A–C, 76/246 B, 76/271, 77/4 and decision 76/564 pertaining to 2022 and Assembly resolution 75/253 C pertaining to 2021.

[d] Special commitments of $116.664 million were established by the end of 2020 for the activities postponed owing to the liquidity constraints in the regular budget. As at 31 December 2021 a balance of $17.739 million remained, of which $14.204 million was actualized in 2022 to pay for commitments established before the end of 2021, and the remaining $3.535 million was cancelled. Of the $3.535 million returnable to Member States, $1.474 million was returned against the 2023 assessments, in accordance with General Assembly resolution 77/264 A–C, while the balance of $2.061 million will be returned against the 2024 assessments.

[e] Restated to conform to current year presentation.

Voluntary contributions

(Thousands of United States dollars)

	2022	*2021*
Voluntary monetary contributions	3 299 606	3 743 609
Voluntary in-kind contributions	98 530	62 067
Total voluntary contributions	**3 398 136**	**3 805 676**
Refunds	(12 596)	(9 575)
Net voluntary contributions	**3 385 540**	**3 796 101**

199. All voluntary contributions under binding agreements signed during 2022 are recognized as revenue in 2022, including the future portion of multi-year agreements. Voluntary monetary contributions include $2.7 million (2021: $4.7 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 $646.3 million (2021: $832.4 million) in consolidated voluntary contributions to the UNDP multi-partner trust fund.

200. During 2022, the total amount of voluntary contributions in kind recognized for right-to-use arrangements was $98.0 million (2021: $62.0 million) and of voluntary contributions in kind recognized for donated assets was $0.5 million (2021: less than $0.1 million).

201. 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 Assembly resolution 72/279 through voluntary, predictable, multi-year contributions, and amounted to $95.0 million in 2022 (2021: $81.3 million); a 1 per cent levy on tightly earmarked third party non-core contributions to United Nations development-related activities, amounting to $43.6 million in 2022 (2021: $28.8 million); and a cost-sharing arrangement among United Nations development system entities, amounting to $76.1 million in 2022 (2021: $77.5 million) and reported as other transfers and allocations.

202. Major funds that received more than 82 per cent of voluntary contributions revenue recognized in 2022 are listed below.

(Thousands of United States dollars)

	2022	*2021*
Trust fund for strengthening the Office of the Emergency Relief Coordinator[a]	1 571 978	1 523 301
Central Emergency Response Fund	469 855	1 085 833
Trust fund for the support to the activities of the Centre for Human Rights	250 323	170 391
Trust fund for the Peacebuilding Support Office[b]	172 186	261 726
Special purpose trust fund for the reinvigorated resident coordinator system	138 553	110 130
United Nations General Fund	75 456	38 177
Trust fund for disaster reduction	73 719	61 121
Trust fund for counter-terrorism	58 722	15 002
Total major funds that received voluntary contributions	**2 810 792**	**3 265 681**
Other funds	587 344	539 995
Total voluntary contributions received	**3 398 136**	**3 805 676**

[a] Includes voluntary contributions received through the multi-partner trust funds of $474.111 million (2021: $559.744 million).

[b] Includes voluntary contributions received through the multi-partner trust funds of $172.186 million (2021: $261.726 million).

203. Revenue for voluntary contributions recognized in 2022 is intended for the following years as shown below.

(Thousands of United States dollars)

	Voluntary contribution
2022	2 287 149
2023	652 074
2024	241 661
2025	147 968
2026	58 036
Beyond 2026	11 248
Total voluntary contributions	**3 398 136**

Other transfers and allocations

(Thousands of United States dollars)

	2022	*2021*
Inter-organizational arrangements	113 678	118 949
Other transfers and allocations	13 868	17 037
Total other transfers and allocations	**127 546**	**135 986**

Services in kind

204. 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 $17.2 million (2021: $38.3 million).

Note 27
Other revenue

(Thousands of United States dollars)

	2022	*2021*
Revenue from services rendered	158 791	156 438
Rental income	32 997	28 438
Revenue-producing activities and other miscellaneous revenue	32 432	31 100
Total other revenue	**224 220**	**215 976**

205. 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 sale of equipment and inventories and donation of fixed assets.

Note 28
Self-insurance plans

Self-insurance funds: contributions

(Thousands of United States dollars)

	2022	*2021*
Health and dental insurance	467 683	440 061
Other contributions	9 522	8 824
Total contributions	**477 205**	**448 885**

Self-insurance funds: claims and expenses

(Thousands of United States dollars)

	2022	*2021*
Health and dental insurance	636 251	624 503
Other insurance claims paid	3 366	3 128
Total claims and expenses	**639 617**	**627 631**

Health and dental insurance plans

206. 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.

