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Item 19 of the provisional agenda

Administrative, financial and institutional matters

Financial report and audited financial statements for 2023 and report of the United Nations Board of Auditors

Note by the secretariat

Addendum

Management response by the secretariat

Summary

The report of the United Nations Board of Auditors for 2023 ([FCCC/SBI/2024/INF.7](#)) includes recommendations relating to the financial and performance audit of the UNFCCC. This addendum, which should be read with that report, provides the secretariat's comments on those recommendations and specifies the initial actions taken to implement them. This addendum also contains information on the status of implementation of all open recommendations relating to previous Board of Auditors reports.



Abbreviations and acronyms

Board	United Nations Board of Auditors
ERM	enterprise risk management
SIC	statement on internal control
SOP	standard operating procedure

Table 1

Recommendations of the United Nations Board of Auditors for the year ended 31 December 2023

<i>Recommendation^a</i>	<i>Comments of the secretariat as at 1 October 2024</i>	<i>Status of implementation as at 1 October 2024</i>
Recommendation 1, paragraph 57 The Board recommends that the UNFCCC Secretariat inform and consult the Parties far ahead of the budget appropriation process on the main elements and scenarios of the next budget cycle, to better take into account their concerns.	The secretariat accepted the recommendation.	Under implementation
Recommendation 2, paragraph 83 The Board recommends that the UNFCCC Secretariat develop a harmonized monitoring tool on budget implementation, enhance budget management oversight, and provide appropriate justification for any core budget reallocation.	The secretariat accepted the recommendation. The secretariat will set up a regular review of the implementation rate across all trust funds, including the tracking of reallocations. Full implementation of the recommendation is expected in 2025.	Under implementation
Recommendation 3, paragraph 99 The Board recommends that the UNFCCC Secretariat present to the Conference of Parties and implement a strategy to improve the quality and coherence of its reporting on budget management and performance.	The secretariat accepted the recommendation. In its reporting on the budget and performance management, the secretariat will implement specific enhancements on budget management and performance by the end of 2025.	Under implementation
Recommendation 4, paragraph 150 The Board recommends that the UNFCCC Secretariat set up and monitor indicators on the effectiveness and efficiency of the most critical processes for the functioning of the Secretariat and staff engagement and well-being.	The secretariat accepted the recommendation. Efforts to identify key performance indicators for critical processes and for staff engagement and well-being are under way and will be integrated into a comprehensive results measurement framework. Full implementation for tracking and monitoring progress is expected by 2025.	Under implementation
Recommendation 5, paragraph 172 The Board recommends that UNFCCC Secretariat widen the base of the contribution to mandated activities by sending fundraising letters for voluntary resources to an extended list of Parties.	The secretariat accepted the recommendation. The fundraising letter signed by the Executive Secretary was sent to Parties not included in Annex I to the Convention on 23 May 2024.	Implemented
Recommendation 6, paragraph 196 The Board recommends that the UNFCCC Secretariat submit to the Parties a new methodology for budget proposal and approval, to better address challenges linked to: (i) the context of increasing new mandates, (ii) the	The secretariat accepted the recommendation.	Not started

<i>Recommendation^a</i>	<i>Comments of the secretariat as at 1 October 2024</i>	<i>Status of implementation as at 1 October 2024</i>
misalignment of the timeframe for mandate adoption and budget appropriation, and (iii) the need to define and approve high stake priorities along with the budget necessary for their implementation Recommendation 7, paragraph 202 The Board recommends that the UNFCCC Secretariat present to the Parties a strategy to increase significantly its efficiency and effectiveness in the next three years, and report yearly on the results reached	The secretariat accepted the recommendation.	Not started
Recommendation 8, paragraph 212 The Board recommends that the UNFCCC Secretariat regularly report on its strategic approach (strategic plan, delivery of mandates, prioritization criteria) to the Parties, including through the Bureau of the Conference of Parties, to guarantee accountability and increase alignment with considerations of the Subsidiary Body for Implementation concerning the efficiency of the Conference's processes	The secretariat accepted the recommendation.	Not started

^a Reproduced as received from the Board.