207. 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.

208. In the case of self-insured 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, administered by Empire Blue Cross and Aetna, and dental plan administered by Cigna;

(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.

209. 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.

210. 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/retirees enrolled*	*Amount contributed in 2022 (thousands of United States dollars)*
United Nations Children's Fund	10 155	84 496
United Nations High Commissioner for Refugees	6 871	59 893
United Nations Development Programme	6 863	58 967
International Telecommunication Union	1 598	18 878
United Nations Environment Programme	1 423	8 631
United Nations Population Fund	1 360	14 780
United Nations Office for Project Services	1 063	8 221
International Residual Mechanism for Criminal Tribunals	752	4 034
United Nations Joint Staff Pension Fund	734	8 645
World Meteorological Organization	704	6 759
United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women)	653	9 175
International Trade Centre	603	6 115
Other (42 entities)	3 097	24 485
	35 876	**313 079**

211. The statement of financial performance and statement of financial position for the health and dental self-insurance funds are shown below.

Health and dental self-insurance funds: statement of financial position as at 31 December 2022

(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	59 544	2 275	65 568	127 387
Investments	354 574	13 547	212 415	580 536
Other receivables	34 895	–	4 921	39 816
Other assets	10 269	320	1 379	11 968
Total assets	**459 282**	**16 142**	**284 283**	**759 707**
Liabilities				
Accounts payable and accrued liabilities	36 324	4 501	38	40 863
Employee benefits liabilities	1 616	25	7 630	9 271

	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*
Advance receipts and deferred revenue	2	–	–	2
Provisions	67 502	8 959	52 000	128 461
Total liabilities	**105 444**	**13 485**	**59 668**	**178 597**
Net of total assets and total liabilities	**353 838**	**2 657**	**224 615**	**581 110**
Net assets				
Accumulated surplus	353 838	2 657	138 715	495 210
Reserves	–	–	85 900	85 900
Total net assets	**353 838**	**2 657**	**224 615**	**581 110**

Health and dental self-insurance funds: statement of financial performance for the year ended 31 December 2022

(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	1 572	75	–	1 647
Contributions for self-insurance funds[a]	503 184	35 552	158 528	697 264
Total revenue	**504 756**	**35 627**	**158 528**	**698 911**
Expenses				
Self-insurance claims and expenses	464 457	40 919	130 874	636 250
Employee salaries, allowances and benefits	13 936	633	5 525	20 094
Supplies and consumables	–	–	6	6
Depreciation and amortization	–	–	133	133
Investment loss	–	–	23 214	23 214
Other operating expenses	24 878	2 618	350	27 846
Total expenses	**503 271**	**44 170**	**160 102**	**707 543**
Surplus/(deficit) for the year	**1 485**	**(8 543)**	**(1 574)**	**(8 632)**

[a] Eliminations of $227.991 million not included. Drug subsidies and rebates of $1.590 million included.

Health and dental 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	20 229
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**

Health and dental 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[a]	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**

[a] Eliminations of $228.800 million not included. Drug subsidies and rebates of $4.216 million included.

Note 29
Expenses

Employee salaries, allowances and benefits

212. 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)

	2022	*2021*
Salary and wages	2 503 150	2 347 204
Pension and insurance benefits	467 738	445 719[a]
After-service health insurance	95 879	93 918[a]
Repatriation benefits	14 498	21 829
Leave benefits	15 186	21 845
Total employee salaries, allowances and benefits	**3 096 451**	**2 930 515**

[a] Restated to conform to current year presentation.

Grants and other transfers

213. 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)

	2022	*2021*
Trust fund for strengthening the Office of the Emergency Relief Coordinator[a]	1 293 623	731 998
Central Emergency Response Fund	675 745	563 368
Trust fund for the Peacebuilding Support Office[a]	175 741	190 286
United Nations General Fund[b]	175 028	197 913
Voluntary trust fund for assistance in mine action	52 457	57 317
United Nations Fund for International Partnerships (UNFIP)	14 821	10 781
United Nations Voluntary Fund for Victims of Torture	9 352	1 705
Trust fund in support of peace and security in Mali	7 287	7 699
Total major funds that incurred expenses of grants and other transfers	**2 404 054**	**1 761 067**
Other funds	95 217	105 587
Total grants and other transfers[a]	**2 499 271**	**1 866 654**

[a] Includes grants and transfers to implementing partners through the multi-partner trust funds of $414.665 million (2021: $273.396 million).
[b] Includes grants provided to related party entities (note 32).

214. 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 2022, the net transfers held by the implementing partners for project implementation were $1,808.73 million (2021: $1,422.54 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

215. 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)

	2022	*2021*
Net foreign exchange losses	134 815	71 038
Facilities, maintenance and repair, and utilities	105 707	85 484
Rent – offices and premises	101 114	93 654
Communication and information technology	100 383	91 399
Contributions in kind	94 441	58 493
Acquisitions of goods and intangible assets	74 012	60 902
Security, consulting, audit and legal services	68 620	65 132
Air and ground transport	51 511	61 104
Bad debt/doubtful debt expenses	(121 316)	(50 749)
Other[a]	183 692	152 675
Total other operating expenses	**792 979**	**689 132**

[a] Includes administrative services, meeting facilitation services, medical, training, insurance, public information, language, freight and other expenses.

Other expenses

216. Other expenses relate to ex gratia and compensation claims and other miscellaneous expenses.

(Thousands of United States dollars)

	2022	*2021*
Ex gratia and compensation claims	115	(225)
Other/miscellaneous expenses	709	452
Total other expenses	**824**	**227**

Note 30
Financial instruments and financial risk management

Summary of financial instruments

(Thousands of United States dollars)

	Reference	*31 December 2022*	*31 December 2021*
Financial assets			
Fair value through the surplus or deficit			
Short-term investments: main pool[a]	Notes 7 and 31	3 227 822	4 019 931
Short-term investments: euro pool[a]	Notes 7 and 31	7 720	5
Short-term investments: United Nations Staff Mutual Insurance Society against Sickness and Accidents[a]	Note 7	39 165	2 459
Derivative instruments: currency forward contracts	Note 7	11 803	7 888
Total short-term investments		**3 286 510**	**4 030 283**
Long-term investments: main pool	Notes 7 and 31	1 563 039	751 442
Long-term investments: euro pool	Notes 7 and 31	448	1 614
Long-term investments: United Nations Staff Mutual Insurance Society against Sickness and Accidents	Note 7	146 890	167 730
Total long-term investments		**1 710 377**	**920 786**
Total fair value through the surplus or deficit investments		**4 996 887**	**4 951 069**
Cash and cash equivalents			
Cash and cash equivalents: main pool	Notes 6 and 31	804 536	588 031
Cash and cash equivalents: euro pool	Notes 6 and 31	4 456	11 351
Cash and cash equivalents: United Nations Staff Mutual Insurance Society against Sickness and Accidents	Note 6	32 043	38 251
Cash and cash equivalents – other	Note 6	10 836	8 900
Total cash and cash equivalents		**851 871**	**646 533**
Receivables from exchange and non-exchange transactions and loans			
Assessed contributions	Note 8	123 995	118 208
Voluntary contributions	Note 9	1 943 879	2 067 617
Other receivables	Note 10	173 869	156 372
Other assets (excluding advances and deferred charges)	Note 12	747	251
Total of cash and cash equivalents, receivables from exchange and non-exchange transactions and loans		**3 094 361**	**2 988 981**
Total carrying amount of financial assets		**8 091 248**	**7 940 050**
Of which relates to financial assets held in main pool	Note 31	5 595 397	5 359 404
Of which relates to financial assets held in euro pool	Note 31	12 624	12 970[b]
Of which relates to financial assets held in the United Nations Staff Mutual Insurance Society against Sickness and Accidents	Note 31	218 098	208 440
Financial liabilities at amortized cost			
Accounts payable and accrued liabilities	Note 16	529 610	490 982
Transfers payable		1 448	637

	Reference	*31 December 2022*	*31 December 2021*
Tax Equalization Fund liability	Note 20	250 190	215 858
Other liabilities (excluding donated right-to-use arrangements)	Note 22	277 212	226 529
Total carrying amount of financial liabilities		**1 058 460**	**934 006**
Summary of net revenue from financial assets			
Net cash pool revenue		21 919	9 440
Net United Nations Staff Mutual Insurance Society against Sickness and Accidents gain/(loss)		(23 338)	12 018
Other investment revenue		3 950	1 872
Total net revenue from financial assets		**2 531**	**23 330**

[a] Short-term investments include accrued investment revenue of $28.399 million (2021: $10.904 million) for the main pool, $0.042 million (2021: $0.005 million) for the euro pool and $0.391 million (2021: $0.254 million) for the United Nations Staff Mutual Insurance Society against Sickness and Accidents.
[b] Adjusted to include investments relating to the euro pool.

Financial risk management

Overview

217. The Organization has exposure to the following financial risks:

(a) Credit risk;

(b) Liquidity risk;

(c) Market risk.

218. The present note and note 31 (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

219. 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

220. 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.