Table 2

Open recommendations of the United Nations Board of Auditors for the year ended 31 December 2022

<i>Recommendation^a</i>	<i>Comments of the secretariat as at 1 October 2024</i>	<i>Status of implementation as at 1 October 2024</i>
Recommendation 6, paragraph 163 The Board recommends that the UNFCCC secretariat identify, assess and mitigate in a systemic manner critical risks of a strategic nature, including those concerning financial resources, partnerships and the legal environment.	The secretariat accepted the recommendation. The standard operating procedures for ERM, including the identification and assessment of risks, are being developed and will be ready for full implementation in 2025.	Under implementation
Recommendation 9, paragraph 224 The Board recommends that the UNFCCC secretariat better prevent the risks of fraud, corruption and misconduct by enhancing and updating detection and treatment systems.	The secretariat accepted the recommendation. The review of anti-fraud, anti-corruption and misconduct mechanisms is currently in progress. Full implementation of the recommendation is expected in 2025.	Under implementation

^a Reproduced as received from the Board.

Table 3

Open recommendations of the United Nations Board of Auditors for the year ended 31 December 2021

<i>Recommendation^a</i>	<i>Comments of the secretariat as at 1 October 2024</i>	<i>Status of implementation as at 1 October 2024</i>
Recommendation 5, paragraph 40		
The Board recommends that UNFCCC reconsider introducing a SIC based on the SIC signed by the Secretary -General in 2021.	The secretariat accepted the recommendation. Meetings with the United Nations Headquarters have been held on the internal control framework and SIC with a view to aligning them with best practices and implementing the recommendation in 2025.	Under implementation
Recommendation 7, paragraph 65		
The Board recommends that UNFCCC have a catalogue of all rules, including those rules to which applicable rules refer, irrespective of whether they are UNFCCC's own rules or United Nations rules. This catalogue would need to be maintained on a regular basis.	The secretariat accepted the recommendation. On the UNFCCC policies portal, available on the secretariat's intranet, secretariat policies that are currently in force and several from the United Nations Secretariat that apply to the secretariat can be found. Work on this will continue throughout 2025.	Under implementation
Recommendation 9, paragraph 69		
In addition, the Board recommends that UNFCCC eliminate all shortcomings in UNFCCC policies that were identified in the policy review as soon as possible.	The secretariat accepted the recommendation. The secretariat is in the process of reviewing all relevant UNFCCC policies as well as United Nations Secretariat policies that are applicable to the secretariat. Work on this will continue throughout 2025.	Under implementation

^a Reproduced as received from the Board.

Table 4

Open recommendations of the United Nations Board of Auditors for the year ended 31 December 2020

<i>Recommendation^a</i>	<i>Comments of the secretariat as at 1 October 2024</i>	<i>Status of implementation as at 1 October 2024</i>
Recommendation 6, paragraph 81		
The Board recommends that UNFCCC comply with the Procurement Manual in further low value acquisition processes.	The secretariat accepted the recommendation and confirms that its procurement policy aligns with the Procurement Manual. The Executive Secretary's new delegation of authority, which is expected to also address procurement matters, is under discussion within the United Nations Secretariat. This is currently under review by both sides with the intention that it be finalized as soon as possible.	Under implementation

^a Reproduced as received from the Board.

Table 5

Open recommendations of the United Nations Board of Auditors for the year ended 31 December 2019

<i>Recommendation^a</i>	<i>Comments of the secretariat as at 1 October 2024</i>	<i>Status of implementation as at 1 October 2024</i>
Recommendation 15, paragraph 188		
The Board recommends that UNFCCC address the risks it is exposed to through an up-to-date ERM that includes owners and due dates and a documentation.	The secretariat accepted the recommendation. The ERM standard operating procedures, including an up-to-date risk register is being developed and will be ready for full implementation in 2025.	Under implementation

^a Reproduced as received from the Board.