221. 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

222. 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

223. 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 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**
Bad debt/doubtful debt expenses	(110 404)	(14 527)	3 724	(121 207)
Amounts written off	–	(10)	(153)	(163)
As at 31 December 2022	**229 666**	**1 803**	**56 076**	**287 545**

Amounts written off

(Thousands of United States dollars)

Fund/activity	*2022*	*2021*
United Nations General Fund and related funds	75	1 006
Trust funds	19	23
Other funds	69	15
Total	**163**	**1 044**

224. 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 2022		*31 December 2021*	
	Gross receivable	*Allowance*	*Gross receivable*	*Allowance*
Less than one year	75 764	852	86 140	875
One to two years	49 283	852	33 705	850
More than two years	228 614	227 962	338 433	338 345
Total	**353 661**	**229 666**	**458 278**	**340 070**

225. 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 2022		*31 December 2021*	
	Gross receivable	*Allowance*	*Gross receivable*	*Allowance*
Neither past due nor impaired	1 874 587	–	2 005 562	–
Less than one year	226 250	–	214 978	–
One to two years	20 542	4 933	3 104	617
Two to three years	2 054	874	2 006	1 172
More than three years	52 194	52 072	67 184	67 056
Total	**2 175 627**	**57 879**	**2 292 834**	**68 845**

Credit risk: cash and cash equivalents

226. At year end, the Organization had cash and cash equivalents of $851.9 million (2021: $646.5 million), which is the maximum credit exposure on those assets.

Credit risk: currency forward contracts

227. 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”.

Credit risk: investments of the United Nations Staff Mutual Insurance Society against Sickness and Accidents

228. 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 512,100 shares of iShares SMI (Switzerland).

229. 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 2022					*Ratings as at 31 December 2021*			
Bonds (long-term ratings)									
	AAA	*AA+/AA/AA-*	*A+/A-/A1/A-1*	*F1/F1+*	*Not rated/WD*	*AAA*	*AA+/AA/AA-/AAu/AA-u*	*A+/A+u*	*Not rated/WD*
S&P Global Ratings	9.7	57.0	29.3		4.0	4.1	66.1	24.0	5.8
Fitch	5.2	59.7	13.6	8.1	13.4	4.1	71.2	12.6	12.1
	Aaa	*Aa1/Aa2/Aa3*	*A1*	*P-1*	*Not rated*	*Aaa*	*Aa1/Aa2/Aa3*	*A1*	*Not rated*
Moody's	11.5	73.6	3.9	8.1	2.9	6.6	84.4	6.3	2.7
Term deposit (Fitch viability ratings)									
			a						
Fitch Variable Rating (MMF)			100%						

Financial risk management: liquidity risk

230. 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.

231. 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.

232. 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.

233. The periodic cash shortage in the regular budget persisted and the regular budget fund had to borrow from the Working Capital Fund during 2022. The full balance of liquidity reserve of the Working Capital Fund of $149.9 million was borrowed in September 2022. The loan was repaid to the Working Capital Fund on 20 December 2022. As at 31 December 2022, there were no borrowings from the Working Capital Fund and the Special Account (2021: $149.9 million and $0 million, respectively). During 2022 the overall liquidity situation of the regular budget improved compared with 2021.

234. The General Assembly, in its resolution 76/272, authorized the use of $100 million of unspent funds from 2021 regular budget to increase, on an

exceptional basis and without setting a precedent, the Working Capital Fund. With this approval the Working Capital Fund of the regular budget will increase to $250 million effective 1 January 2023. To improve the financial situation of the United Nations this was one of the measures proposed by the Secretary-General in his report on liquidity and the financial situation of the United Nations (A/76/429).

Liquidity risk: investments of the United Nations Staff Mutual Insurance Society against Sickness and Accidents

235. 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 18 years (2021: fewer than 19 years). The Society's liquidity risk is therefore considered to be low.

Liquidity risk: financial liabilities

236. 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 collateral for any liabilities or contingent liabilities (2021: none), 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 2022

(Undiscounted thousands of United States dollars)

	< 3 months	*3 to 12 months*	*> 1 year*	*Total*
Accounts payable and accrued liabilities	529 610	–	–	529 610
Transfers payable	–	–	1 448	1 448
Tax Equalization Fund liability	250 190	–	–	250 190
Other liabilities	24 556	–	252 656	277 212
Total	**804 356**	–	**254 104**	**1 058 460**

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	–	199 690	226 529
Total	**733 679**	**–**	**200 327**	**934 006**

Financial risk management: market risk

237. 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

238. 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 31 (Financial instruments: cash pools). The average duration of the investments of the United Nations Staff Mutual Insurance Society against Sickness and Accidents was 2.63 years (2021: 3.58 years), which, within the investment objectives of the Society, is considered to be an indicator of low interest rate risk.

Market risk: currency risk

239. 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.

240. 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.

241. 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 West African francs, together with 96 other currencies, as shown below.

Currency exposure as at 31 December 2022

(Thousands of United States dollars)

	United States dollar	*Euro*	*Swiss franc*	*West African franc*	*Other*	*Total*
Main cash pool	5 541 824	40 757	7 585	727	4 504	5 595 397
Euro cash pool	–	12 624	–	–	–	12 624
Subtotal	**5 541 824**	**53 381**	**7 585**	**727**	**4 504**	**5 608 021**
United Nations Staff Mutual Insurance Society against Sickness and Accidents investments	–	–	218 097	–	–	218 097
Total	**5 541 824**	**53 381**	**225 682**	**727**	**4 504**	**5 826 118**

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 risk: sensitivity analysis

242. 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 2022		*As at 31 December 2021*	
	Effect on net assets/surplus or deficit		*Effect on net assets/surplus or deficit*	
	Strengthening	*Weakening*	*Strengthening*	*Weakening*
Euro (10 per cent movement)	5 338	(5 338)	3 757	(3 757)
Swiss franc (10 per cent movement)	22 568	(22 568)	20 588	(20 588)
West African franc (10 per cent movement)	73	(73)	81	(81)
Moroccan dirham (10 per cent movement)	66	(66)	60	(60)

Currency risk: forward contracts

243. In 2022, 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 $17.5 million for the year (2021: $9.5 million loss). 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 (2021: 24) forward contracts outstanding as at 31 December 2022 with a notional amount of SwF 363.8 million and €109.0 million with an unrealized gain of $11.8 million, maturing in 2023.

Other market price risk

244. 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

245. 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 2022.

Fair value hierarchy

246. 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).

247. 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.

248. 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.

249. 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 31 (Financial instruments: cash pools) (see para. 264).

Fair value hierarchy: United Nations Staff Mutual Insurance Society against Sickness and Accidents

(Thousands of United States dollars)

	31 December 2022			*31 December 2021*		
	Level 1	*Level 2*	*Total*	*Level 1*	*Level 2*	*Total*
Financial assets at fair value through surplus or deficit						
Exchange – traded fund	61 685	–	61 685	74 755	–	74 755
Bonds – corporate	63 791	–	63 791	47 049	–	47 049
Bonds – non-United States agencies	44 408	–	44 408	24 169	–	24 169
Bonds – non-United States sovereigns	–	–	–	5 366	–	5 366
Bonds – supranationals	10 362	–	10 362	18 597	–	18 597
United Nations Staff Mutual Insurance Society against Sickness and Accidents – term deposits	–	5 417	5 417	–	–	–
Total[a]	**180 246**	**5 417**	**185 663**	**169 936**	–	**169 936**

[a] The total amount does not include accrued investment revenue of $0.391 million (2021: $0.254 million).

Note 31
Financial instruments: cash pools

250. 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.

251. 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.

252. As at 31 December 2022, the cash pools held total assets of $11,886.4 million (2021: $11,812.7 million), of which $5,608.0 million (2021: $5,372.3 million) was due to the Organization, and its share of revenue from cash pools was $21.9 million (2021: $8.4 million).

Summary of assets and liabilities of the cash pools as at 31 December 2022

(Thousands of United States dollars)

	Main pool	*Euro pool*	*Total*
Fair value through surplus or deficit			
Short-term investments	6 789 427	7 677	6 797 104
Long-term investments	3 316 889	448	3 317 337
Total fair value through surplus or deficit investments	**10 106 316**	**8 125**	**10 114 441**
Loans and receivables			
Cash and cash equivalents	1 707 288	4 456	1 711 744
Accrued investment revenue	60 265	43	60 308
Total loans and receivables	**1 767 553**	**4 499**	**1 772 052**
Total carrying amount of financial assets	**11 873 869**	**12 624**	**11 886 493**
Cash pool liabilities			
Payable to funds reported in volume I	5 595 397	12 624	5 608 021
Payable to other cash pool participants	6 278 472	–	6 278 472
Total liabilities	**11 873 869**	**12 624**	**11 886 493**
Net assets	**–**	**–**	**–**

Summary of revenue and expenses of the cash pools for the year ended 31 December 2022

(Thousands of United States dollars)

	Main pool	*Euro pool*	*Total*
Investment revenue	178 646	(7)	178 639
Unrealized gains/(losses)	(137 034)	(76)	(137 110)
Investment revenue from cash pools	**41 612**	**(83)**	**41 529**
Foreign exchange gains/(losses)	(7 670)	(1)	(7 671)
Bank fees	(772)	–	(772)
Operating revenue/(expenses) of cash pools	**(8 442)**	**(1)**	**(8 443)**
Total revenue from and expenses of cash pools	**33 170**	**(84)**	**33 086**

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	11 351	1 306 011
Accrued investment revenue	10 903	5	10 908
Total loans and receivables	**1 305 563**	**11 356**	**1 316 919**
Total carrying amount of financial assets	**11 799 724**	**12 970**	**11 812 694**
Cash pool liabilities			
Payable to funds reported in volume I	5 359 404	12 970	5 372 374
Payable to other cash pool participants	6 440 320	–	6 440 320
Total liabilities	**11 799 724**	**12 970**	**11 812 694**
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**

Financial risk management

253. 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.

254. 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.

255. An investment committee periodically evaluates investment performance and assesses compliance with the Guidelines and makes recommendations for updates thereto.

Financial risk management: credit risk

256. 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.

257. 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.

258. 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 2022*

Bonds (long-term ratings)				
	AAA/AAA	*AA+u/AA+/AA*		*n/a*
S&P	33.8%	65.9%		0.3%
	AAA	*AA+/AA/AA-*	*A+*	*n/a/not rated*
Fitch	61.9%	22.5%	0.2%	15.4%
	Aaa	*Aa1/Aa2/Aa3*		*n/a*
Moody's	66.7%	30.9%		2.4%
Commercial papers/certificates of deposit (short-term ratings)				
	A-1+/A-1			
S&P	100.0%			
Fitch	*F1+/F1*			*Not rated*
	97.7%			2.3%
Moody's	*P-1/P2*			
	100.0%			
Term deposits/demand deposit account (Fitch viability ratings)				
	aa/aa-	*a+/a/a-*		
Fitch	35.9%	64.1%		

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%
Fitch	*AAA*	*AA+/AA/AA-*		*n/a/not rated*
	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%			
Fitch	*F1+/F1*			*Not rated*
	96.7%			3.3%
Moody's	*P-1/P2*			
	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%		

Euro pool — *Ratings as at 31 December 2022*

Bonds (long-term ratings)				
		AAA	*AA, AA-, AA+*	*A-1+*
S&P		13.0%	73.9%	13.1%
	AAA	*AA, AA-*	*F1+*	*Not rated*
Fitch	13.1%	55.4%	13.0%	18.5%
	Aaa	*Aa1, Aa2, Aa3*	*P-1*	
Moody's	13.1%	73.9%	13.0%	

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%	

259. 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

260. 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

261. 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 five years (2021: fewer than three years) in the main pool and three years in the euro pool (2021: four years). The average duration of investments of the main pool on 31 December 2022 was 0.77 years (2021: 0.49 years). In addition, the average duration of investments of the euro pool on 31 December 2022 was 0.28 years (2021: 0.26 years). These are considered to be indicators of low risk.

Cash pool interest rate risk sensitivity analysis

262. 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 2022

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	**79.63**	**59.72**	**39.81**	**19.90**	–	**(19.90)**	**(39.80)**	**(59.70)**	**(79.60)**
Total, euro pool	**0.07**	**0.05**	**0.03**	**0.02**	–	**(0.02)**	**(0.03)**	**(0.05)**	**(0.07)**
Total	**79.70**	**59.77**	**39.84**	**19.92**	–	**(19.92)**	**(39.83)**	**(59.75)**	**(79.67)**

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**	**25.84**	**12.91**	**–**	**(12.91)**	**(25.83)**	**(38.74)**	**(51.66)**

Other market price risk

263. 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

264. 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 2022			*31 December 2021*		
	Level 1	*Level 2*	*Total*	*Level 1*	*Level 2*	*Total*
Financial assets at fair value through surplus or deficit						
Main pool						
Bonds – corporate	65 200	–	65 200	29 997	–	29 997
Bonds – non-United States agencies	1 974 662	–	1 974 662	1 595 405	–	1 595 405
Bonds – supranational	789 587	–	789 587	812 539	–	812 539
Bonds – United States treasuries	1 348 056	–	1 348 056	197 390	–	197 390
Bonds – non-United States sovereigns	96 713	–	96 713	90 163	–	90 163
Main pool – commercial papers	–	1 747 461	1 747 461	–	3 033 880	3 033 880
Main pool – certificates of deposit	–	2 654 637	2 654 637	–	2 824 787	2 824 787
Main pool – term deposits	–	1 430 000	1 430 000	–	1 910 000	1 910 000
Total	**4 274 218**	**5 832 098**	**10 106 316**	**2 725 494**	**7 768 667**	**10 494 161**
Euro pool						
Bonds – corporate	474	–	474	1 094	–	1 094
Bonds – non-United States agencies	5 533	–	5 533	–	–	–
Bonds – supranational	1 058	–	1 058	–	–	–
Bonds – non-United States sovereigns	1 060	–	1 060	520	–	520
Subtotal, euro pool	**8 125**	**–**	**8 125**	**1 614**	**–**	**1 614**
Total	**4 282 343**	**5 832 098**	**10 114 441**	**2 727 108**	**7 768 667**	**10 495 775**

Note 32
Related parties

Key management personnel

265. 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 is stratified into two main tiers as follows:

(a) **Executive**. This tier comprises the Secretary-General, the Deputy Secretary-General, Chef de Cabinet, the Under-Secretaries-General for the Department of Management Strategy, Policy and Compliance, the Department of Operational Support, the Department of Economic and Social Affairs, the Department of Political and Peacebuilding Affairs and the Department of Peace Operations. It also consists of the Under-Secretaries-General for Policy, for the Office for the Coordination of Humanitarian Affairs, for Counter-Terrorism and for Legal Affairs. The High Commissioner for Human Rights and the Assistant-Secretary-General for Development Coordination Office are also part of the Executive group.

(b) **Management**. This tier consists of the Controller, heads of Offices away from Headquarters and heads of the regional commissions.

266. These persons have the relevant authority and responsibility for planning, directing and controlling the Organization's activities.

267. The aggregate remuneration paid to the 21 (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)

	2022	*2021*
Salary and post adjustment	7 420	7 969[a]
Other monetary entitlements	2 495	1 992[a]
Non-monetary benefits	720	720
Total remuneration for the year	**10 635**	**10 681**

[a] Restated to conform to current year presentation. The number of personnel classified as "key management personnel" has increased to 21 in the current year compared with 11 reported in 2021.

268. A residence, with an annual rental fair value equivalent of $0.7 million (2021: $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 and Rules of the United Nations; any such advances against entitlements are widely available to all staff of the Organization.

Related entity transactions

269. The Organization provided grants to related party entities as below.

Grants provided to related party entities

(Thousands of United States dollars)

	2022	*2021*
United Nations Office on Drugs and Crime	33 986	34 518
United Nations Environment Programme	24 687	25 409
United Nations Human Settlements Programme (UN-Habitat)	16 800	15 904
International Trade Centre	18 937	20 046
United Nations Entity for Gender Equality and the Empowerment of Women (UN-Women)	10 011	9 459
United Nations Relief and Works Agency for Palestine Refugees in the Near East	34 667	30 879
Office of the United Nations High Commissioner for Refugees	42 211	43 132
Total	**181 299**	**179 347**

270. During 2022, the Central Emergency Response Fund granted a loan of $10 million to FAO and the loans amounting to $47 million to UNRWA. The loan of $30 million to UNRWA is outstanding as of 31 December 2022.

Loans granted to related party entities as at 31 December 2022

(Thousands of United States dollars)

	Amount outstanding 1 January 2022	*Amount advanced in 2022*	*Amount reimbursed in 2022*	*Amount outstanding 31 December 2022*
United Nations Relief and Works Agency for Palestine Refugees in the Near East	28 000	47 000	45 000	30 000
Food and Agriculture Organization of the United Nations	–	10 000	10 000	–
Total	**28 000**	**57 000**	**55 000**	**30 000**

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**

Trust fund activities related to peacekeeping and tribunal operations

271. 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)

	2022				2021			
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	1 556	5	–	1 561	1 550	6	–	1 556
Trust fund for Somalia – unified command	430	6	–	436	428	2	–	430
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	338	5	–	343	337	1	–	338
Trust fund in support of United Nations peacemaking and peacekeeping activities	2 275	(145)	(201)	2 331	2 288	10	23	2 275
Trust fund in support of the Department of Peace Operations[a]	36 814	26 356	18 360	44 810	34 678	18 964	16 828	36 814
Trust fund to support the peace process in the Democratic Republic of the Congo	2 349	10	2	2 357	2 347	2	–	2 349
Trust fund to support the United Nations Interim Administration in Kosovo	1 155	17	–	1 172	1 150	5	–	1 155
Trust fund to support the Ituri Pacification Commission	8	–	–	8	8	–	–	8
Trust fund in support of the peace process in the Sudan	476	7	–	483	474	2	–	476
Trust fund for the African Union-United Nations Joint Mediation Support Team for Darfur	5 972	26	5	5 993	6 096	(3)	121	5 972
Trust fund for the support of the activities of the United Nations Mission in the Central African Republic and Chad	1 843	27	–	1 870	1 836	7	–	1 843
Subfund of the trust fund in support of the African Union Mission in Somalia	12 626	2 828	11 774	3 680	14 080	8 512	9 966	12 626
Trust fund to support lasting peace in Darfur	361	1	–	362	73	288	–	361
Trust fund in support of the African-led International Support Mission in Mali	782	3	1	784	782	–	–	782
Trust fund in support of peace and security in Mali	46 626	3 960	8 853	41 733	44 822	12 824	11 020	46 626
Trust fund for the United Nations Operation in Côte d'Ivoire	178	1	–	179	178	–	–	178
Trust fund in support of the political transition in Haiti	252	1	–	253	252	–	–	252
Trust fund in support of the African-led International Support Mission in the Central African Republic	215	–	–	215	214	1	–	215
Trust fund for the United Nations Mission in South Sudan	2 178	923	727	2 374	997	1 940	759	2 178
Trust fund in support of the elimination of Syrian chemical weapons	321	5	–	326	320	1	–	321
Trust fund to support peace and security in Cyprus	26	1	–	27	26	–	–	26
Trust fund to provide assistance to human rights victims in Kosovo	10	–	–	10	10	–	–	10

Trust fund	*2022*				*2021*			
	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 to support the United Nations Office to the African Union pursuant to Security Council resolutions 2320 (2016), 2378 (2017) and 2457 (2019)	1 062	169	624	607	1 366	–	304	1 062
Trust fund for the United Nations Integrated Transition Assistance Mission in Sudan	–	6 727	685	6 042	–	–	–	–
Total	**117 862**	**40 933**	**40 830**	**117 965**	**114 321**	**42 562**	**39 021**	**117 862**

[a] Trust fund in support of the Department of Peace Operations expenses include the transfer of $0.010 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)

	2022				2021			
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 to support the activities of the International Residual Mechanism for Criminal Tribunals	1 122	(328)	1 296	(502)	940	1 424	1 242	1 122
Total	**1 122**	**(328)**	**1 296**	**(502)**	**940**	**1 424**	**1 242**	**1 122**

The United Nations Foundation, Inc.

272. 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 2022, the Foundation made total contributions of $27.3 million to UNFIP (2021: $11.6 million). Audited financial statements of the Foundation can be found on its website (www.unfoundation.org)

Receivables due from peacekeeping operations

273. The Organization has receivables in the amount of $37.4 million (2021: $37.4 million) and $10.0 million (2021: $10.0 million) due from the United Nations Operation in the Congo and the United Nations Emergency Force, respectively. These missions were operational before the current financing mechanism for peacekeeping operations was established, and closed on 30 June 1964 and 30 June 1967, respectively. The repayment by these United Nations peacekeeping operations is dependent upon collections of outstanding contributions from Member States. Given the age of these contributions, a full provision for doubtful debts has been recorded.

Note 33
Leases and commitments

Finance leases

274. 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 $51.1 million (2021: $55.6 million). The main portion of the donated right-to-use amount relates to the $50.1 million (2021: $54.4 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. Owing to the positive interest rate of a 30-year Swiss federal bond as at 31 December 2022, the statement of financial performance includes notional finance income of $15.8 million (2021: $1.1 million finance costs) 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 2022	50 063	1 018	51 081
As at 31 December 2021	54 352	1 217	55 569

275. No future minimum finance lease payments exist under non-cancellable commercial finance lease arrangements.

Operating leases

276. 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 $123.2 million (2021: $114.1 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 2022	*As at 31 December 2021*
Due in less than 1 year	44 771	65 100
Due in 1 to 5 years	98 714	121 967
Due after 5 years	2 367	56 536
Total minimum operating lease obligations	**145 852**	**243 603**

277. 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

278. 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 2022	*As at 31 December 2021*
Receipts due in less than 1 year	9 907	9 372
Receipts due in 1 to 5 years	382	669
Receipts due after 5 years	–	–
Total minimum operating lease receipts (undiscounted)	**10 289**	**10 041**

279. As at 31 December 2022, the total of future minimum sublease payments expected to be received under subleases was $2.0 million (2021: $2.9 million).

Contractual commitments

280. 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 2022	*As at 31 December 2021*
Transfer of moneys to implementing partners	345 552	413 530
Property, plant and equipment	191 419	299 917
Intangibles	1 717	833
Goods and services	632 196	634 509
Total open contractual commitments	**1 170 884**	**1 348 789**

Note 34
Contingent liabilities and contingent assets

Contingent liabilities

281. 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.

282. 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 2022, contingent liabilities were estimated at $40.7 million (2021: $37.7 million).

283. 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

284. 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 2022, there were $0.2 million (2021: $0.025 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.

285. 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 2022 is $133.0 million (2021: $41.3 million). It includes an in-kind donation for the development, deployment and maintenance of a software-based wayfinding application to facilitate navigation on the Palais des Nations premises at the United Nations Office at Geneva.

Note 35
Events after the reporting date

286. 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.

23-11009 (E) 031023